

**PAPER NO. WRWA 861****WESTERN RIVERSIDE WASTE AUTHORITY**

<b>MEETING</b>	19th September 2018
<b>REPORT AUTHOR/DATE</b>	Treasurer (Chris Buss-Tel 020 871 2788) 11 <sup>th</sup> September 2018
<b>SUBJECT</b>	2017/18 External Audit Letter
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<b>STATUS</b>	Open - circulation of this paper is not restricted.
<b>BACKGROUND PAPERS</b>	None

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## **EXECUTIVE SUMMARY AND BACKGROUND**

1. The Authority's external auditors KPMG are required, as part of the annual audit process, to complete an annual Audit letter. The letter relating to the audit for the financial year 2017/18 is attached as an Appendix to this report. A copy of this letter was circulated electronically to Members on 24th August 2018 for information as required by the end of the month. The purpose of the letter is to "summarise the results of the 2017/18 audit work for members of the Authority". Much of the information contained here was included in the previous report by the Auditors (see Paper No. WRWA 854) presented to the July 2018 meeting of the Authority, but the audit regulations require a separate letter to be reported to the Authority.
2. The letter notes that the Auditors have issued an unqualified audit report on the accounts and an unqualified value for money conclusion. They also found no areas of concern with the Authority's Annual Governance Statement.

## **MATTERS ARISING FROM THE ANNUAL AUDIT LETTER**

3. The Auditors have no recommendations as a result of the 2017/18 work.

## **FUTURE AUDIT ARRANGEMENTS**

4. This letter sees the conclusion of the audit from KPMG for 2017/18 as the Authority's auditors. Deloitte LLP have been appointed from 2018/19 to 2022/23 by the Public Sector Audit Appointments Board. The Treasurer and Deputy Treasurer met with the Lead Auditor and Manager from Deloitte in August to discuss the transition and future arrangements. The Audit Plan for 2018/19 will be presented by Deloitte to a future Authority meeting and until then no particular issues need to be brought to the attention of the Authority in relation to this matter.

## **RECOMMENDATION**

5. The Authority is recommended to receive this report as information.

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Chris Buss  
Treasurer

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11<sup>th</sup> September 2018



# Annual Audit Letter 2017/18

Western Riverside Waste Authority

—

August 2018

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website ([www.psaa.co.uk](http://www.psaa.co.uk)).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Joanne Lees, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers ([andrew.sayers@kpmg.co.uk](mailto:andrew.sayers@kpmg.co.uk)). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk), by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

This Annual Audit Letter summarises the outcome from our audit work at Western Riverside Waste Authority in relation to the 2017/18 audit year, which is the final year that KPMG is the auditor of the Authority.

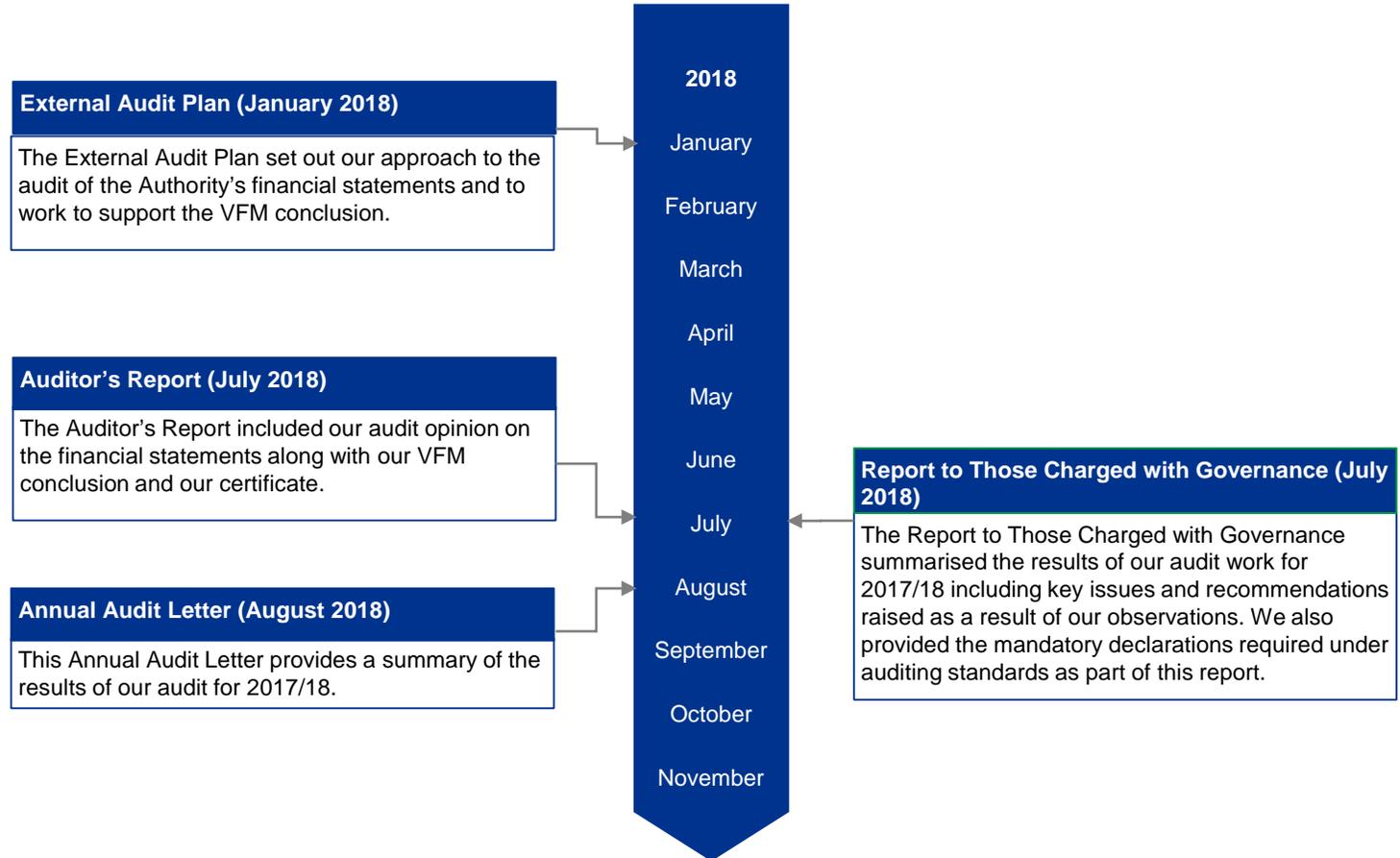
Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.

