



**West London Waste Authority**

**Auditor's Annual Report  
Year ended 31 March 2021**

06 January 2021



**EY**

Building a better  
working world

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Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

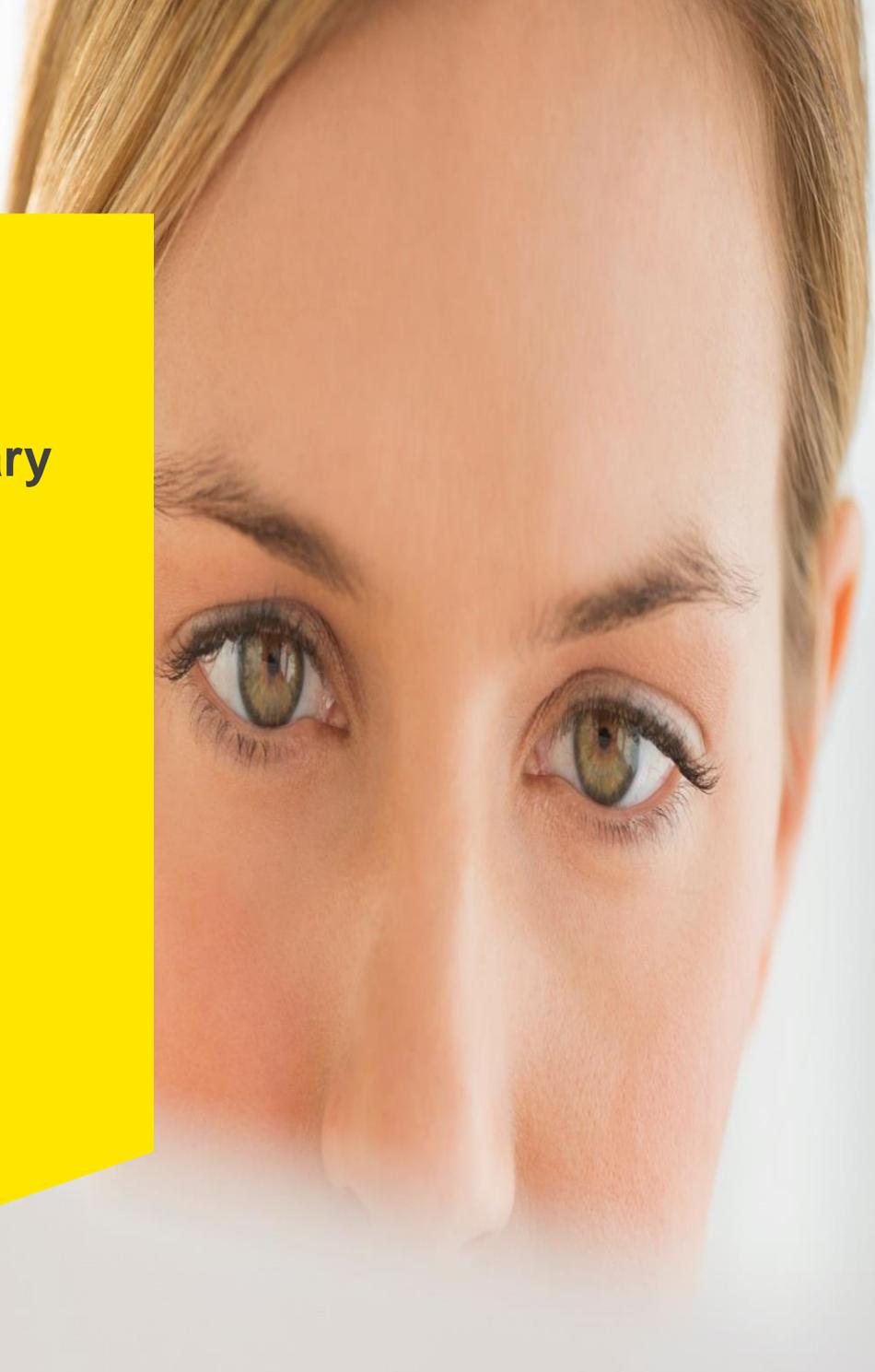
The “Terms of Appointment and further guidance (updated April 2018)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee and management of West London Waste Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee and management of West London Waste Authority those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and management of West London Waste Authority for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

