



The Annual Audit Letter for Greater Manchester Waste Disposal Authority

Year ended 31 March 2015

24 September 2015

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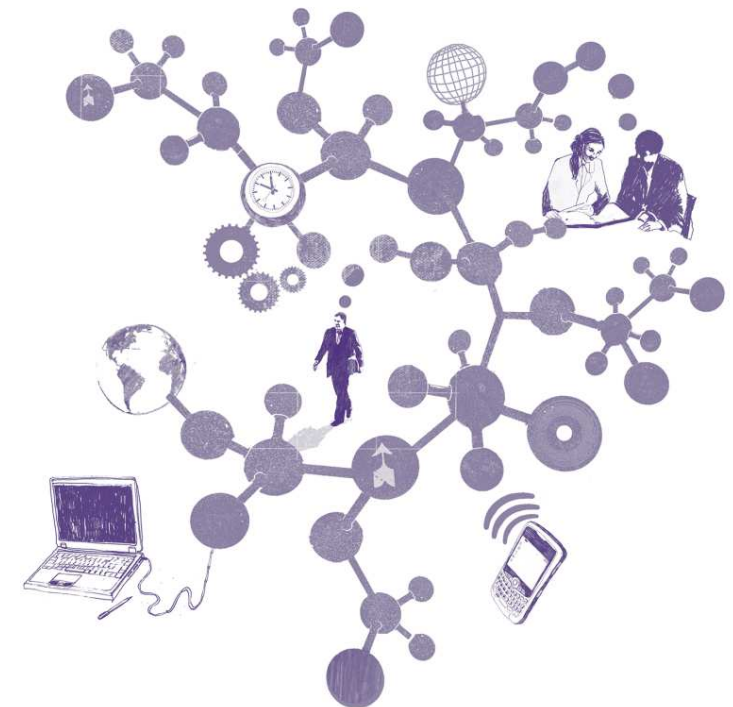
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Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Greater Manchester Waste Disposal Authority ('the Authority') for the year ended 31 March 2015.

The Letter is intended to communicate key messages to the Authority and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued on 27 March 2015 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission. The key messages from our 2014/15 audit are set out below:

| | |
|---|--|
| Financial statements audit (including audit opinion) | <p>We reported our findings arising from the audit of the financial statements in our Audit Findings Report to the Audit Committee on 8 July 2015. The key messages reported were:</p> <ul style="list-style-type: none">• the finance team are dedicated to a prompt accounts closedown and we received the draft accounts on 21 May, earlier than last year. Working papers were of a high quality and our audit enquiries were responded to promptly and effectively• there were some complex accounting judgements this year relating to material transactions which were resolved promptly with the assistance of the Authority's finance team and were properly reflected in the accounts• there were no unadjusted items arising from the audit with adjustments made relating to disclosure items only <p>We made a key recommendation relating to the need for the Authority to fully document the procedures relating to the operation of the Private Finance Initiative (PFI) scheme financial model, information from which is used to prepare the annual accounts. We also recommended that the corporate history and knowledge of the key contracts and commercial agreements is fully documented to mitigate the risk of knowledge being lost in the absence of any key officers.</p> <p>We issued an unqualified opinion on the Authority's 2014/15 financial statements on 9 July 2015, well in advance of the 30 September deadline set by the Department for Communities and Local Government (DCLG). Our opinion confirms that the financial statements give a true and fair view of the Authority's financial position and of the income and expenditure recorded by the Authority for 2014/15.</p> |
| Value for Money (VfM) conclusion | <p>We issued an unqualified VfM conclusion for 2014/15 on 9 July 2015.</p> <p>The Audit Commission did not set any specific VfM criteria for Waste Disposal Authorities. Instead the guidance sets out that auditors must review the Authority's Annual Governance Statement (AGS), review the work of external regulators where relevant and carry out any local risk based work as appropriate.</p> <p>On the basis of our work we are satisfied that in all significant respects the Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.</p> |

Key messages

| | |
|-------------------------------------|---|
| Whole of Government Accounts | We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts. We reported that the Authority's pack was consistent with the audited financial statements. This was completed well in advance of the 2 October 2015 deadline set by the DCLG. Outside of central government, the Authority's pack was the first submitted to the DCLG for 2014/15. |
| Audit fee | <p>Our fee for 2014/15 was £61,880 excluding VAT which comprised our planned fee for the year of £41,891 together with an agreed additional fee of £19,989. This was due to the additional time spent on complex audit work that was required, including input from the auditor's PFI accounting expert, to ensure that the Authority's accounts conformed to Accounting Standards with respect to:</p> <ul style="list-style-type: none">• the treatment of transactions relating to the Authority's use of the Combined Heat and Power Station at Runcorn which came into service in January 2015; and• a Prior Period Adjustment, which was made to bring the opening balances of PFI liabilities into line with the PFI model so as to properly reflect asset disposals and changes of commencement dates for operating the recycling facilities. <p>The audit fee for 2015/16 has been set at £31,418 by the Audit Commission prior to its demise, a reduction of 25% on the 2014/15 planned fee. As well as the Authority benefitting from this reduction, the additional time spent in 2014/15 means that the Authority has greater assurance over the PFI accounting treatment going forward which in turn will lead to future efficiencies for the Authority and the audit process. Whilst it is not possible to exactly quantify what that may do to help reduce future fees we believe that a sizeable proportion of the additional time invested this year will generate audit cost savings over the next few years.</p> |

Looking to 2015/16 and beyond, in common with other local government bodies there are many challenges facing the Authority, including:

- managing the PFI contract to ensure it represents value for money by using the facilities to their full potential and maximising income;
- developing the 2020 Vision, in consultation with key stakeholders, to optimise the PFI contract, respond to budget pressures and EU resource efficiency targets;
- maintaining efforts to engage with the population so that they can fully contribute to the recycling agenda; and
- continuing the successful delivery of additional budget savings, as requested by the Association of Greater Manchester Authorities (AGMA).

The Authority is aware of these challenges and is responding well through close monitoring of the Waste Management Strategy.

Appendix A: Reports issued and fees

We confirm below the fee charged for the audit and confirm there were no fees for the provision of non audit services.

Fees (excluding VAT)

| | Per Audit plan £ | Actual fees £ |
|-------------------|---------------------|------------------|
| Audit Fee | 41,891 | 61,880 |
| Total fees | 41,891 | 61,880 |

Fees for other services

| Service | Fees £ |
|---------|--------|
| None | Nil |

Reports issued

| Report | Date issued |
|----------------------------------|-------------------|
| Audit Plan | 27 March 2015 |
| Audit Findings Report | 30 June 2015 |
| Audit Opinion and VFM conclusion | 9 July 2015 |
| Annual Audit Letter | 24 September 2015 |



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