

The Annual Audit Letter for Merseyside Waste Disposal Authority

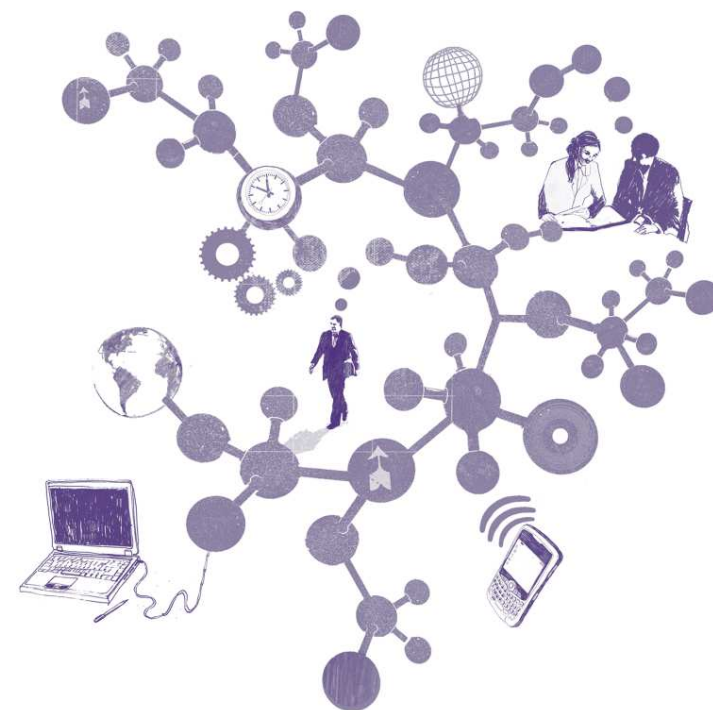
Year ended 31 March 2014

6 October 2014

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Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Merseyside Waste Disposal Authority ('the Authority') for the year ended 31 March 2014.

The Letter is intended to communicate key messages to the Authority and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued on 28 February 2014 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

Financial statements audit (including audit opinion)

We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 26 September 2014 to the full Authority meeting. The key messages reported were:

- audit work identified four adjustments affecting the Authority's year end reported financial position which reduced the deficit on provision of services from £1,754,000, to £330,000. The main adjustment arose from an error in the approach adopted to account for a service concession arrangement. Overall, the General Fund balance increased by £2,600,000 as a result of these adjustments
- a new provision to recognise the Authority's obligations for the on-going maintenance costs associated with closed landfill sites was created. The provision created totalled £11,305,000, and reduces each year based on the expenditure incurred to maintain the Authority's six closed landfill sites
- the Authority benefitted from engaging support from an external consultant to assist with the preparation of the annual statement of accounts, however, there remains a need to continue to further strengthen existing arrangements to prepare the annual accounts and the overall quality of financial reporting.

We issued an unqualified opinion on the Authority's 2013/14 financial statements on 26 September 2014, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the financial statements give a true and fair view of the Authority's financial position and of the income and expenditure recorded by the Authority.

Key messages

Value for Money (VfM) conclusion	<p>Merseyside Waste Disposal Authority is a "small entity" for the purposes of the Value for Money assessment. Accordingly, we are not required to issue an opinion on whether the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Instead, we are required to report by exception if there are any matters which indicate that the Authority does not have proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.</p> <p>We are pleased to report that our review of the Authority's value for money arrangements did not identify any matters which indicate proper arrangements are not in place for securing economy, efficiency and effectiveness in its use of resources. We issued our VfM conclusion for 2013/14 on 26 September 2014.</p>
Whole of Government Accounts	<p>We considered the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts (WGA). Merseyside Waste Disposal Authority is below the reporting threshold of £350m, accordingly, a detailed review of the WGA Data Collection Tool (DCT) was not required.</p> <p>We did however review certain figures in the locked DCT, in accordance with Audit Commission guidance and reported some differences relating to the net value of the funded pension liability balance. We also reported that there were differences between the pensions disclosure in the accounts and the information included in the DCT.</p> <p>Following completion of our WGA audit work, we formally closed the Authority's 2013/14 audit on 30 September 2014.</p>
Audit fee	<p>Our planned fee for 2013/14 was £39,150, excluding VAT. We undertook additional work on the financial statements during the final accounts audit mainly due to the complex nature of prior period adjustments relating to property plant and equipment. We have agreed additional fees of £11,000 for this work with the Director of Finance but are awaiting approval from the Audit Commission.</p>

Appendix A: Reports issued and fees

We confirm below the fee charged for the audit and that there were no fees for the provision of non-audit services.

Fees

	Per Audit plan £	Actual fees £
Audit Fee	£39,150	£39,150
Additional Fees*	£0	*£11,000
Total fees	£39,150	*£50,150

* Note:

Additional fees –We undertook additional work on the financial statements during the final accounts audit mainly due to the complex nature of prior period adjustments relating to property plant and equipment. We have agreed additional fees of £11,000 for this work with the Director of Finance but are awaiting approval from the Audit Commission before we are able to raise an invoice.

Reports issued

Report	Date issued
Audit Plan	February 2014
Audit Findings Report	September 2014
Annual Audit Letter	October 2014

Fees for other services

Service	Fees £
None	Nil



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