Section 1

# Executive Summary



## Executive Summary: Key conclusions from our 2020/21 audit

| Area of work  | Conclusion  |
|---|---|
| <b>Opinion on the Authority's:</b>  |   |
| Financial statements  | Unqualified – the financial statements give a true and fair view of the financial position of the Authority as at 31 March 2021 and of its expenditure and income for the year then ended. The financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.<br>We issued our auditor's report on 07 October 2021. |
| Going concern   | We have concluded that the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.  |
| Consistency of the Narrative Report and other information published with the financial statements | Financial information in the Narrative Report and published with the financial statements was consistent with the audited accounts.   |

| Area of work                                    | Conclusion   |
|---|--|
| <b>Reports by exception:</b>                    |  |
| Value for money (VFM)                           | We had no matters to report by exception on the Authority's VFM arrangements.                                  |
| Consistency of the annual governance statement  | We were satisfied that the annual governance statement was consistent with our understanding of the Authority. |
| Public interest report and other auditor powers | We had no reason to use our auditor powers.  |

# Executive Summary: Key conclusions from our 2020/21 audit

As a result of the work we carried out we have also:

| Outcomes  | Conclusion  |
|---|---|
| Issued a report to those charged with governance of the Authority communicating significant findings resulting from our audit.  | We issued an Audit Results Report dated 09 September 2021 to the Audit Committee.   |
| Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2020 Code of Audit Practice. | We have not yet issued our certificate for 2020/21 as we have not yet performed the procedures required by the National Audit Office on the Whole of Government Accounts submission. The guidance for 2020/21 is delayed and has not yet been issued. |

## Fees

We carried out our audit of the Authority's financial statements in line with PSAA Ltd's "Statement of Responsibilities of auditors and audited bodies" and "Terms of Appointment and further guidance (updated April 2018)". As outlined in the Audit Results Report we were required to carry out additional audit procedures in a number of areas including audit risks in relation to the valuation of property, plant and equipment, additional requirements in relation to ISA 540 on pensions and the new value for money commentary and NAO Code. We will calculate the associated additional fee and discuss this with the Treasurer before sending it to PSAA Ltd for their review. We include details of the final audit fees in Appendix 1.

We would like to take this opportunity to thank the Authority staff for their assistance during the course of our work.

Maria Grindley

Associate Partner  
For and on behalf of Ernst & Young LLP

Section 2

## Purpose and responsibilities



# Purpose and responsibilities

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This report summarises our audit work on the 2020/21 financial statements.

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## **Purpose**

The purpose of the auditor's annual report is to bring together all of the auditor's work over the year. A core element of the report is the commentary on VFM arrangements, which aims to draw to the attention of the Authority or the wider public relevant issues, recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

## **Responsibilities of the appointed auditor**

We have undertaken our 2020/21 audit work in accordance with the Audit Plan that we issued on 09 March 2021. We have complied with the NAO's 2020 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the NAO.

As auditors we are responsible for:

Expressing an opinion on:

- The 2020/21 financial statements;
- Conclusions relating to going concern; and
- The consistency of other information published with the financial statements, including the annual report.

Reporting by exception:

- If the governance statement does not comply with relevant guidance or is not consistent with our understanding of the Authority;
- If we identify a significant weakness in the Authority's arrangements in place to secure economy, efficiency and effectiveness in its use of resources; and
- Any significant matters that are in the public interest.

## **Responsibilities of the Authority**

The Authority is responsible for preparing and publishing its financial statements, narrative report and governance statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Section 3

# Financial Statement Audit



# Financial Statement Audit

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We have issued an unqualified audit opinion on the Authority's 2020/21 financial statements.

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## Key issues

The Annual Report and Accounts is an important tool for the Authority to show how it has used public money and how it can demonstrate its financial management and financial health.

