

AUDITOR'S REPORT TO MEMBERS
WDA/24/17

Recommendation

That:

1. The Auditor's findings attached at Appendix 1 be noted; and
2. Members note the recommendations contained within the auditor's report to further strengthen the Authority's financial and governance arrangements and grant delegated powers to the Treasurer to finalise the proposed action plan.

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Report of the Treasurer

1. Purpose of the Report

- 1.1 To present Members with the findings, conclusions and recommendations resulting from Grant Thornton's review of the Authority's statutory accounts and of its arrangements to secure value for money, to enable the auditor to comply with the auditing standard ISA 260 (UK&I).

2. Background

- 2.1 The auditing standard, ISA 260 (UK&I), and the statutory audit framework requires Grant Thornton, who are appointed by the Audit Commission as the Authority's external auditor, to produce an Annual Report to 'Those Charged with Governance' at the end of the audit (the report is attached at Appendix 1). For Merseyside Waste Disposal Authority the Members of the Authority are 'Those Charged with Governance', although this can be delegated to the members of the Audit and Governance Committee as necessary.
- 2.2 The report covers all the external auditor's responsibilities including the audit of the Authority's statutory accounts as prescribed by professional auditing standards and a value for money conclusion. The report is to be considered before the auditor can formally conclude the audit.
- 2.3 After the ISA260 report has been considered and the Authority's Letter of Management Representation has been provided (should Members approve the proposed letter in this meeting) the auditor will be able to issue the audit opinion and certificate. This will enable the Authority to meet the statutory timetable for publishing the Statement of Accounts by 30 September. At this stage the auditor is proposing issuing an unqualified opinion and certificate.

3. Report to Those Charged with Governance

- 3.1 Grant Thornton's report is attached at Appendix 1 to this report. The report includes the auditor's opinion in relation to:

Merseyside Waste Disposal Authority

22nd September 2017

- The Authority's financial statements for 2016-17: and
 - A value for money conclusion in relation to 2016-17.
- 3.2 The Auditor is proposing an unqualified opinion and value for money conclusion.
- 3.3 The auditor's work will not be concluded until the Whole of Government Accounts (WGA) audit has been completed. Due to central government delays the timetable for the WGA has slipped and the auditor is unlikely to complete their work until October. The auditor will issue the audit conclusion after the audit of the WGA return has been finalised.
- 3.4 The auditor has made a recommendation for an improvement to the way the accounts are prepared. Implementing this recommendation will improve the quality of information in the Authority's financial statements.

4. Amendments to the Statement of Accounts 2016-17

- 4.1 Since the accounts were prepared at 19th May a small number of amendments and adjustments have been made and agreed with the auditor. These amendments have been agreed as they improve the quality of the Authority's financial information.
- 4.2 There are two recommendations for improvements to the year-end process which have been agreed with the auditor – these relate to:
- Strengthening the arrangements for providing supporting information to support year end accruals; and
 - Additional review of the statements to better identify year end classification issues.

5. Risk Implications

- 5.1 The Authority has a statutory duty to publish audited accounts each year and failure to do so would lead to a qualified opinion by the Authority's external auditor.

6. HR Implications

- 6.1 There are no HR implications associated with this report.

7. Environmental Implications

- 7.1 There are no environmental implications associated with this report.

8. Financial Implications

8.1 The Authority's financial position is unamended as a result of the audit

9. Legal Implications

9.1 In agreeing a statement of accounts and receiving an audit opinion the Authority is able to meet its statutory duty to publish the statement by the 30th September 2017.

10. Conclusion

10.1 Members are asked to note the recommendations contained within the auditor's report to strengthen the Authority's financial and governance arrangements and grant delegated powers to the Treasurer to finalise the proposed action plan attached to the auditor's report

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The background documents to this report are open to inspection in accordance with Section 100D of The Local Government Act 1972 - Nil.