

West London Waste  
Authority  
Audit results report  
Year ended 31 March 2019

June 2019

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y'.

Building a better  
working world



28 June 2019

Dear Audit Committee Members

We are pleased to attach our audit results report for the forthcoming meeting of the Audit Committee. This report summarises our preliminary audit conclusion in relation to the audit of West London Waste Authority for 2018/19. We will issue our report at the Audit Committee and Authority meetings scheduled for 28 June 2019.

We have substantially completed our audit of the Authority for the year ended 31<sup>st</sup> March 2019. There are a small number of outstanding points, and we will update the Audit Committee on 28 June 2019.

Subject to concluding the outstanding matters listed in our report, we confirm that we intend to issue an unqualified audit report on the financial statements in the form stated at section 3, before the statutory deadline of 31 July 2019. We also have no matters to report on your arrangements to secure economy, efficiency and effectiveness in your use of resources. This report is intended solely for the use of the Audit Committee, other members of the Authority, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee and Authority meetings on 28 June 2019.

Yours faithfully

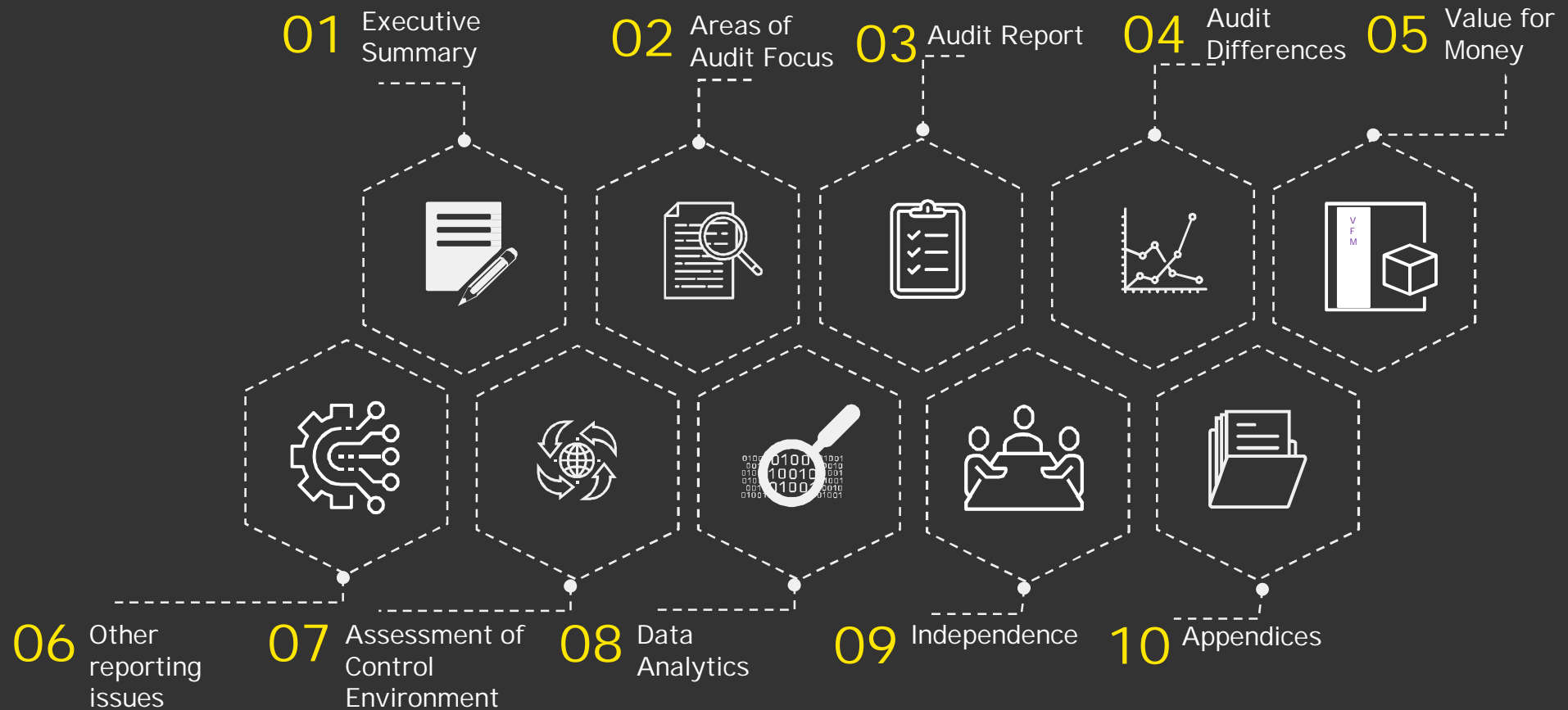
Helen Thompson

Associate Partner

For and on behalf of Ernst & Young LLP

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# Contents



In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website ([www.PSAA.co.uk](http://www.PSAA.co.uk)). 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 (updated February 2017)" 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.





# 01 Executive Summary

## Executive Summary

### Scope update

In our audit planning report presented at the 25 January 2019 Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

- Changes in materiality: We updated our planning materiality assessment using the draft financial statements and have also reconsidered our risk assessment. Based on our materiality measure of gross expenditure on provision of services, we have updated our overall materiality assessment to £1,175,640 (Audit Planning Report – £958,580). This results in updated performance materiality, at 75% of overall materiality, of £881,730, and an updated threshold for reporting misstatements of £59,000.

### Status of the audit

We have substantially completed our audit of West London Waste Authority's financial statements for the year ended 31 March 2019 and have performed the procedures outlined in our Audit Planning Report. Subject to satisfactory completion of the following outstanding items we expect to issue an unqualified opinion on the Authority's financial statements in the form which appears at Section 3. However until work is complete, further amendments may arise:

- Response to the IAS19 letter to the Authority's Pension Fund auditor, Grant Thornton\*
- Signed Management Representation letter on Authority letterhead\*\*
- Completion of the Whole of Government Accounts return once the group instructions have been received and all other audit tests are complete
- Completion of subsequent events assessment

We expect to issue the audit certificate at the same time as the audit opinion.

