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# Annual Audit Letter 2014/15

North London Waste Authority

October 2015

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in connection with this  
report are:**

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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. The Audit Commission 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.psa.co.uk](http://www.psa.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 Philip Johnstone, 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, Trevor Rees (on 0161 246 4000, or by email to [trevor.rees@kpmg.co.uk](mailto:trevor.rees@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 report summarises the key findings from our 2014/15 audit of North London Waste Authority (the Authority).**

**Although this letter is addressed to the Members of the Authority, it is also intended to communicate these issues to key external stakeholders, including members of the public.**

**Our audit covers the audit of the Authority's 2014/15 financial statements and the 2014/15 VFM conclusion.**

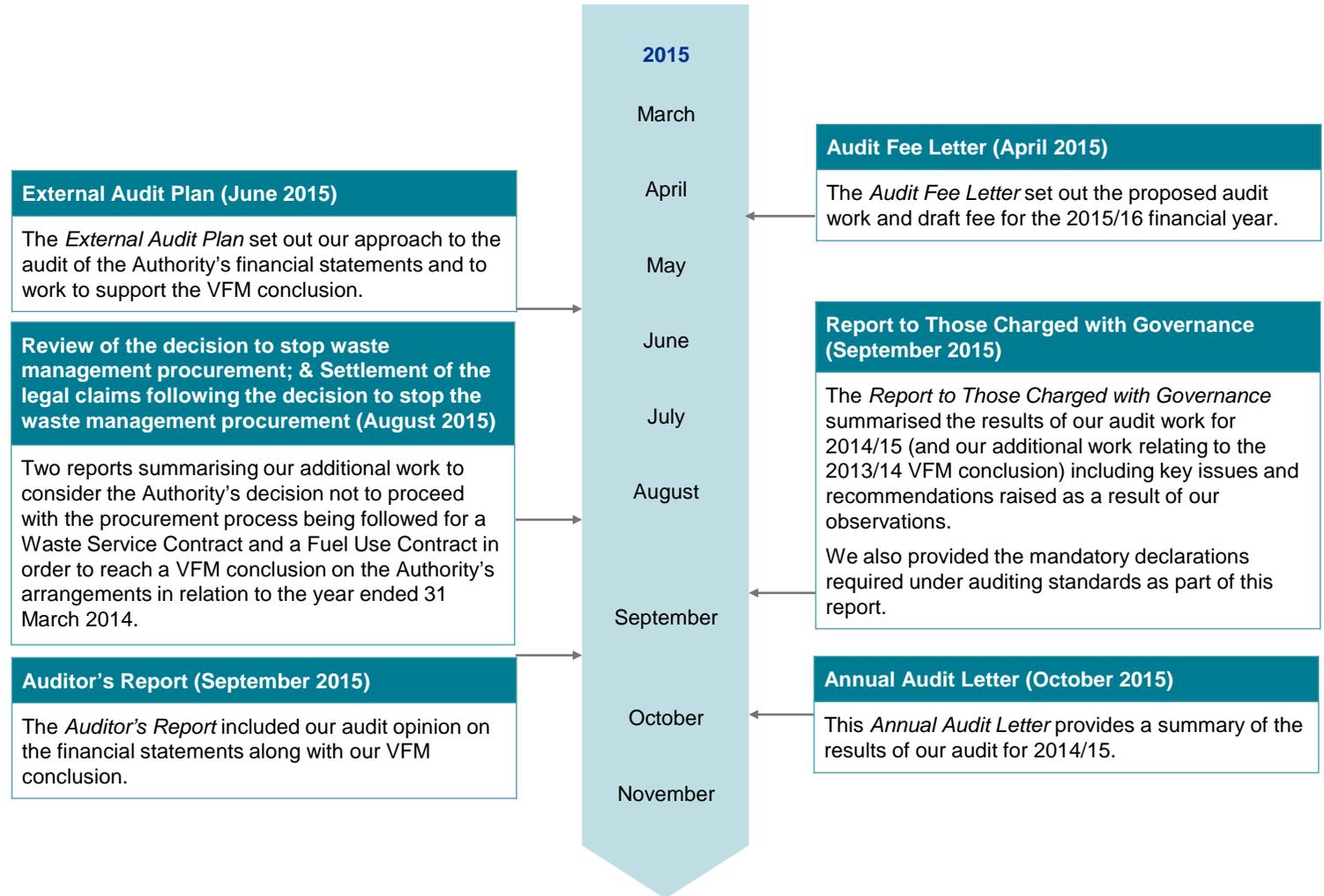
<b>VFM conclusion</b>	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2013/14 and 2014/15 on 29 September 2015. This means we are satisfied that that Authority had proper arrangements for securing financial resilience and challenging how it secures economy, efficiency and effectiveness.</p> <p>To arrive at our conclusion we looked at the Authority's financial governance, financial planning and financial control processes, as well as the arrangements for prioritising resources and improving efficiency and productivity.</p>
<b>VFM risk areas</b>	<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. We did not highlight any significant risks in relation to our 2014/15 VFM conclusion.</p> <p>In relation to our 2013/14 VFM audit (following the Authority's decision not to proceed with the procurement process being followed for a Waste Service Contract and a Fuel Use Contract), we undertook a detailed review of the procurement process. This review was necessary to meet our VFM conclusion responsibilities in forming a view on whether, in all significant respects, the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.</p> <p>In undertaking our review we considered what, in our view, were four key questions and have concluded for each question that the Authority's actions and decisions were not unreasonable. Further details were included in our <i>'Report to those charged with governance (ISA 260) 2014/15'</i> considered at the Authority meeting held on 25 September 2015.</p>
<b>Audit opinion</b>	<p>We issued an unqualified opinion on the Authority's financial statements on 29 September 2015. 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. The financial statements also include those of the Authority's Group, which consists of the Authority itself and LondonWaste Limited (LWL).</p>
<b>Financial statements audit</b>	<p>Our audit identified a total of four audit adjustments with a total value of £22.86 million. These adjustments had no impact on the Authority's general fund balance, an increase of £640k on the surplus on provision of services, and no impact on the Authority's net worth, as at 31 March 2015.</p> <p>The Authority also made a small number of non-trivial adjustments, most of which were of a presentational nature. There was no impact on the General Fund from these presentational adjustments.</p> <p>Additionally, the group financial statements incorporate two unadjusted errors originally reported to LWL by its auditors, BDO. The effect of these unadjusted errors would be to decrease the group's surplus by £105k and decrease the net assets by £105k. The Authority declined to amend the group accounts in order to maintain consistency with LWL's published financial statements and due to the materiality of the balance in question.</p>

