

**AUDIT COMMISSION ISA 260 (UK&I) AUDIT REPORT**  
**WDA/34/10**

**Recommendation**

That:

1. The auditor's findings attached at Appendix A to the report be noted;
2. Members note the recommendations contained within the auditor's report to further strengthen the Authority's financial and governance arrangements and grant delegated powers to the Director to finalise the proposed action plan; and
3. The Treasurer of the Authority sign the Letter of Representation attached at appendix B.

THIS PAGE INTENTIONALLY BLANK

**AUDIT COMMISSION ISA 260 (UK&I) AUDIT REPORT**  
**WDA/34/10**

**Report of the Treasurer**

**1. Purpose of the Report**

- 1.1 To present Members with the findings, conclusions and recommendations resulting from the Audit Commission's review of the Authority's statutory accounts and arrangements to secure value for money, to enable the auditor to comply with the auditing standard ISA 260 (UK&I).

**2. Background**

- 2.1 The auditing standard, ISA 260 (UK&I), and the statutory audit framework requires the Audit Commission who act as the Authority's external auditor to produce a 'Report to Those Charged with Governance' at the end of the audit. For Merseyside Waste Disposal Authority the Members of the Authority are 'Those Charged with Governance', although this can be delegated to the members of the Audit Committee as necessary.
- 2.2 The report covers all the external auditor's responsibilities including the audit of the Authority's statutory accounts as prescribed by professional auditing standards and a value for money conclusion. The report is to be considered before the auditor can formally conclude the audit.
- 2.3 Once the report has been considered by Those Charged with Governance the Treasurer will provide the Auditor with a Letter of Management Representation (Appendix B). The letter confirms to the auditor there are no matters relating to the audit that the auditor has not been told about.
- 2.4 After the ISA260 report and the Letter of Representation have been provided the auditor will be able to issue the audit opinion and certificate. This will then enable the Authority to meet the statutory timetable for publishing the Statement of Accounts by 30 September.

**3. Report to Those Charged with Governance**

- 3.1 The Audit Commission's report is attached at Appendix A to this report. The report includes the auditor's opinion in relation to:

- The Authority's financial statements for 2009-10: and
  - A value for money conclusion in relation to 2009-10.
- 3.2 The Auditor is proposing an unqualified opinion and value for money conclusion and will issue the audit conclusion after this report has been considered by the Authority.
- 3.3 The auditor has made some recommendations for improvements to the way the accounts are prepared. Implementing these recommendations will improve the quality of information in the Authority's financial statements.
- 3.4 The Auditor has also re-iterated the recommendation from last year regarding formalising the arrangements for support services between the Authority and St Helens Council. A series of Service Level Agreements (SLAs) have been drafted by the Council and the Authority has made a number of comments seeking clarification and amendment. The discussions on the SLAs are progressing.

#### **4. Amendments to the Statement of Accounts 2009-10**

- 4.1 During the Audit process the auditor has highlighted a number of amendments that could be made to the Authority's Statement of Accounts for 2009-10. These amendments have been agreed as they improve the quality of the financial information.
- 4.2 The amendments are considered by the auditor to be mainly trivial by amount and type. In consequence the agreed amendments do not change the accounts already approved by the Authority in a material way and the result is that the Authority do not need to re-approve the accounts for 2009-10.
- 4.3 Two amendments are drawn to Members' notice for information:
- there has been an adjustment in the Group accounts of the Authority that brings the overall surplus of the Group down by £322k, it does not affect the Authority's reported position. This arose because the initial statement was prepared before the accounts of the group companies had been finalised. The amendment is not considered material by the auditor;
  - a post balance sheet events note has been added to the accounts, the note reflects the change announced by the Government in the way public sector pensions will increase in future, increases will be

linked to CPI rather than RPI as has been the practice. The note is in line with a similar note for other local authorities.

## **5. Risk Implications**

- 5.1 The Authority has a statutory duty to publish audited accounts each year and failure to do so would lead to a qualified opinion by the Authority's external auditor.

## **6. HR Implications**

- 6.1 There are no HR implications associated with this report

## **7. Environmental Implications**

- 7.1 There are no environmental implications associated with this report.

## **8. Financial Implications**

- 8.1 There are no financial implications associated with this report.

## **9. Conclusion**

- 9.1 Members are asked to note the recommendations contained within the auditor's report to strengthen the Authority's financial and governance arrangements and grant delegated powers to the Director to finalise the proposed action plan attached to the auditor's report.

The contact officer for this report is: Peter Williams  
6th Floor, North House, 17 North John Street, Liverpool L2 5QY

Email: [peter.williams@merseysidewda.gov.uk](mailto:peter.williams@merseysidewda.gov.uk)

Tel: 0151 255 2542

Fax: 0151 227 1848

The background documents to this report are open to inspection in accordance with Section 100D of The Local Government Act 1972 - Nil.