\*The auditor of the London Pensions Fund Authority (LPFA), Grant Thornton, has confirmed that they are unable to complete their audit of the LPFA until mid July 2019. This means that we will not have the required external assurances to complete our work on the pension fund and IAS19 balances in the financial statements until after the 28 June 2019 Audit Committee, and will not be in a position to issue the signed auditors report on that date. We expect further update from Grant Thornton regarding the status of their work before 28 June 2019.

\*\* The auditing standards dictate that the Management Representation Letter is valid for five working days beyond the date of the of the signed Auditors' Report. In light of the above issue, the management representation letter will be required to be updated and reissued to cover any gaps in the representation period following the Authority meeting.

## Executive Summary

### Audit differences

We identified one audit difference in the draft financial statements which management has chosen not to adjust. This relates to income to be received from the PPP for the Severnside Energy Recovery Centre. The income relates to the 2018/19 financial year, and should have been accrued for in the financial statements. However, management has not been able to get final confirmation of the amount and, because this is the first year of such income, they do not have a suitable basis for accurately estimating the income. We therefore understand the rationale behind this unadjusted difference and await approval of this unadjusted difference by the Audit Committee and have included it in the Letter of Representation. The aggregated impact of unadjusted audit difference is less than £500,000. We agree with management's assessment that the impact is not material.

Subject to the completion of the outstanding work in relation to the pension disclosures, we have identified no audit differences which have been adjusted by management. Details can be found in Section 4 Audit Differences.

### Objections

We have received no objections to the 2018/19 accounts from members of the public.

### Areas of audit focus

Our Audit Planning Report identified key areas of focus for our audit of West London Waste Authority's financial statements. This report sets out our observations and conclusions, including our views on areas which might be conservative, and where there is potential risk and exposure. We summarise our consideration of these matters, and any others identified, in the "Key Audit Issues" section of this report.

We ask you to review these and any other matters in this report to ensure:

- There are no other considerations or matters that could have an impact on these issues
- You agree with the resolution of the issue
- There are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit Committee.

# Executive Summary

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## Control observations

We have adopted a fully substantive approach, so have not tested the operation of controls.

However, during the audit we identified one observation in relation to management's financial processes and controls:

- We noted that at year end West London Waste Authority had four unsigned contracts that were currently engaged in operation. These contracts related to the transport, treatment and disposal of waste. Although there was no liability that arose from engaging in these contracts whilst unsigned, we believe that it could have potentially had an impact if any disputes arose around the contracts. As of the year end, two of the four contracts have been fully signed, with the remaining two in the process of being signed.

