PAPER NO. WRWA 23-24

WESTERN RIVERSIDE WASTE AUTHORITY

MEETING	26th October 2023
REPORT AUTHOR/DATE	Treasurer *(Chris Buss - Tel. 020 8871 2788)* 8th September 2023
SUBJECT	2021/22 Auditor's Annual Report
CONTENTS	Page 1-2 Executive Summary and Background Pages 3 - 24 Appendix – Auditor's Annual Report 2021/22
STATUS	Open - circulation is not restricted.
BACKGROUND PAPERS	No background papers were used in the production of this paper.

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EXECUTIVE SUMMARY AND BACKGROUND

1. The Authority's external auditors Deloitte LLP are required, as part of the annual audit process, to complete an annual report. The Auditor's Annual Report relating to the audit for the 2021/22 financial year is attached as an Appendix to this report. The purpose of the report is to set out the key findings arising from the work of the audit and to bring together the results of the work of the audit, including commentary on the Authority's arrangements to secure economy, efficiency and effectiveness in the use of resources (Value for Money).

2. In preparing the report, Deloitte have followed the National Audit Office's (NAO) Code of Audit Practice and its Auditor Guidance Note 07 which are available on the NAO's website.

FURTHER INFORMATION

3. The Authority received a report (ISA260) from Deloitte at the November 2022 meeting alongside the 2021/22 Statement of Accounts (Paper No. WRWA 22-31) which anticipated issuing an unqualified audit opinion on the Authority's financial statements. No areas of misstatement had been identified and the accounts were officially completed on 23rd November 2022.

4. The auditors were due to conclude their work with regard to Value for Money and the Authority's arrangements to secure economy, efficiency and effectiveness within 3 months of the completion of the accounts but the report was received in August 2023. The reason for the delay was due to the shortage of team resources within Deloitte.

5. Members are asked to note page 4 of the report where Deloitte state that:

> Our work considering these arrangements is based on our assessment of the adequacy of the arrangements the Authority has put in place, based on our risk assessment. The commentary does not consider the adequacy of every arrangement the Authority has in place, nor does it provide positive assurance that the Authority is delivering or represents value for money. Where we find significant weaknesses in the Authority's VFM arrangements or areas where arrangements could be further strengthened, we include recommendations setting out what the Authority needs to do to strengthen its arrangements. We have

not identified any significant weakness in our audit work for 2021/22.

There are no recommendations in the report that Members need to consider.

6. The report was previously shared by email to all Members and has been published on the Authority website.

RECOMMENDATION

7. The Authority is recommended to receive this report for information.

Chris Buss
Treasurer

Western Riverside Transfer Station
Smugglers Way
Wandsworth SW18 1JS

19th September 2023

Deloitte.



Western Riverside Waste Authority (WRWA)

Auditor's Annual Report 2021/22
7 August 2023

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Key messages

Audit opinion on the financial statements	We issued an unmodified audit opinion, with no reference to any matters in respect of the Authority's arrangements to secure economy, efficiency and effectiveness in the use of resources, or the Annual Governance Statement.

The Authority's arrangements to secure Value for Money

Financial Sustainability *How the body plans and manages its resources to ensure it can continue to deliver its services*	• The Authority recognised a surplus on the provision of services for the year ended 31 March 2022 of £1.8m (2021: £1.8m). • The annual financial planning and forecasting processes have continued to operate effectively and has set out a balanced budget and levy for 2022/23. There is also a treasury management and capital strategy for 2022/23. • The Authority reports the financial position periodically which includes an analysis of the actual expenditure incurred compared to budget.
Governance *How the body ensures that it makes informed decisions and properly manages its risks*	• The Authority has a detailed risk management process in place. • The Authority maintains a Risk Management Framework and risk register, which are reviewed on an annual basis. • The Authority has a number of policies in place to ensure it makes properly informed decisions. It has an approved decision methodology for investment and divestment decisions, which includes approval by finance personnel, and other key factors. Where necessary, decisions will be reviewed by the executive management team for comment before going to Members of the Authority for final approval.
Improving economy, efficiency and effectiveness *How the body uses information about its costs and performance to improve the way it manages and delivers its services*	• The Authority considers benchmarking and survey data to inform waste and recycling initiatives and identify areas for improvement. • The Authority has a communications plan along with stakeholder engagement and education activities in place with the overall aim to reduce packaging waste and to encourage re-use and recycling.

