



Annual Audit Letter 2016/17

North London Waste Authority

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October 2017

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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).

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 Neil Hewitson, 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). 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, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW 1P 3HZ.

This Annual Audit Letter summarises the outcome from our audit work at North London Waste Authority in relation to the 2016/17 audit year.

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.

We have issued our certificate to confirm the completion of our audit responsibilities for the 2016/17 audit year.

VFM conclusion	We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2016/17 on 28 th September 2017. 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. 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.
Audit opinion	We issued an unqualified opinion on the financial statements on 28 th September 2017. 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.
Financial statements audit	As part of our 2016/17 financial statements audit: <ul style="list-style-type: none"> — We agreed two audit adjustments that were made to the financial statements. These have been detailed in Appendix 3 and relate to re-classification of cash held by LB Camden (£4,976k) from debtors to cash and cash equivalents, and a reclassification of cash held by NLWA's solicitor as cash (£1,650k) instead of a debtor. — We did not identify any significant matters which we were required to report to 'those charged with governance'. — We experienced some difficulties in receiving good quality working papers in a number of instances either due to human error (the working paper not supporting the disclosures in the accounts) or due to system limitations (resulting in difficulties producing complete listings and a trial balance). We provide the Authority with a recommendation on improving the close down process to ensure a smoother process for the earlier close down in 2017/18.
Other information accompanying the accounts	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.
Whole of Government Accounts	The Authority prepares a consolidation pack to support the production of Whole of Government Accounts by HM Treasury. We are not required to review the 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.
High priority recommendations	We raised one high priority recommendation as a result of our 2016/17 audit work. These are detailed in Appendix 1 together with the action plan agreed by management. This is in relation to the manual preparation of the balance sheet, which gives rise to the opportunity for errors in the Authority's financial reporting. We will formally follow up this recommendations as part of our 2017/18 work.
Certificate	We issued our certificate on 28 September 2017. The certificate confirms that we have concluded the audit for 2016/17 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.
Audit fee	Our fee for 2016/17 was £18,720, excluding VAT. This is the same as in prior year and in line with PSAA set fee for the year. Further detail is contained in Appendix 2.

Appendix 1: Key issues and recommendations

We raised one high risk recommendation – see opposite.

