Grant Thornton

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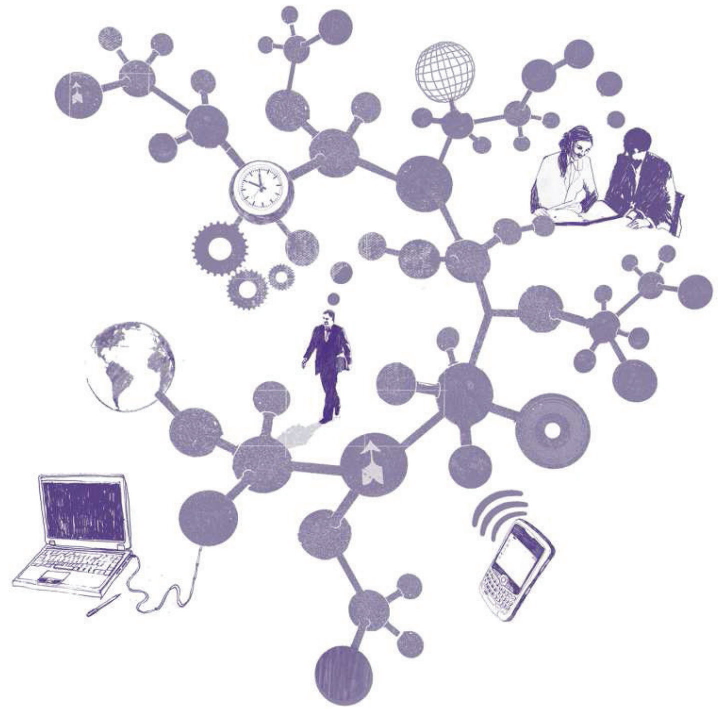
Appendix 1

The Audit Findings for Merseyside Waste Disposal Authority

Year ended 31 March 2015

16 September 2015



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16 September 2015

Audit Findings for Merseyside Waste Disposal Authority for the year ending 31 March 2015

This Audit Findings report highlights the significant findings arising from the audit for the benefit of those charged with governance, as required by International Standard on Auditing (UK & Ireland) 260. Its contents have been discussed and agreed with management.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to take this opportunity to record our appreciation for the kind assistance provided by the Finance Team and other staff during our audit.

Yours faithfully,

Grant Thornton UK LLP

Contents

Section 1: Executive summary

Executive summary

Purpose of this report

This report highlights the key matters arising from our audit of Merseyside Waste Disposal Authority's ('the Authority') financial statements for the year ended 31 March 2015. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of International Standard on Auditing ISA 260.

Under the Audit Commission's Code of Audit Practice we are required to report whether, in our opinion, the Authority's financial statements present a true and fair view of the financial position, its expenditure and income for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. We are also required to reach a formal conclusion on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion).

Introduction

In the conduct of our audit we have not had to alter or change our planned audit approach, which we communicated to you in our Audit Plan dated 30 March 2015.

Our audit is substantially complete and we are finalising our work in the following areas:

- completion of audit testing for a small number of items and disclosures including operating expenses, property, plant and equipment, including receipt of a counterparty bank letter from Barclays Bank
- review of the final version of the financial statements, updated for adjustments agreed
- completion of the whole of government accounts consolidation tests
- obtaining and reviewing the letter of representation
- updating our post Balance Sheet events review to the date of signing the opinion
- final audit quality control procedures.

We received the draft financial statements on 29 June 2015, in advance of the statutory deadline of 30 June and in accordance with our agreed timetable. Comprehensive working papers were also available from the start of the audit.

We were also involved at an early stage to discuss key issues in particular, critical judgements and disclosures regarding accounting for the transactions relating to the Closed Landfill Provision.

The standard of the financial statements and supporting working papers was good, despite the challenging timetable, primarily due to the Authority's increased focus and external support received on the closedown and accounts production process.

Key issues arising from our audit

Financial statements opinion

We anticipate issuing an unqualified audit opinion on the Authority's financial statements.

The audit has resulted in one significant adjustment to the Comprehensive Income and Expenditure Statement, improving the Authority's outturn position by £943,000 with a corresponding impact on useable reserves. This adjustment relates to an invoice that had been expensed twice. The Balance Sheet was also adjusted to reflect this error.

Our review of the closed landfill provision indicates a revised methodology in the calculation of the closed landfill provision, to better reflect the expected future costs to MWDA. We have reviewed the calculation and are satisfied that the revised approach is appropriate

Our work identified some balance classification errors within the notes to the accounts, particularly regarding the Service Concession disclosures. We also requested a number of adjustments to improve the presentation of the financial statements. The Authority has agreed to all of our suggested amendments.