We have commented on our recommendations from last year in Section 7, and we are pleased to note that the recommendations have been addressed.

## Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. In our Audit Planning Report we identified the no significant risks in relation to the Value for Money arrangements.

We have no matters to report about your arrangements to secure economy efficiency and effectiveness in your use of resources.

## Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Authority. We have no matters to report as a result of this work.

We have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. We had no issues to report.

We have no other matters to report.

## Independence

Please refer to Section 9 for our update on Independence.



## 02 Areas of Audit Focus



## Significant risk

### Risk of fraud in revenue and expenditure recognition

#### What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

Linking to our risk of misstatement due to fraud or error, we have considered the potential for error or deliberate manipulation of the waste tonnage data which underpins the income from levies as a specific risk.

#### What judgements are we focused on?

For this risk we have focussed on the potential for misstatement around the Levy Income. This is because we believe that there is sufficient estimation and manual processes in the waste tonnage data, that this could lead to misstatements through revenue and expenditure recognition in the levy claimed by the Authority.

We have also interrogated all other revenue and expenditure streams for the risk of misstatement from revenue and expenditure recognition.

#### What did we do?

We reviewed and tested revenue and expenditure recognition policies.

We conducted cut-off testing to test the correctness of revenue and expenditure allocation to accounting periods (particularly around the year-end).

We assessed the accounts most at risk of misstatement of revenue and expenditure. The accounts that we assessed included the Council Levy income (£59,166,000 at 31 March 2019); and short term creditors (£7,412,000 at 31 March 2019 and expected to include accruals).

We completed focused testing on year-end accruals balances.

#### What are our conclusions?

Our testing has not identified any material misstatements from revenue and expenditure recognition.

Overall our audit work did not identify any material issues or unusual transactions to indicate any misreporting of the Authority's financial position.



## Significant risk

### Misstatements due to fraud or error

#### What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate 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. We identify and respond to this fraud risk on every audit engagement.

#### What did we do?

We have undertaken our standard procedures to address fraud risk, which include:

- Ø Identifying fraud risks during the planning stages.
- Ø Inquiring of management about risks of fraud and the controls put in place to address those risks.
- Ø Understanding the oversight given by those charged with governance of management's processes over fraud.
- Ø Considering the effectiveness of management's controls designed to address the risk of fraud.
- Ø Determining an appropriate strategy to address those identified risks of fraud.
- Ø Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.

We assessed topside adjustments/journal entries for evidence of management bias and evaluate for business rationale.

We assessed the accounting estimates for evidence of management bias. The estimates that we assessed included the Pension Fund liability (£7,195,000 at 31 March 2019); and the valuation of Property, Plant and Equipment (£220,972,000 at 31 March 2019).

#### What are our conclusions?

We have not identified any material weaknesses in controls or evidence of material management override.

We have not identified any instances of inappropriate judgements being applied.

We did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business.





# Areas of Audit Focus

## Significant risk

### Valuation of Property, Plant and Equipment

#### What is the risk?

The Authority purchased the freehold for two sites (Victoria Road and Transport Avenue) that it used to lease. The leases were valued on the Authority's balance sheet at £8.7m. The sites were purchased by the Authority before 31 March 2019, and had complex valuation and accounting impacts.

In addition, the Authority purchased a new office building on a long term lease which had accounting implications in terms of its valuation. The Authority has therefore undertaken another full valuation of assets in 2018/19 and asked Vail Williams to do this exercise.

Asset values are significant and there is a risk that even a small movement in valuation could have a material impact on the Comprehensive Income and Expenditure Statement and on asset carrying values.

#### What judgements are we focused on?

For this risk we are focussed on the valuation assertion of large assets. This is because valuing such assets is difficult and requires a substantial amount of experience and knowledge as it relies upon judgement and estimation. Due to it being a subjective area of the accounts and the high value of the items, specialists will be used to check the work of the valuer, Vail Williams. This risk has not changed from the planning report.

