



Our reference MT MWDA 0910 April

27 April 2009

Mr Carl Beer
 Director for Waste
 Merseyside Waste Disposal Authority
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Dear Carl

Annual audit fee 2009/10

Further to our discussions, I am writing to confirm the audit work that we propose to undertake for the 2009/10 financial year at Merseyside Waste Disposal Authority. The fee:

- is based on the risk-based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission for 2009/10; and
- reflects only the audit element of our work, excluding any inspection and assessment fees. Your Comprehensive Area Assessment Lead will be writing to you separately on inspection fees.

As I have not yet completed my audit for 2008/09 the audit planning process for 2009/10, including the risk assessment will continue as the year progresses and fees will be reviewed and updated as necessary.

The total indicative fee for the audit for 2009/10 is for £75,780 (exclusive of VAT) which compares to the latest planned fee of £75,782 for 2008/09. A summary of this is shown in the table below.

Audit fee

Audit area	Planned fee 2009/10	Planned fee 2008/09
Financial statements	54,475	55,884
VFM Conclusion [including risk based work]	19,325	18,125
WGA	1,980	1,773
Total audit fee	75,780	75,782

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The Audit Commission has published its work programme and scales of fees 2009/10. There is no scale fee for Waste Disposal Authorities.

In setting the fee at this level, I have assumed that the general level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2008/09. A separate plan for the audit of the financial statements will be issued in December 2009. This will detail the risks identified, planned audit procedures and any changes in fee. If I need to make any significant amendments to the audit fee during the course of the audit, I will first discuss this with the Director of Finance and then prepare a report outlining the reasons why the fee needs to change for discussion with the Authority.

My value for money conclusion will be based upon the evidence from three themes:

- Managing finances;
- Governing the business; and
- Managing resources.

The key lines of enquiry specified for the assessment are set out in the Audit Commission's work programme and scales of fees 2009/10. I have identified a number of significant risks in relation to my value for money conclusion. For each risk, I consider the arrangements put in place by the Authority to mitigate the risk, and plan my work accordingly. My initial risk assessment for value for money audit work is shown in the table below:

Risk	Planned work	Timing of work
Maintaining strong governance arrangements and demonstrating value for money in the procurement of waste disposal facilities.	We will continue to review your governance arrangements for managing the risks relating to the procurement exercise.	April 2009 – March 2010
The Authority plans to start a new resource and recycling contract. The Authority needs to manage the transition from old to new contracts to minimise the risk to operational delivery and the risk of financial loss.	As part of our review on procurement we will seek to understand how the transition will be managed effectively. We will discuss the need for any additional specific work with you.	April 2009 – March 2010

Management capacity to deal with significant changes planned.
New appointments have been made and there are plans to strengthen the finance function following the resignation of the Clerk, Monitoring Officer and Treasurer in 2008.

We will consider any specific risks arising from our review of procurement and continuous planning.
We will discuss the need for any specific work if appropriate.

April 2009 –
March 2010

I will issue a number of reports relating to my work over the course of the audit. These are listed at Appendix 1.

The above fee excludes any work requested by you that the Commission may agree to undertake using its advice and assistance powers. Each piece of work will be separately negotiated and a detailed project specification agreed with you.

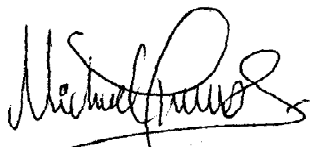
The key members of the audit team for the 2009/10 are:

Audit Manager – Kay Greenhalgh 0844 798 4824

Team Leader – Joanna Dufton 0844 798 7065

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 in the first instance. Alternatively you may wish to contact the North West Sub-regional Head of Operations, Terry Carter t-carter@audit-commission.gov.uk.

Yours sincerely



Mike Thomas
District Auditor

cc Treasurer
Chair of Merseyside Waste Disposal Authority

Appendix 1: Planned outputs

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

Table 1

Planned output	Indicative date
Audit plan	18 December 2009
Annual governance report	15 September 2010
Auditor's report giving the opinion on the financial statements and value for money conclusion	15 September 2010
Final accounts memorandum (to the Treasurer)	By 31 October 2010
Annual audit letter	November 2010