The key messages arising from our audit of the Authority's financial statements are:

- the draft accounts and working papers were of a good quality, a significant improvement and achievement over last year
- the only material error identified related to the amendment made to the CIES regarding duplicated expenditure
- finance staff responded quickly to all audit queries in line with agreed protocols, contributing to the prompt completion of the audit.

Further details of our audit findings are set out in section 2 of this report.

Value for Money conclusion

As the Authority is a "small entity" for the purposes of the VFM assessment, we do not issue a qualified or unqualified opinion. We are required to report by exception if there are matters which indicate that you do not have proper arrangements in place to secure economy, efficiency and effectiveness in your use of resources. We are pleased to report that we have no matters to report. Further detail of our work on Value for Money is set out in section 3 of this report.

Controls

The Authority's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Authority. Our work has identified one area where existing arrangements can be strengthened:

- The Authority needs to develop its arrangements to ensure all accruals are reviewed to avoid expenditure being duplicated

Further details are provided within section 2 of this report.

The way forward

Matters arising from the financial statements audit and review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources have been discussed and agreed with the Director of Finance including the recommendations set out at Appendix A.

Acknowledgment

We would like to take this opportunity to record our appreciation for the assistance provided by the Finance Team and other staff during our audit.

Grant Thornton UK LLP
16 September 2015

Section 2: Audit findings

Audit findings

In this section we present our findings in respect of matters and risks identified at the planning stage of the audit and additional matters that arose during the course of our work. We set out on the following pages the work we have performed and findings arising from our work in respect of the audit risks we identified in our audit plan, presented to the Audit Committee on 24 April 2015. We also set out the adjustments to the financial statements arising from our audit work.

Changes to Audit Plan

We have not made any changes to our Audit Plan as previously communicated to you.

Audit opinion

We anticipate that we will provide the Authority with an unmodified audit opinion. Our draft audit opinion is set out at Appendix B.

Audit findings against significant risks

"Significant risks often relate to significant non-routine transactions and judgemental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgemental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA 315).

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

	Risks identified in our audit plan	Work completed	Assurance gained and issues arising
1.	**Management override of controls** Under ISA 240 there is a presumed risk of management over-ride of controls	• review of accounting estimates, judgements and decisions made by management • testing of journal entries • review of unusual significant transactions	Our audit work is in progress , and has not identified any evidence of management override of controls. In particular the findings of our review of journal controls and testing of journal entries has not identified any significant issues. We set out later in this section of the report our work and findings on key accounting estimates and judgements.
2.	**Improper revenue recognition** Under ISA 240 there is a presumed risk that revenue may be misstated due to improper recognition.	At the planning stage of our audit, we determined that the risk of fraud is not significant because there is little incentive to manipulate revenue recognition. On this basis we rebutted the risk. We have however undertaken the following procedures: • review and testing of revenue recognition policies • testing of material revenue streams • review of unusual significant transactions.	Our audit work has not identified any issues in respect of revenue recognition.

Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses, are attached at Appendix A.

Transaction cycle	Description of risk	Work completed	Assurance gained and issues arising
Operating expenses	Creditors understated or not recorded in the correct period Operating expenses understated.	We have undertaken the following work in relation to this risk, **Work completed to date:** • Obtained an understanding of the system used by the Authority to make payments to suppliers and recording the amount outstanding, including consideration of those processes and controls operated by St Helen's Metropolitan Borough Council (SHMBC) as part of the Authority's Service Level Agreement with the Council • Documented contract management arrangements to understand the process by which the Authority establishes the amount due to third parties as part of the contracts for landfill waste and recycling. **Work in progress:** • Detailed testing of amounts paid to suppliers • Testing of the year-end creditor balance, including confirmation that any balances due have been settled after the year-end • Review and testing of any material amounts accrued as part of the year-end balance • Substantive testing of a sample of operating expenses and year end payables / accruals to source documents to ensure valid spend.	Our audit work is in progress. Our audit work to date has not identified any significant issues in relation to the risk identified. Management corrected an error relating to the duplication of expenditure in the CIES and associated impact within the notes and debtor and creditor balances amounting to £943,000 net. The Authority needs to strengthen its arrangements to ensure all accruals are reviewed to avoid expenditure being duplicated.
Property, Plant & Equipment	Revaluation measurement not correct	**Work in progress:** • Review of the arrangements made by management to establish an appropriate basis for ensuring assets are valued with sufficient regularity to meet the requirements of the Code and IAS 16. We understand that almost all of the Authority's properties were re-valued in 2012/13 with two remaining properties to be re-valued this year (2014/15). We will consider the outcome of the valuation exercise and also how management has satisfied itself that the carrying value of property, plant and equipment is not materially misstated at the year end. • Testing of accounting entries posted to reflect any movements in assets values, including testing of accounting entries arising from the review of the Asset Register undertaken in 2014-15.	Our audit work is in progress. Our audit work to date has not identified any significant issues in relation to the risk identified.