On 07 October 2021, we issued an unqualified opinion on the financial statements. We reported our detailed findings to the 24 September 2021 Audit Committee meeting. We outline below the key issues identified as part of our audit, reported against the significant risks and other areas of audit focus we included in our Audit Plan.

| Significant risk   | Conclusion   |
|--|--|
| <b>Misstatements due to fraud or error - management override of controls</b><br>An ever present risk that management is in a unique position to commit fraud because of its ability to manipulate accounting records directly or indirectly, and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. | Our audit work did not identify any material issues or unusual transactions to indicate any misreporting of the Authority's financial position.  |
| <b>Valuation of land and buildings</b><br>Land and buildings is the most significant balance in the Trust's balance sheet. The valuation of land and buildings is complex and is subject to a number of assumptions and judgements. A small movement in these assumptions can have a material impact on the financial statements.                                  | Whilst we are broadly satisfied with the accounting policy of revaluing assets every five years in line with the CIPFA Code, we would encourage management to review in detail the highest value assets regularly between the five yearly revaluations and, where management has done this, we will review the assumptions applied to these annual revaluations. |

Continued over.

## Financial Statement Audit (continued)

In addition to the significant risks above, we also concluded on the following areas of audit focus.

| Other area of audit focus  | Conclusion  |
|--|---|
| <p><b>Pension liability valuation</b></p> <p>The Pension Fund liability is a material balance in the Balance Sheet. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>                               | <p>We concluded that the pension liability was overstated by £231k. The difference was due to the early issuance of IAS19 report before final audited Pension Fund asset values were available. This difference was not recorded by management in the financial statements and appropriate representations were obtained by us from management regarding its overall immateriality to the financial statements taken as a whole. Other than the above, we concluded that the pension liability was fairly measured.</p> |
| <p><b>Public-Private Partnership (PPP)</b></p> <p>The Authority has a PPP arrangement with WLER. This is a PPP for the construction and operation of the Severn Energy Recovery Centre (SERC). The total value of the investment was estimated to be £109 million as at 31 March 2021.</p>   | <p>We have concluded in our testing that the liability from the PPP has been correctly recorded in the accounts.</p>  |
| <p><b>Going concern disclosures</b></p> <p>The Authority is required to carry out an assessment of its ability to continue as a going concern for the foreseeable future, being at least 12 months after the date of the approval of the financial statements. There is a risk that the Authority's financial statements do not adequately disclose the assessment made, the assumptions used and the relevant risks and challenges that have impacted the going concern period.</p> | <p>We have not identified any material uncertainties with regards to going concern and the going concern disclosures in the statement of accounts are deemed reasonable.</p>  |

# Financial Statement Audit (continued)

## Audit differences

The main audit difference adjusted by management amounted to £3,000k and it related to grossing up of income and expenditure recorded for the food waste project with the constituent boroughs, which had been netted off in the initial version of the accounts.

Management concluded that the overstatement of the Pension Fund liability was not material enough to deem adjustment to the financial statements and the overstatement of £213k remained uncorrected.

We identified a small number of misstatements in disclosures which management corrected.

## Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

| Item                        | Thresholds applied  |
|-----------------------------|---|
| <b>Planning materiality</b> | We determined planning materiality to be £1,310k as 2% of gross revenue expenditure reported in the accounts. We consider gross revenue expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Authority. |
| <b>Reporting threshold</b>  | We agreed with the Audit Committee that we would report to the Committee all corrected audit differences in excess of £983k and all uncorrected audit differences in excess of £66k.  |

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- ▶ **Cash/bank balance:** We audited all disclosures and undertook procedures to confirm material completeness.
- ▶ **Related party transactions.** We audited all disclosures and undertook procedures to confirm material completeness.

Section 4

## Value for Money



# Value for Money (VFM)

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We did not identify any risks of significant weaknesses in the Authority's VFM arrangements for 2020/21.

## Scope and risks

We have complied with the NAO's 2020 Code and the NAO's Auditor Guidance Note in respect of VFM. We presented our initial VFM risk assessment to the 09 September 2021 Audit Committee meeting which was based on a combination of our cumulative audit knowledge and experience, our review of Authority and committee reports, meetings with Officers and evaluation of associated documentation through our regular engagement with management and the finance team. We reported that we had not identified any risks of significant weaknesses in the Authority's VFM arrangements for 2020/21.