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Purpose of this report

Our Auditor's Annual Report sets out the key findings arising from the work we have carried out at Western Riverside Waste Authority ("the Authority") for the year ended 31 March 2022.

This report is intended to bring together the results of our work over the year at the Authority, including commentary on the Authority's arrangements to secure economy, efficiency and effectiveness in the use of resources ("Value for Money", "VfM").

In preparing this report, we have followed the National Audit Office's ("NAO") Code of Audit Practice and its Auditor Guidance Note ("AGN") 07. These are available from the NAO's website.

A key element of this report is our commentary on the Authority's arrangements to secure economy, efficiency and effectiveness in the use of resources. Our work considering these arrangements is based on our assessment of the adequacy of the arrangements the Authority has put in place, based on our risk assessment. The commentary does not consider the adequacy of every arrangement the Authority has in place, nor does it provide positive assurance that the Authority is delivering or represents value for money. Where we find significant weaknesses in the Authority's VFM arrangements or areas where arrangements could be further strengthened, we include recommendations setting out what the Authority needs to do to strengthen its arrangements. We have not identified any significant weakness in our audit work for 2021/22.

Appendix

Assurance sources for the Authority

The diagram below illustrates how the assurances provided by external audit around finance, quality, controls and systems, and the future of the Authority (set out in the green rows) fit with some of the other assurances available over the Authority's position and performance.

	Financial How is the Authority performing financially?	**Quality and Operational** How is the Authority performing operationally and in quality of outcomes?	**Controls and Systems** Does the Authority have adequate processes?	**Future of the Authority** Is the Authority's strategy appropriate and sustainable?
Business processes and Board/Committee oversight	Is reliable reporting and data being produced through the year, at each level within the Authority, and appropriately reviewed and followed up?			
	Is the Statement of Accounts, taken as a whole, fair, balanced and understandable?		Are the Authority's processes operating effectively?	Are the Authority's plans realistic and achievable?
	Is the Authority meeting its legal and regulatory obligations, and are appropriate plans in place to maintain compliance?			
	Has the Authority delivered on its financial plans?	Are quality priorities selected appropriate for the Authority?	Does the Authority have efficient systems and processes?	Are appropriate actions in place to deliver the Authority's plans?
	Is the Authority generating sufficient surplus for reinvestment?	Are quality metrics reports accurate and complete?	Are risks around legacy systems etc appropriately mitigated?	What are the risks to achievement of the Authority's plans and are appropriate mitigations in place?
Internal audit assurance	Is there a generally sound system of internal control on key financial and management processes?			
	Has the Authority suffered losses due to fraud?		Does the Authority have appropriate arrangements in place to mitigate fraud risks?	
External Audit assurance on reported performance	Do the financial statements give a true and fair view? Have the financial statements been properly prepared?		Is the Annual Governance Statement misleading or inconsistent with information we are aware of from our audit? *	Is there significant uncertainty over the going concern assumption?
	Is the Annual Governance Statement consistent with the financial statements? *		Has the Authority made proper arrangements for securing economy, efficiency and effectiveness in the use of resources?	

* The scope of external audit in this area is "negative assurance" of reporting by exception of issues identified.

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Opinion on the financial statements

Appendix

We provide an independent opinion on whether the Authority's financial statements:

- Give a true and fair view of the financial position of the Authority 31 March 2022 and of its income and expenditure for the year then ended;
- Have been properly prepared in accordance with the accounting policies directed by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22; and
- Have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

The full opinion and certificate are included in the Authority's Statement of Accounts, which can be obtained from the Authority's website.

We conduct our audit in accordance with the NAO's Code of Audit Practice, International Standards on Auditing (UK) ("ISAs (UK)") and applicable law.

We are independent of the Authority in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Audit opinion on the financial statements	We issued an unmodified audit opinion, with no reference to any matters in respect of the Authority's arrangements to secure economy, efficiency and effectiveness in the use of resources, or the Annual Governance Statement.
Annual Governance Statement	We did not identify any matters where, in our opinion, the Annual Governance Statement did not meet the disclosure requirements set out in the CIPFA Code of Practice, was misleading, or was inconsistent with information of which we are aware from our audit.
Narrative Report	We are satisfied that the information given in the narrative report for the year ended 31 March 2022 is consistent with the financial statements.
Reports in the public interest and use of other powers	We did not exercise any of our additional reporting powers in respect of the year ended 31 March 2022.
Audit Certificate	We will certify completion of the audit, following completion of our responsibilities in respect of the audit for the year ended 31 March 2022.