Audit findings against other risks (continued)

In this section we detail our response to the other risks of material misstatement which we identified in our Audit Plan. Recommendations, together with management responses, are attached at Appendix A.

Financial statements risk	Description of risk	Work completed	Assurance gained and issues arising
Repayment from the Waste Development Fund (former sinking fund)	Merseyside Waste Disposal Authority repaid monies from the Waste Development Fund to partner Councils at the beginning of 2014-15.	**Work completed:** We considered the arrangements made by the Authority to satisfy itself that the monies repaid have been or will be spent in accordance with the memorandum of understanding signed by partner councils.	Our audit work has not identified any significant issues in relation to the risk identified.
Pension Fund Deficit	Ensure that this is correctly accounted for in the financial statements.	**Work completed:** We undertook a review to ensure that the pension fund deficit is correctly reflected in the financial statements, ensure that the correct notes to the accounts have been included and accounted for in respect of IAS19.	Our audit work has not identified any significant issues in relation to the risk identified.

Significant matters discussed with management

	Significant matter	Commentary
1.	The Feb 2015 Veolia contract expenditure was found to have been incorrectly duplicated as expenditure, included within year end debtors and creditors.	The February 2015 Veolia contract invoice had been paid before the year end. However, the invoice was also accrued for as a creditor at the year end incorrectly. The impact of this error is to reduce the gross expenditure in the CIES by £1299K, reduce income by £356K, and to reduce creditors and debtors by the same amount respectively. Overall, the authority's outturn position improves by £943k.

Accounting policies, estimates and judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Authority's financial statements.

Accounting area	Summary of policy, estimate and judgement reported in the accounts	Comments
Revenue recognition	Revenue from the provision of services is recognised when the Authority can measure reliably the level of completion of the transaction and it is probable that benefits will flow to the Authority.	• Revenue recognition policies are in line with the requirements of the Code of Practice on Local Authority Accounting 2014/15 and accounting standards. • We have undertaken substantive testing of levy income, levy adjustments and other revenues and are satisfied that the Authority has recognised income in accordance with its accounting policies. Management corrected an error relating to a duplicated income transaction. • Revenue recognition policies are appropriately disclosed.
Assessment for any Property Plant and Equipment impairment	There is a high degree of uncertainty about the future levels of funding for local government. However, the Authority has determined that this uncertainty is not sufficient to indicate that the assets of the Authority might be impaired as a result of the need to close facilities and reduce levels of service provision.	• We have accepted the Authority's critical judgement, given the nature of service provision and legislative power to raise a levy on Member authorities. • The Authority has agreed to include a "going concern" note in its updated statement of accounts.
Property Plant and Equipment (Service Concession arrangements)	The Authority is deemed to control the services provided under the Contract with Veolia regarding the MRF facility at Gilmoss, and also to control the residual value of the facilities at the end of the Contract. The accounting policies for Service Concession Schemes and similar contracts have been applied and this asset is recognised as Property, Plant and Equipment on the Authority's Balance Sheet, and as a long term liability.	• We have accepted the Authority's critical judgement. • The recognition of the Service Concession asset has been considered in previous years, together with the detailed terms of the Contract and deemed to represent a service concession under IFRIC12.

Accounting policies, estimates and judgements continued

Accounting area	Summary of policy, estimate and judgement reported in the accounts	Comments
PPE valuation	Valuation of assets brought into use – the Code of Practice governing the preparation of the Authority's Accounts requires the Authority to undertake a comprehensive valuation of all assets included in a specific class. The Authority undertook a comprehensive revaluation in 2012/13 and obtained valuations for those assets that were not covered by this valuation during 2014-15.	• We are reviewing the basis for management's critical judgement with reference to the communication with the external valuers and their professional qualifications.
Provisions – Former landfill sites	Treatment of Former Landfill Sites –Where responsibility resides with the Authority, management has considered the accounting requirements of IAS37. Management has concluded that although it is very difficult to derive a reliable estimate of the future costs involved it has made a number of best estimates of the likely future after care maintenance costs and the period over which these costs are likely to be incurred, any provision required is considered to be material, and a closed landfill provision has been included within the financial statements. During 2014/15, the Authority has revised the basis to calculate its closed landfill provision to better reflect the expected future costs to MWDA. We have considered the revised approach and are satisfied that it is appropriate	• We are satisfied that the provision for future costs of the former landfill sites meets the recognition criteria required under IAS37. • We have reviewed the best estimates made for the closed landfill provision and have accepted Management's calculation of this provision

Accounting policies, estimates and judgements continued

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Authority's financial statements.