#### What did we do?

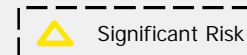
In order to address this risk we have carried out a range of procedures including:

- Ø agreed the source data used by the valuer to supporting records;
- Ø assessed the work of the valuer, and challenge the assumptions used, to ensure that assets have been valued and recorded appropriately;
- Ø agreed the outputs to the fixed asset register and statement of accounts;
- Ø requested accounting papers from management to support the valuations at 31 March 2019, including the two leasehold sites and the new offices; and
- Ø engaged with EY Valuations specialists to compare with industry best practice.

#### What are our conclusions?

Property, Plant and Equipment is fairly stated at £198,144,000 in the year end accounts and management have fairly reflected the fluctuation in the value of the SERC that is estimated to have occurred during the year.

Whilst we are broadly satisfied with the accounting policy of revaluing assets every five years in line with the CIPFA Code, we welcome management's decision to review the highest value assets in detail regularly between the five yearly revaluations and, where Management has done this, we will review the assumptions applied to these annual revaluations as part of our 2019/20 audit planning.



## Other areas of audit focus and inherent risk

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

### What is the area of focus/ inherent risk?

### What did we do?

#### Agresso Upgrade

This significant IT project has been completed in July 2018. Agresso (the general ledger) was transferred from London Borough of Ealing servers to the cloud through normal IT change processes. The purchasing and payables process has been brought in-house since implementing Agresso.

The migration process has been tested according to the procedures to the right and no issues have been noted with the implementation of the new system.

We have:

- Conducted walkthrough testing on the replacement system as part of our interim audit.
- Obtained and reviewed project plans for the Agresso upgrade.
- Obtained test results for the Authority's Waste Data Management System testing of transaction and data migration;
- Considered management's (and, if applicable, internal audit's) own assessments of both project's outcomes.
- Identified and reviewed Agresso disaster recovery and IT security arrangements.

There are no issues that we need to report.

#### Pension Liability Valuation

The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding its membership of the London Pensions Fund Authority (LPFA) Pension Fund.

The Authority's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on Authority's balance sheet. At 31 March 2019 this totalled £7.1 million.

The information disclosed is based on the IAS 19 report issued to the Authority by the actuary to the London Pensions Fund Authority (LPFA). 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.

Our work includes:

- Liaising with the auditors of the LPFA, to obtain assurances over the information supplied to the actuary in relation to Authority;
- Assessing the work of the Pension Fund actuary (Barnett Waddingham) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by Public Sector Auditor Appointments for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- Reviewing and testing the accounting entries and disclosures made within the West London Waste Authority's financial statements in relation to IAS19.

At the time of issuing our report (14 June 2019) our work in this area remains outstanding as we have not yet received assurances from the auditor of LPFA (see page 5).



## Other areas of audit focus and inherent risk

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

### What is the area of focus/ inherent risk?

### What did we do?

#### Public-Private Partnership (PPP)

The Authority has one PPP arrangement with the Suez consortium. This is a PPP for the construction of the Severn Energy Recovery Centre. The total value of the investment is estimated to be £116.6 million as at 31 March 2019.

We have concluded in our testing that the liability from the PPP has been correctly recorded in the accounts. We do note that for the first time, income has been earned by the PPP. As the amount of income was not confirmed until after year end and the Authority had no basis to perform an estimate, no income has been accrued for. Therefore, an unadjusted misstatement has been noted. The amount is below our materiality threshold and therefore, it will not impact upon the opinion.

We have:

- included a review of the assumptions used in the PPP accounting model to assess whether there have been any changes since our initial review;
- commented on adjustments, if any, by the Authority;
- reviewed the planned entries and disclosures for the Authority's 2018/19 accounts and ensure that they reported in line with the standards.

## Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

### What is the risk/area of focus?

### What did we do?

#### IFRS 9 financial instruments

This new accounting standard is applicable for local authority accounts from the 2018/19 financial year and has changed:

- How financial assets are classified and measured;
- How the impairment of financial assets are calculated; and
- The disclosure requirements for financial assets.

There are transitional arrangements within the standard; and the 2018/19 Cipfa Code of practice on local authority accounting provides guidance on the application of IFRS 9.

We have:

- Assessed the Authority's implementation arrangements that included an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2018/19;
- Considered the classification and valuation of financial instrument assets;
- Reviewed new expected credit loss model impairment calculations for assets; and
- Checked the additional disclosure requirements.

