



Annual Audit Letter on the 2019/20 External Audit

Western Riverside Waste Authority

2 November 2021

Contents

	Page
1 Letter to Members	3
2 Key Messages	4
3 Responsibilities and Scope	5
4 Audit of the Accounts	6
5 Value for Money	8
6 Other Matters	9

1. Letter to Members

The Members
Western Riverside Waste Authority
Smugglers Way
Western Riverside Transfer Station
Wandsworth, London
SW18 1JS

02 November 2021

Dear Sirs

We have pleasure in setting out this Annual Audit Letter to summarise the key matters arising from the work that we have carried out in respect of the audit for the year ended 31 March 2020.

Although this letter is addressed to the Members of Western Riverside Waste Authority (“the Authority”), it is also intended to communicate the significant issues we have identified in an accessible style to key external stakeholders including members of the public. The letter will be published on the Public Sector Audit Appointments Ltd (PSAA) website at www.psa.co.uk and on the Authority’s website.

This letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Ltd. This is available from www.psa.co.uk.

This letter has been discussed and agreed with the Treasurer. A copy of the letter will be provided to all Members.

Yours faithfully,

Ben Sheriff
Audit Director
for and on behalf of Deloitte LLP
St Albans, United Kingdom

2. Key Messages

Statement of Accounts	
Unqualified opinion issued on 30 November 2020	<p>In 2019/20 the Authority was required to prepare its Statement of Accounts in accordance with International Financial Reporting Standards (“IFRS”) as defined in the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and other relevant legislation.</p> <p>We issued our audit opinion on the financial statements on 30 November 2020. Our opinion was not qualified.</p> <p>Materiality for the Authority’s accounts was set at £984,000.</p>

Value for Money (“VfM”) conclusion	
Unqualified conclusion issued on 30 November 2020	<p>We are required to base our statutory VfM conclusion on the criteria specified by the National Audit Office. This is an evaluation of whether the Authority has in place proper arrangements to ensure properly informed decisions were taken and the Authority deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.</p> <p>We issued an unqualified VfM conclusion on 30 November 2020.</p>

Audit findings	
We did not identify any significant weaknesses in internal control or other findings	<p>International Standards on Auditing (UK) require us to communicate in writing to those charged with governance the significant findings from our audit. For the avoidance of doubt, in respect of the Authority’s audit for 2019/20, there were no findings that we brought to the attention of the members.</p>

Independence and Objectivity	
Independence and objectivity	<p>In our professional judgement the policies and safeguards in place ensure that we are independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit lead and audit staff is not impaired.</p>

3. Responsibilities and Scope

Responsibilities of the Authority and Auditors

The Authority is responsible for maintaining the control environment and accounting records and preparing the accounting statements in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 based on IFRS and other relevant legislation.

We are appointed as the Authority's independent external auditors by PSAA, the body responsible for appointing auditors to local public bodies in England where they have opted into this programme.

As the Authority's appointed external auditor, we are responsible for planning and carrying out an audit that meets the requirements of the National Audit Office's Code of Audit Practice ("the Code"). Under the Code, we have responsibilities in two main areas:

- auditing the Authority's accounts; and
- evaluating whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money ("VFM") conclusion).

The scope of our work

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) as adopted by the UK Auditing Practices Board ("APB"). The audit opinion on the accounts reflects the financial reporting framework adopted by the Authority, being the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 based on IFRS and other relevant legislation.

We conducted our work on the 2019/20 VFM conclusion in line with guidance issued by the National Audit Office.