## Reporting

We completed our planned VFM arrangements work on 07 October 2021 and did not identify any significant weaknesses in the Authority's VFM arrangements. As a result, we had no matters to report by exception in the audit report on the financial statements.

## VFM Commentary

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria:

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We had no matters to report by exception in the audit report.

- Financial sustainability  
How the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance  
How the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness:  
How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

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Our VFM commentary highlights relevant issues for the Authority and the wider public.

## Introduction and context

The 2020 Code confirms that the focus of our work should be on the arrangements that the audited body is expected to have in place, based on the relevant governance framework for the type of public sector body being audited, together with any other relevant guidance or requirements. Audited bodies are required to maintain a system of internal control that secures value for money from the funds available to them whilst supporting the achievement of their policies, aims and objectives. They are required to comment on the operation of their governance framework during the reporting period, including arrangements for securing value for money from their use of resources, in a governance statement.

We have previously reported the VFM work we have undertaken during the year including our risk assessment. The commentary below aims to provide a clear narrative that explains our judgements in relation to our findings and any associated local context.

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The Authority has had the arrangements we would expect to see to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

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For 2020/21, the significant impact that the Covid-19 pandemic has had on the Authority has shaped decisions made, how services have been delivered and financial plans have necessarily had to be reconsidered and revised.

We have reflected these national and local contexts in our VFM commentary.

## Financial sustainability

For 20/21, West London Waste Authority (the 'Authority' or 'WLWA') has had the arrangements we would expect to see to enable it to plan and manage its resources to ensure that it can continue to deliver its services. The Authority undertakes the waste disposal function for its six constituent boroughs in west London and its administrative area covers a population of approximately 1.7 million and an area of 38,000 hectares. The six constituent London boroughs govern the Authority and participate in the Private Finance Initiative arrangement with the Authority (the 'Boroughs').

The 20/21 financial year was dominated by the impact of the coronavirus pandemic. With waste collection and disposal being essential public services, these continued to be delivered and there was little overall impact on the Authority's financial performance and position for 20/21.

Looking forward to 2021/22 and beyond, the Authority's long-term capital investment effectively manages the longer term risks of increasing residual waste costs and tonnages and the Authority is well placed to continue delivering good value for money services to Boroughs for the foreseeable future.

**Financial sustainability (cont'd):** *How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them*

The Authority identifies financial pressures mainly through its annual budgeting process, and annual medium/long term plans. The 20/21 annual budget sets out the key areas of focus in the next 12-60 months to deliver on targets. The Authority works collaboratively with Boroughs to foresee and plan for any eventualities, such as preparing the annual budget in consultation with the Boroughs to ensure all issues are considered.

One of the significant financial pressures identified in the annual budget is the volume of residual waste. The Authority built this risk into their planning through exploiting opportunities/projects with boroughs to remove food waste from residual waste stream and by setting aside sufficient reserves. The Finance Director also confirmed that the Authority will secure funding if and when needed for capital projects.

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The Authority has had the arrangements we would expect to see to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

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**Financial sustainability (cont'd):** *How the body plans to bridge its funding gaps and identifies achievable savings*

The Authority utilises long term planning in order to identify opportunities to bridge its funding gaps. These methods to bridge any funding gaps are mainly via loans from the Public Works Loan Board ('PWL B') and the Boroughs, or through WLWA's own revenue streams. Revenue funding of debt has been discussed in the 20/21 annual budget.

Any potential savings have also been identified in the annual budget. This was done by engaging with budget managers who reported their 20/21 plans and proposed savings to a budget challenge session with at least one Chair (either the Authority Committee Chair or the Audit Committee Chair) and Chief Officers.

**Financial sustainability (cont'd):** *How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities*

The Authority utilises long term planning to support the sustainable delivery of services. The plan is prepared and discussed by Finance Director, Treasurer and the Managing Director. The medium/long term plan indicates there is a base assumption of 0.5% for annual growth of residual tonnages. The base assumption thus allows the Authority to provide their services.