We have no issues to report with the implementation of IFRS 9 within the accounts.

#### IFRS 15 Revenue from contracts with customers

This new accounting standard is applicable for local authority accounts from the 2018/19 financial year.

The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations.

The 2018/19 Cipfa Code of practice on local authority accounting provides guidance on the application of IFRS 15 and includes a useful flow diagram and commentary on the main sources of LG revenue and how they should be recognised.

The impact on local authority's accounting limited as large revenue streams like government grants will be outside the scope of IFRS 15.

We have:

- Assessed the Authority's implementation arrangements that included an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2018/19;
- Considered application to the Authority's revenue streams, and where the standard is relevant test to ensure revenue is recognised when (or as) it satisfies a performance obligation; and
- Checked additional disclosure requirements.

We note no issues with the implementation of IFRS 15.



# 03 Audit Report



# Audit Report

## Draft audit report

### Our opinion on the financial statements

#### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST LONDON WASTE AUTHORITY

##### Opinion

We have audited the financial statements of West London Waste Authority for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the Comprehensive Income and Expenditure Statement; the Balance Sheet; the Movement in Reserves Statement; the Cashflow Statement; and the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial position of West London Waste Authority as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of West London Waste Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.





# Audit Report

## Draft audit report

### Our opinion on the financial statements

#### Other information

The other information comprises the information included in the Narrative Statement set out on pages 2 to 12, other than the financial statements and our auditor's report thereon. The Treasurer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

##### *Arrangements to secure economy, efficiency and effectiveness in the use of resources*

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General in November 2017, we are satisfied that, in all significant respects, West London Waste Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

#### Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.



# Audit Report

## Draft audit report

### Our opinion on the financial statements

#### Responsibility of the Treasurer

As explained more fully in the Statement of the Treasurer's Responsibilities set out on pages 13, the Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Treasurer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### *Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources*

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether the West London Waste Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the West London Waste Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the West London Waste Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.



# Audit Report

## Draft audit report

### Our opinion on the financial statements

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

*Either*

*We certify that we have completed the audit of the accounts of West London Waste Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.*

*Or [Delay in certification of completion of the audit  
We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack.  
We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.*

*Until we have completed these procedures we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.*

### Use of our report

This report is made solely to the members of West London Waste Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the West London Waste Authority and the West London Waste Authority members as a body, for our audit work, for this report, or for the opinions we have formed.



# 04 Audit Differences







## Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

### Summary of adjusted differences

We found no misstatements during the audit greater than £59,000 which had been corrected by management.

We note that disclosure adjustments were made over the course of the audit as follows:

- Disclosure of Short Term Borrowings (£1,033,000) and Short Term PPP Liabilities (£3,856,000) separately from Long Term Borrowings and Other Long Term Liabilities on the face of the Balance Sheet.

There is one uncorrected misstatement to report:



- £500,000 (estimated) for a missing accrual related to PPP income.

Under the PPP contract, income is earned for the amount of energy generated by the Severnside Energy Recover Centre. Once the income is over a certain threshold it is disbursed to the PPP partners. For the first time since the PPP began, the threshold has been passed and the PPP was due to pay out to the Authority. As a result of this, the Authority should have accrued for this income at 31 March 2019. However, as they were not notified about the income until after year end and they have no basis for estimating the amount, they have not made an accrual. As the amount is below our materiality threshold we note this as an unadjusted misstatement.

# Audit Differences

## Summary of unadjusted differences

In addition we highlight the following misstatements to the financial statements and/or disclosures which were not corrected by management. We request that these uncorrected misstatements be corrected or a rationale as to why they are not corrected be considered and approved by the Audit Committee and provided within the Letter of Representation:

Uncorrected misstatements 31 <sup>st</sup> March 2019 (£000)	 Effect on the current period:	 Balance Sheet (Decrease)/Increase			
	Comprehensive income and expenditure statement Debit/(Credit)	Assets current Debit/ (Credit)	Assets non current Debit/ (Credit)	Liabilities current Debit/ (Credit)	Liabilities non- current Debit/ (Credit)
Errors					
Judgemental differences:					
- PPP Income	(500)	500			
- Balance sheet totals		500			
- Income effect of uncorrected misstatements (before tax)	(500)				