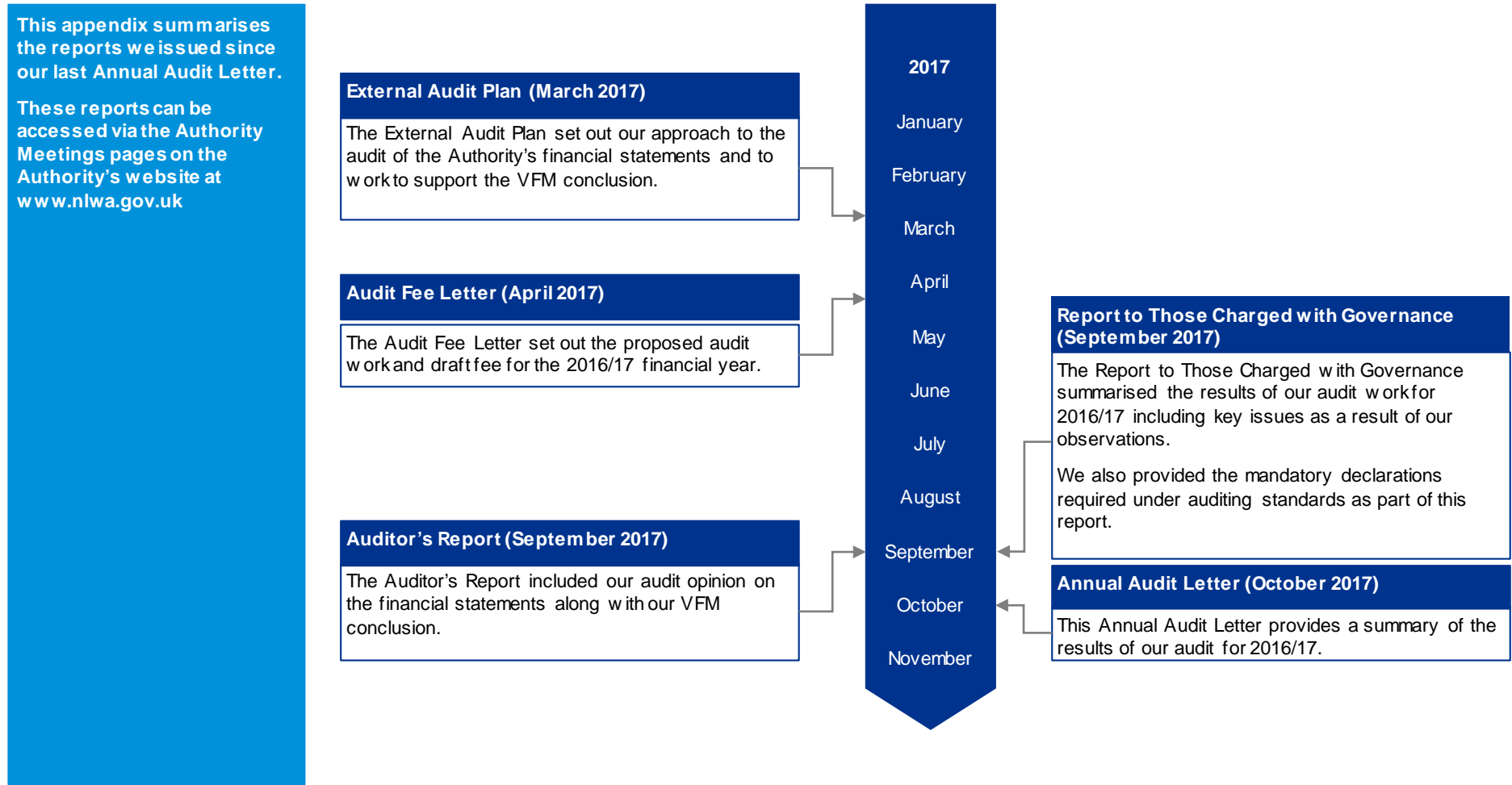
We also raised 5 further lower risk recommendations in our ISA 260 to the Authority Board.

No.	Issue and recommendation	Management response / responsible officer / due date
1	<p>Audit trail to support completeness and accuracy of general ledger</p> <p>The accounts are prepared using a mix of downloads from the ledger and manual calculations or workings in spreadsheets. This is because there are no separate balance sheet codes in the ledger, so the balance sheet has to be prepared manually and entries are entered into LB Camden's ledger. This gives rise to the opportunity for error in the accounts and is time consuming. This makes it difficult for the Authority to evidence that all transactions are appropriately included in the ledger and are correctly feeding into the accounts as a trial balance can not be produced.</p> <p>We recommend the Authority updates its processes, and systems where necessary, to ensure that a ledger is maintained that contains all transactions in appropriately disaggregated codes. Doing so should allow a trial balance to be prepared to evidence the completeness and accuracy of the accounts.</p>	<p>Management Response: The Authority uses the LB Camden ledger system and a new accounting system is planned to go live in April 2018. The Authority will be a separate entity in the new ledger system and it will contain all balance sheet information.</p> <p>Officer: Head of Finance</p> <p>Due Date: 30 April 2018</p>

Follow up of previous recommendations

As part of our audit work we follow up on the Authority's progress against previous audit recommendations. We are pleased to report that there are no outstanding recommendations in 2016/17 which required follow up.

Appendix 2: Summary of reports issued



Appendix 2: Audit fees

This appendix provides information on our final fees for the 2016/17 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2016/17 planned audit fee.

External audit

Our final fee for the 2016/17 audit of the Authority was £18,720 which is in line with the planned fee.

Other services

We did not charge any additional fees for other services.



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