Our financial statement audit approach

Appendix

An overview of the scope of the audit

Our audit was scoped by obtaining an understanding of the Authority and the environment they operate in, including internal control, and assessing the risks of material misstatement to the financial statements. Our risk assessment procedures include considering the size, composition and qualitative factors relating to account balances, classes of transactions and disclosures. This enables us to determine the scope of further audit procedures to address any identified risks of material misstatement.

Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team, led by the audit lead, Mo Ramzan. The audit team included integrated Deloitte specialists bringing specific skills and experience in local government pension schemes, property valuation and information technology systems.

Materiality

Our work is planned and performed to detect material misstatements. We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the Authority to be £967k, on the basis of 2% of gross expenditure.

We communicated in our audit plan that we would report to the Members all audit differences in excess of £48k for the Authority as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Members on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Procedures for auditing the Authority's financial statements

Our audit of the Authority's financial statements included:

- developing an understanding of the Authority, including its systems, processes, risks, challenges and opportunities and then using this understanding to focus audit procedures on areas where we consider there to be a higher risk of misstatement in the Authority's financial statements;
- interviewing members of the Authority's management team and reviewing documentation to test the design and implementation of the Authority's internal controls in certain key areas relevant to the financial statements; and
- performing sample tests on balances in the Authority's financial statements to supporting documentary evidence, as well as other analytical procedures, to test the validity, accuracy and completeness of those balances.

Approach to audit risks

We focused our work on areas where we considered there to be a higher risk of misstatement. We refer to these areas as significant audit risks.

We provided a detailed audit plan to Members of the Authority setting out what we considered to be the significant audit risks for the Authority, together with our planned approach to addressing the risk. We have provided a summary of the significant audit risks on the following pages.

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Financial statement audit significant risks

Appendix

Risk identified	Deloitte response	Key observations
Revenue and expenditure recognition Under UK auditing standards, there is a presumed risk in respect of revenue recognition due to fraud. For the Authority, we consider this significant risk to be the validity and accuracy of the variable element of the revenue relating to the actual direct tonnage charged to the four constituents councils. Given that revenue is driven by the volume of activity during the year, this risk is also linked to the recognition of expenditure. The Authority has a significant contract with Cory Limited for the provision of waste management services. The risk includes the accuracy and completeness of expenditure calculated by Cory and whether the Authority is accounting for expenditure appropriately and consistently in line with activity.	○ We tested the design and implementation of the key controls around the recording of completeness of expenditure and accruals; ○ We reviewed the contract in place between the Authority and Cory Limited; ○ We performed focused testing in relation to the completeness of expenditure and accruals, as well as challenged the assumptions made on the year end accruals; ○ We reviewed the accuracy of the expenditure calculated by Cory; ○ We performed testing for unrecorded liabilities based on payments made and expenses recorded in the period after year end up to 60 days; and ○ In addition, we reviewed the year on year movement in expenditure and accruals and investigated significant movements.	No issues were identified through this testing.

Financial statement audit significant risks

Appendix

Risk identified	Deloitte response	Key observations
Management override of controls In accordance with ISA 240 (UK), management override is a significant risk. This risk area includes the potential for management to use their judgement to influence the financial statements as well as the potential to override the Authority's controls for specific transactions.	We considered the overall sensitivity of judgements made in preparation of the financial statements. The procedures we performed are set out below: ○ We tested the design and implementation of controls in relation to journals and accounting estimates; ○ We used data analytics to assess the risk and test a sample of journals, based upon identification of items of potential audit interest. Our analysis covered all journals posted in the year; ○ We reviewed accounting estimates for biases that could result in material misstatements due to fraud; and ○ In addition to our work on key accounting estimates, our work included considering key areas of judgement for local authorities. In testing the principal accounting estimates, engagement team members were directed to consider their findings in the context of the identified fraud risk. Where relevant, the recognition and valuation criteria used were compared to the specific requirements of IFRS	No issues were identified through this testing.
Property valuations The Authority held £114m of property assets at 31 March 2022 and valuations are by nature significant estimates which are based on specialist and management assumptions and which can be subject to material changes in value.	○ We assessed the valuers qualifications, objectivity and experience and assessed whether the valuation performed is consistent with accounting requirements and the Royal Institute of Chartered Surveyors "Red Book" valuation standards. ○ Evaluated the arrangements in place around the property valuation as part of the audit. ○ Tested the design and implementation of key controls in place around the property valuation and we obtained an understanding of how the Authority assures itself that there are no material impairments or changes in value for the assets not covered by the valuation. ○ Used our valuation specialists, Deloitte Real Assets Advisory, to review and challenge the appropriateness of the assumptions used in the year-end valuation of the Authority's properties, including whether the assumptions that there is no material movements from the prior year is appropriate. ○ We considered the presentation of revaluation movements and impairments, taking into account revaluation reserves for individual assets, and the disclosures included in the financial statements.	The Authority's valuation assumptions are in line with other local authorities and fall within the expected range highlighted by our valuation specialists.

