

**NORTH LONDON WASTE AUTHORITY**

**REPORT TITLE**

2006/07 STATEMENT OF ACCOUNTS

**REPORT OF**

FINANCIAL ADVISER

**FOR SUBMISSION TO**

**DATE**

AUTHORITY MEETING

19 SEPTEMBER 2007

**1. SUMMARY OF REPORT**

The 2006/07 draft Statement of Accounts was presented to and approved by the Authority at its meeting on 27 June 2007 and submitted to Deloitte & Touche for audit. Deloitte & Touche is required to report to Members in advance of issuing a formal audit opinion on the Authority's statutory accounts. The Auditor's report advises that they have substantially completed their audit and subject to satisfactory completion of the outstanding matters anticipate issuing an unqualified audit opinion on the 2006/07 accounts. The accounts must be published by 30 September 2007.

This report summarises the key findings of the Deloitte & Touche report and presents the revised 2006/07 Statement of Accounts for approval.

**2. RECOMMENDATIONS**

The Authority is requested to:-

- (i) Note the Auditor's report.
- (ii) Authorise the Financial Adviser to sign the letter of representation.
- (iii) Approve the Authority's 2006/07 Statement of Accounts and that the Chairman be authorised to sign it accordingly (subject to any changes that may arise from the remaining audit work (paragraph 3.5 refers)).

Signed by the Financial Adviser: .....

Date: .....

### 3. **2006/2007 STATEMENT OF ACCOUNTS**

- 3.1 The Authority's draft Statement of Accounts was presented to and approved by the Authority on 27 June 2007 as required by the Accounts and Audit Regulations 2003. The current report presents a revised statement resulting from the audit of accounts that has taken place over the summer.
- 3.2 As previously reported to the Authority, the preparation and audit of accounts are now part of an accelerated statutory timetable. The presentation of accounts and audit for 2006/07 has taken place within the statutory deadlines.
- 3.3 As the responsible financial officer, the Financial Adviser is required to report back to the Authority on any material amendments made as a result of the audit. The auditing standards placed on the external auditor, Deloitte & Touche, also require that the auditor makes a report at this time to the Authority as a prelude to issuing a formal opinion on the Authority's accounts. The auditors report is attached at Appendix A.
- 3.4 Changes arising from the audit of the accounts have been minimal and only of a presentational nature. In particular, it has been necessary to make some presentational changes to the disclosure of income and expenditure in the Authority's accounts to ensure that the Authority's accounts are fully compliant with the latest CIPFA Statement of Recommended Practice on Local Authority Accounting. As there have been no changes to the figures General Fund balances are unchanged from those reported in the draft Statement of Accounts at £5.120m. The opportunity has also been taken to update the Authority's use of the Landfill Allowance Trading Scheme (LATS) at the balance sheet date. The Environment Agency has now completed its audit of the NLWA and borough tonnage data and has determined that the Authority has used 235,724 allowances in 2006/07. This is slightly higher than the figure allowed for in the draft Statement of Accounts (235,119) and has reduced the number of 2006/07 surplus allowances from 85,491 to 84,886, i.e. a reduction of 605. The effect of this change has been to reduce the cumulative book value of LATS surpluses at 31 March 2007 from £1.799m to £1.788m. The transfer to the LATS earmarked reserve has been reduced to reflect this change (as a consequence there is no net effect on balances) and the Statement of Accounts updated accordingly. The revised Statement of Accounts is attached at Appendix B.
- 3.5 At the time of issuing their report, Deloitte & Touche advise that, other than a final review of the Annual Report and Accounts and completion of a post balance sheet review, they will soon be in a position to finalise their audit opinion. Deloitte & Touche will be in attendance at the meeting and will report to you orally in respect of any modifications to the findings or opinions contained in their report that arise from the completion of these matters. Subject to satisfactory completion of the outstanding matters Deloitte & Touche anticipate issuing an unqualified audit opinion on the 2006/07 accounts. The accounts must be published by 30 September 2007.

- 3.6 The auditors have examined a number of key areas of judgement that they consider as critical to the 2007 accounts and have concluded that the Authority's treatment of these matters has been sound. There were no identified unadjusted misstatements arising from the audit. In relation to the auditor's review of the Authority's accounting and internal control systems the auditor's also advise that they identified no control weaknesses or observations that should be brought to the Authority's attention. Due to the significance of the LondonWaste Ltd results in the Authority's accounts, Deloitte & Touche have also carried out a review of the Company's auditors working papers to ensure that appropriate planning, controls and independence issues have been applied.
- 3.7 Deloitte & Touche is required to issue an opinion on the 2007/08 Best Value Performance Plan by the end of December 2007. The auditors have completed their work to verify the information disclosed as the Best Value Performance Indicators and are currently working to complete their opinion on the whole Best Value Performance Plan. The auditors do not anticipate that there will be any issues in meeting the deadline. The audit opinion contained in the 2006/07 Statement of Accounts relates to the audit of the 2006/07 Best Value Audit Plan that was reported upon in December 2006. In relation to the latter, Deloitte and Touche did not identify any matters to report to the Authority or have any recommendations to make on procedures in relation to the Plan.
- 3.8 A draft letter of representation is included at Appendix 1 to the Auditor's report. The Authority is requested to authorise the Financial Adviser to sign this letter on behalf of the Authority.
- 3.9 Subject to any changes that may arise from the remaining audit work (paragraph 3.5 refers) the Authority is requested to approve the revised Statement of Accounts for 2006/07 and authorise the Chairman to sign it accordingly.

#### 4. **Comments of the Legal Adviser**

- 4.1 The Legal Adviser has been consulted in the preparation of this report and has no comments to add.

### **Local Government Act 1972 - Section 100 as amended**

Documents used in the preparation of this report:-

Accounts and Audit Regulations 2003 (SI 2003/533)  
ISA 260 Report on the 2007 Audit to the North London Waste Authority by Deloitte & Touche – September 2007

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