All the issues in this Annual Audit Letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 1.

Annual Governance Statement	We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding.
High priority recommendations	We have not raised any high priority recommendations as a result of our 2014/15 audit work or as part of our additional work in relation to the 2013/14 VFM conclusion.
Certificate	<p>We cannot issue a certificate and close the audit because of ongoing correspondence with Local Government Electors. We will update Members on further developments but there are no matters under discussion that we consider materially affect our audit opinion.</p> <p>The certificate (when issued) will confirm that we have concluded the audit for 2014/15 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission's <i>Code of Audit Practice</i>.</p>
Audit fee	Our fee for 2014/15 was £18,270, excluding VAT. Further detail is contained in Appendix 2.

## Appendix 1: Summary of reports issued

This appendix summarises the reports we issued since our last *Annual Audit Letter*.



This appendix provides information on our final fees for the 2014/15 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2014/15 planned audit fee.

### External audit

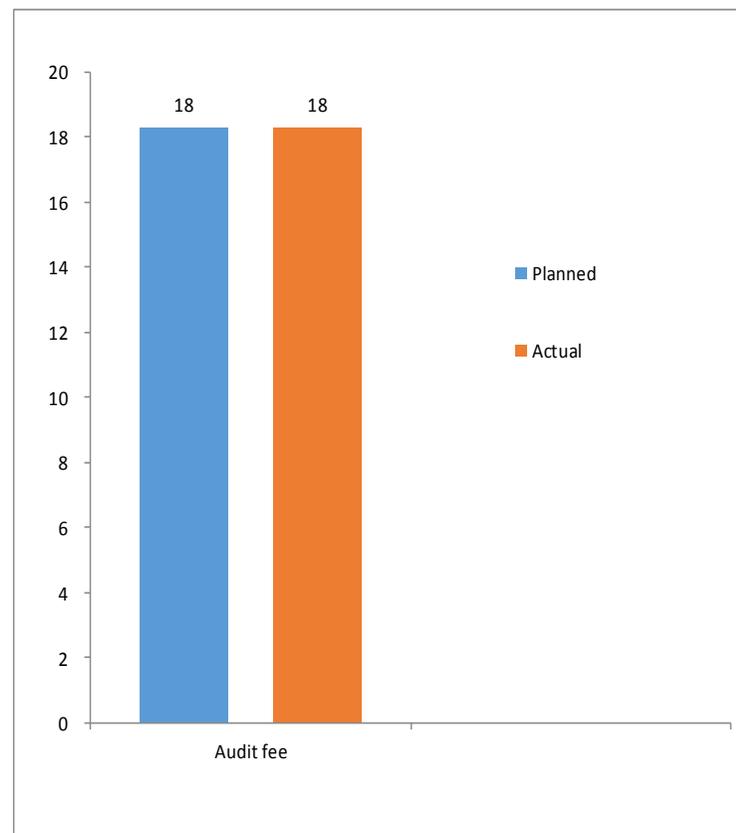
Our final fee for the 2014/15 audit of the Authority was £18,270, which is in line with the planned fee.

We have agreed an additional fee of £50,400 for the 2013/14 audit, for the additional work that was required to reach a VFM conclusion for that year. However, this is still subject to final agreement by Public Sector Audit Appointments Limited.

### Other services

We did not charge any additional fees for other services.

External audit fees 2014/15 (£000)





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