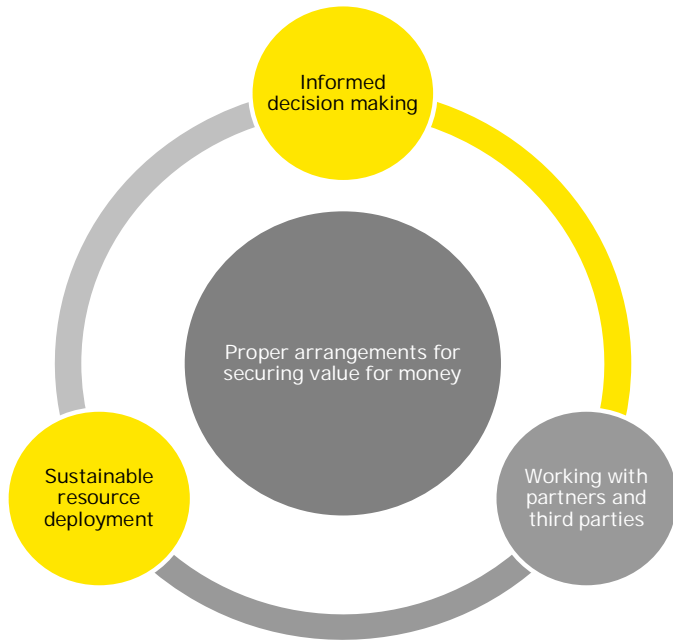
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# Value for Money Risks





# Value for Money



## Background

We are required to consider whether the Authority has put in place ‘proper arrangements’ to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2018/19 this is based on the overall evaluation criterion:

“In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people”

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- § Take informed decisions;
- § Deploy resources in a sustainable manner; and
- § Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

## Overall conclusion

We did not identify any significant risks around these criteria in our Audit Planning Report. We have reassessed our planning at year end, and remain satisfied there are no significant risks to the proper arrangements you have in place.

We therefore expect having no matters to report about your arrangements to secure economy, efficiency and effectiveness in your use of resources.





# 06 Other reporting issues



## Other reporting issues

### Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2018/19 with the audited financial statements

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Statement of Accounts 2018/19 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

### Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

As of the time of completing this report, the Local Audit Code and Guidance Team have not released the group instructions for completion of the Local Government Whole of Government Accounts. Therefore, the work has not been completed. When the guidance is released, we shall complete it as soon as possible.

## Other reporting issues

### Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. “a report in the public interest”). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues.

### Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority’s financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Findings and issues around the opening balance on initial audits (if applicable);
- Related parties;
- External confirmations;
- Going concern;
- Consideration of laws and regulations; and
- Group audits

We have no matters to report in connection with the above.





07

## Assessment of Control Environment



# Assessment of Control Environment

## Financial controls

It is the responsibility of the Authority to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Authority has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

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.

We wish to report that we identified four contracts in the year that were unsigned, however, work was being performed in relation to them. We believe that although this does not present a liability to the Authority as it stands, it could potentially open up the Authority to a liability from a dispute surrounding one of the contracts. We know that since the year end, two of the four of these contracts have been signed. The other two are in the process of being signed. However, we recommend that in the future, all contracts are signed by both parties, before work commences on them.

We also note that in the previous year there two recommendations made which were as follows below:

- Leasehold sites (Victoria Road and Transport Avenue) valued at £8.3 million at 31 March 2018 may be acquired during 2018/19. If the freeholds are acquired, valuation and accounting impacts may be complex and should be assessed early within the financial year; and
- IFRS15 (Revenue from contracts with customers) applies to Local Authority Accounts from 2018/19. To date the Authority has conducted no preliminary work to position itself for this. The impact is therefore unclear. However, it is clear that some disaggregation of revenue and classification in accordance with performance obligations will be necessary.

Both of these recommendations have since been actioned. We have looked into the result of the acquisition of the leaseholds as part of our valuation work, and noted no issues. We have also ensured that the treatment of IFRS 15 and 9 have been appropriate in this years accounts.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.





# 08 Data Analytics





# Use of Data Analytics in the Audit

- ▶ Data analytics – Journals - tested for evidence of management override

## Analytics Driven Audit

### Data analytics

We used our data analysers to enable us to capture entire populations of your financial data. These analysers:

- Help identify specific exceptions and anomalies which can then be the focus of our substantive audit tests; and
- Give greater likelihood of identifying errors than traditional, random sampling techniques.