Auditor's work on Value for Money (VfM) arrangements

Appendix

The Treasurer is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money.

The Treasurer reports on the Authority's arrangements, and the effectiveness with which the arrangements are operating, as part of their Annual Governance Statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied as to whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Under the National Audit Office's Auditor Guidance Note 3, we are required to assess arrangements under three areas:

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

In this report, we set out the findings from the work we have undertaken. Where we have found significant weaknesses in arrangements, we are required to make recommendations so that the Authority can consider them and set out how it plans to make improvements. We have not identified any significant weaknesses in arrangements.

In planning and performing our work, we consider the arrangements that we expect bodies to have in place, and potential indicators of risks of significant weaknesses in those arrangements. As a result of the Covid-19 pandemic, there have been changes in nationally led processes, changes in expectations around the Authority's arrangements, and events occurring outside of the Authority's control, which affect the relevance of some of these indicators. We have considered whether these indicators are present, but have considered them in the context of the circumstances of 2021/22 in assessing whether they are indicative of a risk of significant weakness.

In addition to our financial statement audit, we performed a range of procedures to inform our VfM commentary, including:

- **Interviews with key officers.**
- **Review of Members and Committee reports and attendance at Audit Committee meetings.**
- **Reviewing reports from third parties including internal audit.**
- **Considering the findings from our audit work on the financial statements.**
- **Review of the Authority's Annual Governance Statement and narrative report.**

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VfM arrangements: Financial Sustainability

Approach and considerations	Commentary
We have considered how the Authority plans and manages its resources to ensure it can continue to deliver its services, including: • How the Authority ensures it identifies all the significant financial pressures that are relevant to its short and medium-term plans, and builds these into them; • How the Authority plans to bridge its funding gaps and identifies achievable savings; • How the Authority plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities; • How the Authority ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning; and • How the Authority identifies and manages risks to financial resilience, including challenge of the assumptions underlying its plans.	The Authority recognised a surplus on the provision of services for the year of £1.8m (31 March 2021: £1.8m). At 31 March 2022, the Authority had net assets of £124m (31 March 2021: £63.5m), net current assets of £13.5m (31 March 2021: £10.5m), and cash of £7.3m (31 March 2021: £8.9m). The Authority's useable reserves have increased by £0.7m to £18.6m. A loan repayment reserve of £3m created in 2018/19 was partially used to fund the £2m loan repayment made during the year with the reserve closing balance at the end of 2021/22 being £1m. A capital reserve of £2.2m was created at the end of 2021/22 to set aside funds for any potential legislative changes arising from the Environment Act 2021. There has no significant impact of the Covid-19 pandemic on the Authority for the purpose of the 2021/22 financial year. The Authority implemented remote working during 2020/21 in line with the national guidance and incurred additional costs as a result. However, as expenditure is recharged, there has been no impact on the overall financial sustainability of the Authority. In addition, despite the Covid-19 pandemic, the Authority continued to maintain services both to the public and Constituent Councils with minimum disruption. This was in part assisted by the introduction of a booking system to the Household Waste and Recycling Centre which both regulated traffic flows, minimised nuisance to neighbours, and restricted unauthorised use of the Authority's facilities. The total level of waste managed by the Authority in 2021/22 reduced. Differences were seen between the boroughs but overall, it is thought that the total tonnage of general waste may have fallen due to people returning to the office and therefore producing less domestic waste. A forecast increase in population for the area served sees predictions for the the level of waste managed to grow in future years.