Accounting area	Summary of policy, estimate and judgement reported in the accounts	Comments
Management estimates & uncertainties	The Authority makes specific reference to the following uncertainties in the draft accounts: • Property Plant and Equipment (PPE) estimated useful lives • Service Concession unitary charge - contract payments and future inflation • Pensions liability – estimated future liability	• We have considered each of these uncertainties and consider them to be generic uncertainties for bodies with PPE assets, Service Concession schemes and local government pensions. • We are content with management's assessment of these uncertainties.
Going concern	Although not explicitly stated in the draft accounts, the Authority has a reasonable expectation that the services provided will continue for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.	• We will review management's assessment and related financial plans and forecasts and are satisfied that the going concern basis is appropriate for the preparation of the 2014/15 financial statements. • We have noted that there is no direct reference to the going concern assumption in the draft accounts and so management has agreed to include an appropriate disclosure and confirm the basis of this judgement with the Audit Committee.

Amendments, misclassifications and disclosure changes

The table below provides details of amendments, misclassification and disclosure changes identified during the audit which have been made in the final draft of the financial statements.

	Adjustment type	Value £,000	Account balance	Impact on the financial statements
1	Disclosure	N/A	Note 10 financial instruments	The fair value of the long term liability relating to the Gilmoss finance lease incorrectly includes £1.8 million within the liability calculation of the fair value as recorded in the financial instruments note. This £1.8 million has been paid off during 2014-15 and is therefore not a liability at the year end. The fair value of service concession liabilities as recorded in note 10 needs to change from £18,400K to £17,156K
2	Disclosure	N/A	Note 4 material items of income and expense	Note 4 which reports key items of income and expenditure does not include the credit of £6,973K released from provisions in respect of the repayment of the legal provision that has previously been accounted for.
3	Disclosure	N/A	Note 10 financial instruments	There has been no clear reference within note 10 for financial instruments relating to short term creditors - Value £2,143K. This is a material balance and should warrant a narrative specifically relating to it if it is not separately identified within the financial instruments note.
4	Disclosure	N/A	Note 29 Service Concessions	Note 29: Service concessions-payments for services that are payable within 1 year, 2-5 years, 6-10 years and 11-15 need to be updated as there has been a change in the methodology of calculating the unitary charge/service charge.
5	Disclosure	N/A	CIES	Included within Environment and Regulatory expenditure is £28.9m relating to the release of the Waste Development Fund back to constituent Councils. This should separately be disclosed on the face of the CIES given its materiality. Management has agreed to include a summary note on the CIES to explain this amount and cross reference to Note 4 (material items of Income and Expense).
6	Amendment	1,299	Decrease expenditure	The February 2015 Veolia contract invoice had been paid before the year end. However, the invoice was also accrued for as a creditor at the year end incorrectly. The impact of this error is to reduce the gross expenditure in the CIES by £1299K, reduce income by £356K, and to reduce creditors and debtors by the same amount respectively. Overall, the authority's outturn position improves by £943k.
	Amendment	356	Decrease income	
	Amendment	1,299	Decrease Creditors	
	Amendment	356	Decrease Debtors	

Other communication requirements

We set out below details of other matters which we are required by auditing standards to communicate to those charged with governance.

	Issue	Commentary
1.	**Matters in relation to fraud**	• We have previously discussed the risk of fraud with the Authority. We have not been made aware of any material incidents in the period which would impact on the audit.
2.	**Matters in relation to laws and regulations**	• We are not aware of any significant incidences of non-compliance with relevant laws and regulations.
3.	**Written representations**	• A letter of representation has been requested from the Authority, as in previous years.
4.	**Disclosures**	• Our review found no material omissions in the financial statements. We made a number of recommendations to improve disclosures.
5.	**Matters in relation to related parties**	• We are not aware of any related party transactions which have not been disclosed.
6.	**Going concern**	• Our work suggests that it is appropriate to prepare the financial statements on a going concern basis.
7.	**Confirmation requests from third parties re loans, cash balances and investments**	• We request direct confirmations for bank and investment balances from counterparties. Where responses have not been received at the time of writing these are listed in the introduction to this report.

