

**Our reference** CLD

30 March 2010

Carl Beer  
 Director  
 Merseyside Waste Disposal Authority  
 North John Street  
 Liverpool

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Dear Carl

### Merseyside Waste Disposal Authority - proposed audit fee 2010/11

Further to our discussions, I am writing to confirm the audit work that we propose to undertake for the 2010/11 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 2010/11.

As I have not yet completed my audit for 2009/10 the audit planning process for 2010/11, including the risk assessment will continue as the year progresses and fees will be reviewed and updated as necessary. However, the fee does already take into account the impact of the introduction of international financial reporting standards on the 2010/11 accounts.

The total indicative fee for the audit for 2010/11 is for £75,000 (exclusive of VAT) which compares to the latest planned fee of £75,780 for 2009/10. A summary of this is shown in the table below.

Audit Area	Planned Fee 2010/11	Planned Fee 2009/10
Financial statements	£54,000	£54,475
Value for Money Conclusion	£19,000	£19,325
Whole of Government Accounts	£2,000	£1,980
<b>Total Audit Fee</b>	<b>£75,000</b>	<b>£75,780</b>

The Audit Commission has published its work programme and scales of fees 2010/11. There is no prescribed scale fee for Waste Disposal Authorities, so fees are set on the basis of the work needed to meet our statutory responsibilities and taking account of local risks..

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 2009/10. A separate plan for the audit of the financial statements will be issued in December 2010. 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 Assistant Director (Finance) and then prepare a report for the Authority outlining the reasons why the fee needs to change. The fee takes into account the additional risks arising from the procurement of new waste disposal facilities as noted below.

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 2010/11. 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
The challenge of maintaining strong governance arrangements and demonstrating good value for money in the procurement of new waste disposal facilities	We will continue to review your governance arrangements for managing the risks relating to the procurement exercise.
The extent of management capacity to deal with significant changes in the business. The team has been strengthened since our 2008/09 audit visit.	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.

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 2010/11 are:

- Audit Manager      Claire Deegan      0844 798 4819
- Team Leader      Martin Nuttall      0844 798 4833

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](mailto:t-carter@audit-commission.gov.uk).

Yours sincerely

Michael Thomas  
*District Auditor*

**cc** Assistant Director (Finance)  
Chair of the Authority

## 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 2010
Annual Governance Report	September 2011
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2011
Whole of Government accounts return	October 2011
Final accounts memorandum (to the Treasurer)	October 2011
Annual audit letter	November 2011