Appendix

VfM arrangements: Financial Sustainability

Approach and considerations	Commentary
We have considered how the Authority plans and manages its resources to ensure it can continue to deliver its services, including: • How the Authority ensures it identifies all the significant financial pressures that are relevant to its short and medium-term plans, and builds these into them; • How the Authority plans to bridge its funding gaps and identifies achievable savings; • How the Authority plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities; • How the Authority ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning; and • How the Authority identifies and manages risks to financial resilience, including challenge of the assumptions underlying its plans.	The Authority continues to seek to drive forward efficiencies from within the Waste Management Services Agreement (WMSA) with Cory Riverside Energy in order to generate savings for Constituent Councils in the current financial climate. The Authority has been able to significantly increase the proportion of waste from within its area that is reused and recycled and all of its residual waste is now used to recover energy at the Belvedere Energy from Waste (EfW) Facility, rather than going to landfill. The Authority follows the Government's waste hierarchy and has seen an overall reduction in the waste handled by WRWA delivering environmental and financial benefits. The Constituent Councils benefit from the EfW facility at Belvedere under the current WMSA with: - the avoidance of increasing government landfill tax costs; - certainty of capacity to dispose; and - contractual agreements through the WMSA to receive refinancing savings, income from the sale of energy and eventually, the benefits to be achieved from Residual Value at the end of the existing contract in 2032. The annual financial planning and forecasting processes have continued to operate effectively. The financial plan is considered as part of the overall operational planning process and is led by the Treasurer. An annual budget was approved by the Authority in January 2021 and was formally revised in November 2021 and again in January 2022 as part of the annual budget process.

Appendix

VfM arrangements: Financial Sustainability

Approach and considerations	Commentary
We have considered how the Authority plans and manages its resources to ensure it can continue to deliver its services, including: • How the Authority ensures it identifies all the significant financial pressures that are relevant to its short and medium-term plans, and builds these into them; • How the Authority plans to bridge its funding gaps and identifies achievable savings; • How the Authority plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities; • How the Authority ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning; and • How the Authority identifies and manages risks to financial resilience, including challenge of the assumptions underlying its plans.	In preparing the annual budget, the Authority performs a full review of the base budget to take account of any significant changes that have occurred over the year. This involved reviewing both the internal and external environments to ensure that all financial pressures were identified and factored in to the budget. The budget is linked to the corporate objectives and has been prepared to ensure the Authority has sufficient resources to deliver services. Due to the nature of the Authority, the expenditure incurred is charged to Constituent Councils to meet its liabilities. It is able to vary the levy due from members to ensure solvency. The Authority is, therefore, less exposed to the wider constraints on the public sector financial environment. As such, there is no significant funding gap. The Authority continues to evaluate possible short term opportunities to achieve savings as highlighted in the 2021/22 Annual Report. For the purpose of the 2021/22 financial year the Authority recognised a surplus on the provision of services for the year of £1.8m (31 March 2021: £1.8m). The Authority has a detailed risk management process. The Authority maintains a risk register which is reviewed annually and challenged by the Members of the Authority. Management have in place mitigating factors to reduce the overall impact on the Authority. The Authority reports the corporate performance three times during the year, which includes a review of the financial position and an analysis of the actual expenditure incurred compared to budget. This allows the Authority to identify any changes in demand throughout the year.

VfM arrangements: Governance

Appendix

Approach and considerations	Commentary
We have considered how the Authority ensures that it makes informed decisions and properly manages its risks, including: ○ 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; ○ how the body approaches and carries out its annual budget setting process; ○ 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); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed; ○ how the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and ○ how the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer behaviour.	As set out on the previous page, the Authority has a detailed risk management process in place. The Authority reviews its Risk Management Strategy on an annual basis and maintains a Risk Management Framework and risk register which are reviewed annually. The risk register provides a record of key risks together with an analysis of their likelihood/impact and the key preventative, detective and corrective controls. Each risk is allocated to an owner to implement the mitigating actions. The Annual Governance Statement confirms that the Authority's Risk Management Strategy is effective and well embedded into management processes. The Authority's governance framework is embodied within a number of specific policies, codes of practice and procedures that are subject to regular review. The Authority's Constitution and Standing Orders set out how the Authority operates, how decisions are made, and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. Authority membership comprises eight elected Members, two from each of the Constituent Councils. A series of policies covering internal controls, including a whistleblowing and anti-fraud policy are in place. These policies are readily available for all staff to review on the Authority's website. There are a number of staff policies in place including a code of conduct. These are all contained within the Constitution and are readily available for all staff to access. Declarations of interest are maintained for all senior members of staff and decision making officers. The Authority has an approved decision methodology for investment and divestment decisions, which includes approval by the treasurer and the members of the authority.