In 2018/19, our use of these analysers in the authority's audit included testing journal entries, to identify and focus our testing on those entries we deem to have the highest inherent risk to the audit.

We capture the data through our formal data requests and the data transfer takes place on a secured EY website. These are in line with our EY data protection policies which are designed to protect the confidentiality, integrity and availability of business and personal information.

#### Journal Entry Analysis

We obtain downloads of all Authority financial ledger transactions posted in the year. We perform completeness analysis over the data, reconciling the sum of transactions to the movement in the trial balances and financial statements to ensure we have captured all data. Our analysers then review and sort transactions, allowing us to more effectively identify and test journals that we consider to be higher risk, as identified in our audit planning report.



09

# Independence

## Confirmation



We confirm that there are no changes in our assessment of independence since our confirmation in our audit planning board report dated 25 January 2019.

We complied with the FRC Ethical Standards and the requirements of the PSAA's Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you and your Audit Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Audit Committee on 28 June 2019.

# Independence

## Fee analysis

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31<sup>st</sup> March 2019.

We confirm that we have not undertaken non-audit work outside the PSAA Code requirements. We have adopted the necessary safeguards in completing this work and complied with Auditor Guidance Note 1 issued by the NAO in Month Year.

	Final Fee 2018/19	Scale Fee 2018/19	Final Fee 2017/18
	£	£	£
Audit Fee – Code work	15,223	15,223	19,770
Scale fee variation – Expert input into valuations and system data migration review	3,600*		1,844**
Total fee	18,823	15,223	21,614

\* We will discuss with officers an additional fee arising from the work required following the transfer of financial management systems hosted by Ealing Borough Council system to a cloud based system and the use of our EY Real Estates experts for valuation of all assets held by the Authority at year end. This fee will also be subject to PSAA agreement before it can be finalised.

\*\* We agreed an additional fee of £1,844 following the completion of the 2017/18 audit for the additional work required in relation to transfer of waste management data from the Access system to the Open Sky system. This fee was approved by PSAA in December 2018 and billed to the Authority in January 2019.






# 10 Appendices

## Appendix A

# Required communications with the Audit Committee

There are certain communications that we must provide to the Audit Committees of UK clients. We have detailed these here together with a reference of when and where they were covered:

		 Our Reporting to you
 Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit Planning Report on 25 <sup>th</sup> January 2019
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit Planning Report on 25 <sup>th</sup> January 2019
Significant findings from the audit	<ul style="list-style-type: none"> <li>• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>• Significant difficulties, if any, encountered during the audit</li> <li>• Significant matters, if any, arising from the audit that were discussed with management</li> <li>• Written representations that we are seeking</li> <li>• Expected modifications to the audit report</li> <li>• Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	Audit Results Report on 28 <sup>th</sup> June 2019

# Appendix A





		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>• Whether the events or conditions constitute a material uncertainty</li> <li>• Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>• The adequacy of related disclosures in the financial statements</li> </ul>	Audit Results Report on 28 <sup>th</sup> June 2019
Misstatements	<ul style="list-style-type: none"> <li>• Uncorrected misstatements and their effect on our audit opinion</li> <li>• The effect of uncorrected misstatements related to prior periods</li> <li>• A request that any uncorrected misstatement be corrected</li> <li>• Material misstatements corrected by management</li> </ul>	Audit Results Report on 28 <sup>th</sup> June 2019
Subsequent events	<ul style="list-style-type: none"> <li>• Enquiry of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements.</li> </ul>	We have asked management and those charged with governance. We have not identified any subsequent events that might affect the financial statements.
Fraud	<ul style="list-style-type: none"> <li>• Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority</li> <li>• Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>• Unless all of those charged with governance are involved in managing the Authority, any identified or suspected fraud involving:               <ol style="list-style-type: none"> <li>a. Management;</li> <li>b. Employees who have significant roles in internal control; or</li> <li>c. Others where the fraud results in a material misstatement in the financial statements.</li> </ol> </li> <li>• The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected</li> <li>• Any other matters related to fraud, relevant to Audit Committee responsibility.</li> </ul>	We have asked management and those charged with governance. We have not identified any instances of fraud.

# Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the Authority's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>• Non-disclosure by management</li> <li>• Inappropriate authorisation and approval of transactions</li> <li>• Disagreement over disclosures</li> <li>• Non-compliance with laws and regulations</li> <li>• Difficulty in identifying the party that ultimately controls the Authority</li> </ul>	Audit Results Report on 28 <sup>th</sup> June 2019
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>• The principal threats</li> <li>• Safeguards adopted and their effectiveness</li> <li>• An overall assessment of threats and safeguards</li> <li>• Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul> <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	Audit Planning Report on 25 <sup>th</sup> January 2019 and Audit Results Report on 28 <sup>th</sup> June 2019
External confirmations	<ul style="list-style-type: none"> <li>• Management's refusal for us to request confirmations</li> <li>• Inability to obtain relevant and reliable audit evidence from other procedures.</li> </ul>	We have received all requested confirmations
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>• Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur</li> <li>• Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of</li> </ul>	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations.






# Appendix A

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> <li>Significant deficiencies in internal controls identified during the audit.</li> </ul>	Audit Results Report on 28 <sup>th</sup> June 2019
Group Audits	<ul style="list-style-type: none"> <li>An overview of the type of work to be performed on the financial information of the components</li> <li>An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components</li> <li>Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work</li> <li>Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted</li> <li>Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements.</li> </ul>	Audit Planning Report on 25 <sup>th</sup> January 2019 and Audit Results Report on 28 <sup>th</sup> June 2019
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> <li>Written representations we are requesting from management and/or those charged with governance</li> </ul>	Audit Results Report on 28 <sup>th</sup> June 2019
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> <li>Material inconsistencies or misstatements of fact identified in other information which management has refused to revise</li> </ul>	Audit Results Report on 28 <sup>th</sup> June 2019



# Appendix A

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Auditors report	<ul style="list-style-type: none"> <li>Any circumstances identified that affect the form and content of our auditor’s report</li> </ul>	Audit Results Report on 28 <sup>th</sup> June 2019
Fee Reporting	<ul style="list-style-type: none"> <li>Breakdown of fee information when the audit planning report is agreed</li> <li>Breakdown of fee information at the completion of the audit</li> <li>Any non-audit work</li> </ul>	Audit Planning Report on 25 <sup>th</sup> January 2019 and Audit Results Report on 28 <sup>th</sup> June 2019

# Management representation letter

## Management Representation Letter

### RE Letter of representations

This letter of representations is provided in connection with your audit of the financial statements of West London Waste Authority ("the Authority") for the year ended 31<sup>st</sup> March 2019. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority's financial position of West London Waste Authority as of 31<sup>st</sup> March 2019 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, that are free from material misstatement, whether due to fraud or error.
4. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The unadjusted difference of £0.5 million relates to income notified post year end which has not been recognized as a result of insufficient detail on the likely value.

# Management representation letter

## Management Representation Letter

### B. Non-compliance with law and regulations, including fraud

We acknowledge that we are responsible to determine that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.

1. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
2. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
3. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Authority (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
  - involving financial statements;
  - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Authority's financial statements;
  - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Authority's activities, its ability to continue to operate, or to avoid material penalties;
  - involving management, or employees who have significant roles in internal controls, or others; or
  - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

### C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of the Authority and the Audit Committee (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the period to the most recent meeting on the following date: 28<sup>th</sup> June 2019.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the [period] end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

# Management representation letter

## Management Representation Letter

6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

### D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent.

### E. Subsequent Events

1. There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

### F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report and the Annual Governance Statement.

2. We confirm that the content contained within the other information is consistent with the financial statements.

### G. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

### H. Contingent Liabilities

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).

2. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance.

### I. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the fixed asset valuation and IAS 19 valuations of pension fund liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

### J. Estimates

#### Pension Liability and Fixed Asset Valuation Estimates

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

# Management representation letter

## Management Representation Letter

2. We confirm that the significant assumptions used in making the estimates appropriately reflect our intent and ability to carry out valuations of our pension fund liabilities and fixed asset valuations on behalf of the entity.

3. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s) are complete and made in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements due to subsequent events.

### K. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.



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ED None

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