4. Audit of the Accounts

Statement of Accounts	
Unqualified opinion issued on 30 November 2020	<p>We issued an unqualified opinion on the Authority's 2019/20 accounts on 30 November 2020. Our opinion included an "emphasis of matter" in respect of property valuations as discussed further below due to the circumstances of the Covid-19 pandemic.</p> <p>Before we give our opinion on the accounts, we are required to report to those charged with governance (here the members) any significant matters arising from the audit. To address this requirement, a detailed report was issued on 22 September 2020. This was discussed with the members of the Audit Committee on 29 September 2020. This paper is available to view online as part of the members pack for that meeting. The remaining open matters at the time of that report were satisfactorily resolved (primarily through the receipt of reporting from the pension scheme auditor) without additional matters requiring reporting to the Authority.</p>
Materiality	<p>We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.</p> <p>Based on our professional judgement, materiality for the Authority's accounts was set at £984,000 which equated to 2% of gross expenditure at the planning stage of the audit. This benchmark was chosen as the Authority is a non-profit organisation and total expenditure is a key measure of financial performance for users of the financial statements.</p> <p>We agreed with the members that we would report to them all uncorrected audit differences in excess of £49,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We would also report to the members on any uncorrected disclosure matters identified when assessing the overall presentation of the financial statements. For the avoidance of doubt, no such matters were identified in relation to the audit of the 2019/20 Statement of Accounts.</p>
Significant Risks	<p>Our audit work was designed to specifically address the following significant audit risks which are presented in further detail below. Significant audit risks are the areas deemed to be those with the greatest potential of being materially incorrect in the financial statements and are therefore areas of greater focus for the audit team.</p> <ol style="list-style-type: none"> 1. Property valuation: Our conclusion in this risk area is that the net book value of property assets is not materially misstated. The Authority's valuation assumptions are generally reasonable and fall within the expected range. The Authority's valuer confirmed that there was a material valuation uncertainty due to the impact of Covid-19 as at 31 March 2020. This was disclosed in Note 4 of the Authority's account. An "emphasis of matter" was therefore included in our audit opinion to draw attention to management disclosure. There are no other findings to report.

	<p>2. Revenue and expenditure recognition: We concluded satisfactorily in this area and there are no findings to report.</p> <p>3. Management override of controls: We concluded satisfactorily in this area. We did not identify any significant bias in the key judgements made by management based on work performed.</p>
<p>Annual Governance Statement and Other Information</p>	
<p>No issues were identified in relation to this work</p>	<p>As appointed auditors, we review the Annual Governance Statement (“AGS”) and other information presented with the financial statements to check that information is consistent with the financial statements. We do not have any findings to report in relation to this.</p>
<p>Powers and Duties</p>	
<p>We did not receive any questions about the accounts or make any public interest reports</p>	<p>Under the Local Audit and Accountability Act 2014, auditors have specific powers and duties, including to give electors the opportunity to raise questions about the accounts and to consider and decide upon objections received in relation to the accounts. We did not receive any such questions or objections.</p> <p>We have a duty to consider whether to issue a report in the public interest about something we believe the Authority should consider, or if the public should know about.</p> <p>We have not identified any matters that would require us to issue a public interest report.</p>
<p>Whole of Government (“WGA”) accounts return</p>	
<p>The Authority is below the audit threshold</p>	<p>The Authority prepares a consolidation pack to support the production of Whole of Government Accounts by HM Treasury. Under WGA requirements, we are required to submit a return outlining any issues arising from the audit and, as applicable here, confirming that the authority’s closing balances fall below the threshold above which further audit procedures on the WGA consolidation pack are required. As required by the guidance, we submitted the return confirming these matters to the National Audit Office.</p>
<p>Audit Certificate</p>	
<p>We have issued our certificate</p>	<p>We issued our certificate on 30 November 2020. The certificate confirmed that we have concluded the audit for 2019/20 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.</p>

5. Value for Money

Background and approach

We are required to issue a value for money ("VfM") conclusion within our report on the financial statements. We are required to base our VfM conclusion on criteria specified by the National Audit Office ("NAO") where we are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources. Our assessment is based on the following reporting criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people."

The following sub-criteria are then used to inform and guide our work and inform our overall judgement although there is no requirement to separate these nor to report against each sub-criteria:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties.

We would emphasise that it is the arrangements in place that we are required to assess, and not the actual decisions made by the Authority.

We planned our local programme of work based on our risk assessment, which was informed by a series of risk factors determined by the National Audit Office.

We did not identify any significant risks as part of our risk assessment.

The VFM conclusion

Having performed our work in line with guidance received from the National Audit Office we issued an unqualified value for money conclusion for the 2019/20 financial year.

6. Statement of Responsibilities

Statement of Responsibilities

The Statement of Responsibilities of Auditors and Audited Bodies issued by PSAA explains the respective responsibilities of auditors and of the audited body and this report is prepared on the basis of, and our audit work is carried out in accordance with, that statement.

The matters raised in this report are only those that came to our attention during our audit and are not necessarily a comprehensive statement of all weaknesses that exist or of all improvements that might be made. You should assess recommendations for improvements for their full implications before they are implemented. In particular, we would emphasise that we are not responsible for the adequacy and appropriateness of the national data and methodology supporting our value for money conclusion as they are derived solely from the National Audit Office.

This report has been prepared for the Members, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other party.

An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the Annual Audit Letter since first published. These matters are the responsibility of the Authority but no control procedures can provide absolute assurance in this area.

Deloitte.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London, EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

© 2021 Deloitte LLP. All rights reserved.