<b>Audit opinion</b>	We issued an unqualified opinion on the Authority's financial statements on 30 July 2018. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.
<b>Financial statements audit</b>	<p>Our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole. Materiality for the Authority's accounts was set at £950,000 which equates to around 2% of gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision.</p> <p>We report to the Authority any misstatements of lesser amounts, other than those that are "clearly trivial", to the extent that these are identified by our audit work. In the context of the Authority, an individual difference is considered to be clearly trivial if it is less than £45,000 for the Authority.</p> <p>We have identified no audit adjustments.</p> <p>Our audit work was designed to specifically address the following significant risk:</p> <ul style="list-style-type: none"> <li>— Management Override of Controls (required by auditing standards for all entities) – Our audit methodology incorporates the risk of management override as a default significant risk, including controls testing and substantive procedures over journal entries and accounting estimates. We did not identify any specific additional risks of management override relating to this audit;</li> </ul> <p>We identified no significant risks specifically in relation to the audit of the Authority.</p>
<b>Other information accompanying the financial statements</b>	Whilst not explicitly covered by our audit opinion, we review other information that accompanies the financial statements to consider its material consistency with the audited accounts. This year we reviewed the Annual Governance Statement and Narrative Report. We concluded that they were consistent with our understanding and did not identify any issues.
<b>Whole of Government Accounts</b>	The Authority prepares a consolidation pack to support the production of Whole of Government Accounts by HM Treasury. We are not required to review your pack in detail as the Authority falls below the threshold where an audit is required. As required by the guidance we have confirmed this with the National Audit Office.

<b>Value for Money conclusion</b>	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2017-18 on 30 July 2018. This means we are satisfied that during the year the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources.</p> <p>We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks. Our assessment did not identify any significant risks for the Authority.</p> <p>To arrive at our conclusion we looked at the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.</p>
<b>High priority recommendations</b>	<p>We raised no recommendations as a result of our 2017-18 work.</p>
<b>Certificate</b>	<p>We issued our certificate on 30 July 2018. The certificate confirms that we have concluded the audit for 2017-18 in accordance with the requirements of the Local Audit &amp; Accountability Act 2014 and the Code of Audit Practice.</p>
<b>Audit fee</b>	<p>Our fee for 2017-18 was £15,660, excluding VAT (2016/17: £15,660). Further detail is contained in Appendix 2.</p>
<b>Exercising of audit powers</b>	<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>In addition, we have not had to exercise any other audit powers under the Local Audit &amp; Accountability Act 2014.</p>

# Appendix 1: Summary of reports issued

This appendix summarises the reports we issued since our last Annual Audit Letter. These reports can be accessed via the Authority pages on the Authority's website at [www.wrwa.gov.uk](http://www.wrwa.gov.uk).



# Appendix 2: Audit fees

This appendix provides information on our final fees for the 2017/18 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2017/18 planned audit fee.

### External audit

Our final fee for the 2017/18 audit of the Authority was £15,660, which is in line with the planned fee.

### Other services

We did not charge any additional fees for other services.



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