Internal controls

The purpose of an audit is to express an opinion on the financial statements.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. We considered and walked through the internal controls for Operating Expenses and Investments as set out on page 10 above.

The internal controls were found to be designed effectively and we have no matters to report to the Audit Committee except in relation to:

Assessment	Issue identified	Recommendation
● Amber	Our audit work identified an invoice that has been expensed twice resulting in expenditure being overstated by £943,000 (net).	There is a need for the Authority to strengthen its arrangements to ensure all accruals are reviewed to avoid expenditure being accrued more than once. In addition, as part of the closedown process, working papers should be reviewed for reasonableness and to identify potential significant anomalies.

Assessment

- ● Significant deficiency – risk of significant misstatement
- ● Deficiency – risk of inconsequential misstatement

Section 3: Value for Money

Value for Money

Value for Money conclusion

The Code of Audit Practice 2010 (the Code) describes the Authority's responsibilities to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in its use of resources
- ensure proper stewardship and governance
- review regularly the adequacy and effectiveness of these arrangements.

No specific VFM criteria are issued for "other" bodies such as Waste Disposal Authorities. Guidance sets out that auditors must review the Authority's Annual Governance Statement (AGS), work of Audit Commission and other regulators and carry out any local risk based work, as appropriate.

We did not identify any issues in our review of the authority's Annual Governance Statement and there were no reports from the Audit Commission or other regulators regarding the authority during the year.

Key findings

Our VFM conclusion work has not identified any matters to report to Members.

Overall VFM conclusion

On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that there are no matters we need to report regarding the arrangements the Authority has put in place to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

Section 4: Fees, non audit services and independence

Fees, non audit services and independence

We confirm below our final fees charged for the audit.

No other services have been provided during the year.

Fees 2014/15

	Per Audit plan £	Actual fees £
Authority audit	39,150	39,150
Total audit fees	**39,150**	**39,150**

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

Section 5: Communication of audit matters

Communication of audit matters to those charged with governance

International Standard on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

The Audit Plan outlined our audit strategy and plan to deliver the audit, while this Audit Findings report presents the key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

We have been appointed as the Authority's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Authority's key risks when reaching our conclusions under the Code.

It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Authority is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Compliance with laws and regulations		✓
Expected auditor's report		✓
Uncorrected misstatements*		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓

* no misstatements were found.

Appendices

Appendix A: Action plan

Priority: (High/Medium/Low)

Rec No.	Recommendation	Priority	Management response	Implementation date and responsibility
1.	The Feb 2015 Veolia contract expenditure was found to have been incorrectly duplicated resulting in expenditure being overstated by £943,000 (net). There is a need for the Authority to strengthen its arrangements to ensure all accruals are reviewed to avoid expenditure being accrued more than once. In addition, as part of the closedown process, working papers should be reviewed for reasonableness and to identify potential significant anomalies.	Medium	Recommendation agreed. Will be implemented for 2015/16.	Director of Finance 2015/16 accounts

Appendix B: Draft Audit opinion

We anticipate we will provide the Authority with an unmodified audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERSEYSIDE WASTE DISPOSAL AUTHORITY

We have audited the financial statements of Merseyside Waste Disposal Authority for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Group Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Group Comprehensive Income and Expenditure Statement, the Balance Sheet, the Group Balance Sheet, the Cash Flow Statements, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of Merseyside Waste Disposal Authority, as a body, in accordance with Part II of the Audit Commission Act 1998 and as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the members of the Authority those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Finance and auditor

As explained more fully in the Statement of the Director of Finance's Responsibilities, the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Finance; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the chairperson's introduction and the explanatory foreword to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Merseyside Waste Disposal Authority as at 31 March 2015 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

In our opinion, the information given in the chairperson's introduction and explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We are required to report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998; or
- we designate under section 11 of the Audit Commission Act 1998 a recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are also required by the Audit Commission's Code of Audit Practice to report any matters that prevent us being satisfied that the audited body has put in place such arrangements.

We have undertaken our review in accordance with the Code of Audit Practice and, having regard to the guidance issued by the Audit Commission *in* October 2014, we have considered the results of the following:

- our review of the annual governance statement.

As a result, we have concluded that there are no matters to report.

Certificate

We certify that we have completed the audit of the financial statements of Merseyside Waste Disposal Authority in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Jackie Bellard
Director
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

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XX September 2015

Grant Thornton

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