As mentioned above, the annual budget is also prepared in consultation with the Boroughs to identify potential future demand. This consideration of potential demand helps WLWA plan their services accordingly.

**Financial sustainability (cont'd):** *How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system*

The Authority reviews its long-term financial planning annually alongside the business plan, which details the activities, opportunities and risks for the long term. The business plan for the period 2020-2025 outlines the overall strategy for the Authority in addition to its financial performance.

The annual budget also takes into consideration the budget for employees, which shows the movement in Full Time Equivalent (FTE) posts and how this would impact staffing. There is regular communication with each Borough to help the Authority plan their services.

**Financial sustainability (cont'd):** *How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.*

The main method the Authority would manage risk is to set sufficient reserves aside to buffer against this risk. The annual budget has identified known risks facing the Authority in order to determine a suitable level of reserves. The annual budget confirms a target level of reserves for 20/21 and an emphasis on incentivising food waste, financial risks relating to the economic climate (inflation, Brexit) and ensuring business continuity. There is also a challenge session with at least one Chair (either the Authority Committee Chair or Audit Committee Chair) on the annual budget and its underlying assumptions, which is then approved at the Authority meeting.

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The Authority has had the arrangements we would expect to see to enable to make informed decisions and properly manage its risks.

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## **Governance**

For 20/21, the Authority has had the arrangements we would expect to see to enable it to make informed decisions and properly manage its risks.

**Governance (cont'd):** *How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud*

Risk and opportunity management is embedded throughout the Authority to prevent and detect fraud. The Risk Register was developed to identify risks to the Authority at a corporate level and is reviewed regularly by risk owners. The register is a standard agenda item discussed at WLWA Officers' meetings which are held regularly throughout the year, where risks and actions are considered and updated routinely.

The risks assessed are wider than just financial, due to the nature of the Authority's activities. The risks are grouped according to the widely used PESTLE framework - political, economic, social, technological, legislative and environmental risks. The Authority assesses the impact of risks on a matrix of impact and probability, with a combined score produced to assess the importance of the risk. These risks are evaluated, and controls put in place to manage and mitigate the impact on the Authority.

The Authority gains assurance over the effectiveness of internal controls through the policies and procedures it has implemented, which all help prevent and detect fraud. These policies/procedures include segregation of duties, documented procedures, regular checks and reconciliations, management/supervision, and the Authority's whistleblowing policy. The Authority's Finance Regulations are published on its website under the Corporate Governance section, and that states it is the Treasurer's responsibility to develop and maintain the counter-fraud and anti-corruption policy.

Internal audit provides a useful mechanism to ensure procedures are followed and are appropriate to the relevant activity. Internal audit give an objective opinion to the Authority on whether the control environment is operating as expected. The report state whether the controls in place are suitable to mitigate risk and enhance the likelihood of achieving the overall aims of the service. Internal audit also helps identify risks that need attention and work with management to develop action plans to mitigate these risks. The Head of IA's opinion for 20/21 was that overall IA can provide reasonable assurance on internal controls.

**Governance (cont'd):** *How the body approaches and carries out its annual budget setting process*

Management (such as the Finance Director) liaises with the Authority's budget holders and consults with Boroughs' finance directors when setting the Authority's budget.

The draft annual budget is approved by the senior management team (consisting of the Managing Director, Project Director, Head of Service Delivery and Finance Director) and there is a challenge session with Officers and at least one Chair (either the Authority Committee Chair or the Audit Committee Chair) before approval at Authority meeting. These individuals are all professionally qualified and experienced in reviewing financial budgets. This process also shows clear segregation of budget preparation and approval.

**Governance (cont'd):** *How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed.*

Budget Monitoring Reports are produced by the Treasurer and Managing Director monthly and reviewed at Authority meetings. The budget monitoring reports communicate management information, such as financial performance, performance against non-financial Key Performance Indicators ('KPIs') and any other relevant information.

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The Authority has had the arrangements we would expect to see to enable to make informed decisions and properly manage its risks.

