

**Our reference** CLD/MWDA1112

15 April 2011

Carl Beer  
Director  
6th Floor, North House  
17 North John Street  
Liverpool  
L2 5QY

**Direct line** 0844 798 7043  
**Email** m-thomas@audit-  
commission.gov.uk

Dear Carl

## **Merseyside Waste Disposal Authority annual audit fee 2011/12**

I am writing to confirm the audit work that we propose to undertake for the 2011/12 financial year at Merseyside Waste Disposal Authority. The fee reflects the risk-based approach to audit planning set out in the Code of Audit Practice and work mandated by the Commission for 2011/12. The audit fee covers the:

- The audit of financial statements
- Value for money conclusion
- Whole of Government accounts.

As I have not yet completed my audit for 2010/11 the audit planning process for 2011/12, including the risk assessment, will continue as the year progresses.

### **Audit fee**

The Audit Commission has set the scale fee for each audited body for 2011/12, rather than providing a scale fee with fixed and variable elements. The scale fee reflects proposed decreases in the total audit fee, as follows:

- no inflationary increase in 2011/12 for audit and inspection scales of fees and the hourly rates for certifying claims and returns;
- a cut in scale fees resulting from our new approach to local VFM audit work; and
- a cut in scale audit fees of 3 per cent for local authorities, police and fire and rescue authorities, reflecting lower continuing audit costs after implementing IFRS.

The scale fee for Merseyside Waste Disposal Authority is £65,250. This is based on the planned 2010/11 fee, adjusted for the proposals summarised above. Variations from the scale fee will only occur where my assessments of audit risk and complexity are significantly different from those identified and reflected in the 2010/11 fee.

<b>Audit Area</b>	<b>Planned Fee 2011/12</b>	Revised Fee 2010/11	Original Fee 2010/11
<b>Audit Fee</b>	<b>£65,250</b>	£71,453	£75,000

As I indicated in my 2010/11 audit plan, which I presented to you in January 2011, the 2010/11 fee has been reduced. This reflects the Audit Commission subsidy of the transition to International Financial Reporting Standards.

I will issue a separate audit plan in December 2011. This will detail the risks identified to both the financial statements audit and the VFM conclusion. The audit plan will set out the audit procedures I plan to undertake and any changes in fee. If I need to make any significant amendments to the audit fee, I will first discuss this with the Chief Finance Officer. I will then prepare a report outlining the reasons the fee needs to change for discussion with the audit committee.

I will issue several reports over the course of the audit. I have listed these at Appendix 1.

The fee excludes work the Commission may agree to undertake using its advice and assistance powers. We will negotiate each piece of work separately and agree a detailed project specification.

## **Audit team**

Your audit team must meet high specifications and must:

- understand you, your priorities and provide you with fresh, innovative and useful support;
- be readily accessible and responsive to your needs, but independent and challenging to deliver a rigorous audit;
- understand national developments and have a good knowledge of local circumstances; and
- communicate relevant information to you in a prompt, clear and concise manner.

The key members of the audit team for 2011/12 are:

Name	Contact details	Responsibilities
Michael Thomas Engagement Lead	<a href="mailto:m-thomas@audit-commission.gov.uk">m-thomas@audit-commission.gov.uk</a> 0844 798 7043	Michael is responsible for the overall delivery of the audit including the quality of outputs, liaison with the Chief Executive and Chair of Audit Committee and issuing the auditor's report.
Claire Deegan Engagement Manager	<a href="mailto:c-deegan@audit-commission.gov.uk">c-deegan@audit-commission.gov.uk</a> 0844 798 4819	Claire manages and coordinates the different elements of the audit work. Key point of contact for the Director of Finance.
Martin Nuttall Team Leader	<a href="mailto:m-nuttall@audit-commission.gov.uk">m-nuttall@audit-commission.gov.uk</a> 0844 798 4833	Martin has experience of auditing the financial statements of large local authorities. He will lead the on-site team in delivering the audit.

I am committed to providing you with a high-quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me. Alternatively you may wish to contact Chris Westwood, Director of Professional Practice, Audit Practice, Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ (c-westwood@audit-commission.gov.uk)

Yours sincerely

Michael Thomas  
*Engagement Lead*

## Appendix 1: Planned Outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the Authority.

<b>Planned Output</b>	<b>Indicative Date</b>
Audit Plan	December 2011
Annual Governance Report	September 2012
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2012
Whole of Government accounts return	October 2012
Final accounts memorandum (to the Treasurer) as required	October 2012
Annual audit letter	November 2012