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The Treasurer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the 'Code'). In preparing the Statement of Accounts, the Treasurer has selected suitable accounting policies and then applied them consistently; made judgements and estimates that were reasonable and prudent; and complied with the local authority Code.

The Treasurer has also kept proper accounting records which were up to date and taken reasonable steps for the prevention and detection of fraud and other irregularities. The processes to support this include: appropriate segregation of duties for journal posting (i.e. journals posted by the preparer are reviewed by a separate individual); ensuring paper copies of all journals with supporting documentation are held on site; and having a detailed closedown timetable showing procedure details and the responsible preparer.

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The Authority has had the arrangements we would expect to see to enable it to use information about its costs and performance to improve the way it manages and delivers services.

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The Annual Governance Statement ('AGS') is prepared under CIPFA - Delivering Good Governance in local government framework. The AGS is prepared by the Finance Director, who receives CIPFA annual updates and professional advice from Clerk and Treasurer. The Finance Director reviews and updates based on previous year's AGS, adjusted for the introduction of any new guidance and legislation. The AGS is then reviewed by Chief Officers, Audit Committee and the Authority Committee.

With regards to corrective actions to improve the processes and procedures in place, internal audit makes recommendations for any risks they have identified in their review. These recommendations involve the relevant managers/risk owners taking positive action to treat the risks, such as having more comprehensive written procedures. Internal Audit monitors all high and medium risk recommendations raised to determine if they have been implemented.

**Governance (cont'd):** *How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee.*

There is regular reporting to Chief Officers and Authority on all matters providing sufficient detail and data for scrutiny, oversight and decision making. This includes identification of any new opportunities, risks or issues, and their management. The Audit Committee meets 2 times per year, is comprised of all Authority members plus an independent member, has clear terms of reference which emphasises the Committee's role in providing effective challenge and has an annual work plan to help ensure that it focuses on the relevant aspects of governance, internal control and financial reporting.

The six councillors from each of the Boroughs (the 'Authority') also meet 5 times a year to discuss the annual budget, budget monitoring report and any other issues such as contingency planning for the Covid-19 pandemic.

**Governance (cont'd):** *How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests).*

The Authority has policies and procedures in place to ensure that staff operate in accordance with relevant legislative and regulatory requirements. The Monitoring Officer has overall responsibility for ensuring the Authority acts lawfully and without maladministration. This includes reporting on any proposal, decision or omission by the Authority which are likely to contravene any enactment or rule of law or any maladministration. No reports were made during 19/20 or to date in 20/21.

The Authority also has specific policies for staff and lay members in respect of gifts and hospitality and conflicts of interest. The Authority has sought and received declarations from Members, the advisors and senior officers of any "related party transaction" in which they or their related parties have been engaged in during 20/21. No related party transactions were declared.

### **Improving economy, efficiency and effectiveness**

For 20/21, the Authority has had the arrangements we would expect to enable it to use information about its costs and performance to improve the way it manages and delivers services.

**Improving economy, efficiency and effectiveness (cont'd):** *How financial and performance information has been used to assess performance to identify areas for improvement.*

There is regular reporting to Chief Officers and to those charged with governance on all significant matters providing sufficient detail and data for scrutiny, oversight and decision making. This includes identification of any new opportunities, risks or issues, and their management. The budget monitoring reports communicate management information, such as financial performance, performance against non-financial KPIs and any other relevant information.

**Improving economy, efficiency and effectiveness (cont'd):** *How the body evaluates the services it provides to assess performance and identify areas for improvement.*

Within the monthly budget monitoring reports, there is an appendix that lists out all KPIs relating to the Authority's Service Delivery and Efficiency. The KPIs under the Service Delivery section are 'Residual waste landfill diversion rate' and 'Recycling rate for residual waste'. The appendix sets out the target measure for the financial year and tracks the KPI's monthly performance. Each KPI is then given a rating depending on whether the forecasted performance is on target. The KPI performances are presented to the Authority Committee with explanations for any under-performances and/or plan for improvement. In this way the Authority's service is under review by the Boroughs (as they make up the Authority Committee) and areas of improvement can be identified.

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The Authority has had the arrangements we would expect to see to enable it to use information about its costs and performance to improve the way it manages and delivers services.

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**Improving economy, efficiency and effectiveness (cont'd):** *How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve.*

The Authority holds fortnightly meetings with Borough Environment Directors to take a holistic view of waste services across West London and to build partnership working. Collaboration across all organisations has enabled the regular reporting to Authority committee members to help monitor and improve the service provided by the Authority. An action log of the meetings is kept detailing the agreed follow-up action, the responsible individual, the due date and date completed. In this way the Authority can monitor its performance against expectations with its stakeholders.

The Authority also prepares a weekly waste service status report that is shared with the Boroughs and Authority Committee. The information covered in this report includes waste flow data compared to equivalent data from prior year, any service disruptions to waste sites, staffing availability etc. Much of the reporting has also been developed in a way that means it is accessible at anytime to the Boroughs – Microsoft Power BI self-service has been provided to Borough officers with guidance enabling access to a range of information.

**Improving economy, efficiency and effectiveness (cont'd):** *How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits.*

The Authority has an overarching procurement policy in place, the Contract and Procurement Rules 2020, which were formally approved by the Authority. The internal audit report covers Contracts and Procurements to determine if procurement exercises are conducted in accordance with relevant legislation. Overall the Internal Audit opinion was that reasonable assurance was given over the key risks to the achievements of objectives for Contracts and Procurement.

The Monitoring Officer also has overall responsibility for ensuring the Authority acts lawfully and without maladministration. This includes reporting on any proposal, decision or omission by the Authority which are likely to contravene any enactment or rule of law or any maladministration. No reports were made during 19/20 and 20/21.

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The Authority has had the arrangements we would expect to see to enable it to use information about its costs and performance to improve the way it manages and delivers services.

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Section 5

## Other Reporting Issues

## Other Reporting Issues

### **Governance Statement**

We are required to consider the completeness of disclosures in the Authority's governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it complies with relevant guidance.

We completed this work and did not identify any areas of concern.

### **Whole of Government Accounts**

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts consolidation pack submission. The guidance for 20/21 is yet to be issued. We will liaise with the Authority to complete this work as required.

### **Report in the Public Interest**

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Authority or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

### **Other powers and duties**

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

## Other Reporting Issues (cont'd)

### Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We have adopted a fully substantive approach and have therefore not tested the operation of controls.

The matters reported are shown below and are limited to those deficiencies that we identified during the audit and that we concluded are of sufficient importance to merit being reported.

| Description  | Impact   |
|--|--|
| Management has taken an approach to revalue its land and buildings on a five-year basis. Upon our request, a memo was prepared by management to support the assumptions for valuation as of 31 March 2020, which was rolled forward to support the valuations as of 31 March 2021. We collected evidence from the operational department to support the assumptions in this memo as at each reporting date. As per CIPFA Code of practice on local authority accounting, assets are normally revalued once every five years for each class of assets, provided that the carrying amount does not differ materially from that which would be determined using the current value at the end of the reporting period. Thus, we would recommend that sufficient due care and level of detail is applied by the Authority in assessing the appropriateness of valuation of its land and buildings at each reporting date. The changes in the operating environment due to Covid-19 reinforce this need. | The balance of land and buildings on the Authority's balance sheet is significant and can easily result in material misstatements if not correctly valued. |

Appendix A

## Audit Fees



## Audit Fees

| Description                        | Final Fee 2020/21<br>£ | Planned Fee 2020/21<br>£ | Final Fee 2019/20<br>£ |
|------------------------------------|------------------------|--------------------------|------------------------|
| <b>Total Audit Fee – Code work</b> | TBC*                   | 15,223*                  | 42,671**               |

\*For 2020/21 the final fee will be re-assessed to take into account a number of risk factors which includes procedures performed to address the risk profile of the Authority and additional work to address increase in Regulatory standards.

\*\*The additional fee of £27,448 included in the final fee for 2019/20 has been discussed with management and it was approved by PSAA Ltd.

We confirm we have not undertaken any non-audit work.

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