VfM arrangements: Governance

Appendix

Approach and considerations	Commentary
We have considered how the Authority ensures that it makes informed decisions and properly manages its risks, including: ○ 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; ○ how the body approaches and carries out its annual budget setting process; ○ 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); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed; ○ how the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and ○ how the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer behaviour.	The Authority produces a forward plan of what will be reported to Authority Meetings, which is reviewed at each meeting and identifies future reports and indicative dates of when decisions should be made, including where possible any decisions that need to be made by Constituent Councils. Throughout the year the Authority considers: - Consultations, strategies and policy development regarding waste planning and any issues related to waste management which are expected or that arise in year; - Operational and other matters including on-going prevention, reduction, reuse, recycling, composting and energy recovery treatment of the wastes collected by the Constituent Councils; associated contract performance management and statutory reporting activities; and, any bids for financial support from external bodies. - Corporate governance and management arrangements to ensure compliance with its statutory duties, acting in the public interest and risk management surrounding relationships with contractors and Constituent Councils. - Financial management including annual budget approval reports and regular budget updates through the year. The annual budget setting is conducted as part of the annual planning exercise for which the Treasurer has executive responsibility. National and local guidance is assessed and used to form the basis of a number of assumptions in the plan. Current year performance is evaluated with notable variances explained to determine any ongoing impact. The budget seeks to explain year on year movements and any pressures are identified. There is a clear process in place to set the annual budget and this is approved by the Members of the Authority. The Authority produces a corporate performance report which includes a review of the actual outturn position against the budget, and details any significant variances. This is reported to the Authority three times a year, which ensures there is sufficient oversight of the budget monitoring process. The report also includes non financial information and reports on how the Authority is achieving against its corporate plans.

Appendix

VfM arrangements: Improving economy, efficiency and effectiveness

Approach and considerations	Commentary
We have considered how the body uses information about its costs and performance to improve the way it manages and delivers its services, including: • How financial and performance information has been used to assess performance to identify areas for improvement; • How the Authority evaluates the services it provides to assess performance and identify areas for improvement; • How the Authority 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; and • Where the Authority commissions or procures services, how the Authority ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how the Authority assesses whether it is realising the expected benefits.	The Authority assesses its performance through Corporate Performance Reports which consider a number of measures including corporate, investment, pension administration and financial metrics. These reports are presented to the Members of the Authority to monitor progress and action plans are put in place where relevant and progress reviewed. A treasury update report is produced annually covering investment performance and the delivery of the partnership. As described on page 12, the Authority seeks to drive efficiencies and generate savings for Constituent Councils through the existing Waste Management Services Agreement (WMSA) as well as delivering benefits through the Energy from Waste facility. Benchmarking information is considered by the Authority where available. This includes the annual DEFRA league tables of the total household waste recycling, composting and reuse rate for English local authorities. The Authority also undertakes waste composition surveys. These are an essential tool used by the Authority and Constituent Councils to inform future waste and recycling initiatives. Previously this was undertaken at the same point every for year. However, in 2019 a decision was made to undertake the survey every 15 months, which in turn allows for greater insights through obtaining data across the four seasonal variations over five years.

Appendix

VfM arrangements: Improving economy, efficiency and effectiveness

Approach and considerations	Commentary
We have considered how the body uses information about its costs and performance to improve the way it manages and delivers its services, including: • How financial and performance information has been used to assess performance to identify areas for improvement; • How the Authority evaluates the services it provides to assess performance and identify areas for improvement; • How the Authority 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; and • Where the Authority commissions or procures services, how the Authority ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how the Authority assesses whether it is realising the expected benefits.	Large contractors and suppliers that supply significant levels of service or goods must provide evidence in annual equality, diversity, and inclusion reports to the Authority. The Authority has an education programme whereby local residents, schools and community groups can visit facilities to understand what happens to waste and recycling. In addition, the Authority delivers free, fully funded curriculum linked workshops, assemblies and waste audits at schools. However, the Covid-19 pandemic impacted the number of onsite visits and face to face workshops that could be delivered during the year. Communication campaigns have also been undertaken using the Authority's website and social media to highlight the introduction of the Booking System, promote the Education Programme, continue to support the 'Take Charge +' battery fire awareness campaign and provide appropriate Covid messaging.

Appendices



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Appendix 1: Purpose of our report and responsibility statement

What we report

Our report fulfils our obligations under the Code of Audit Practice to issue an Auditor's Annual Report that brings together all of our work over the year, including our commentary on arrangements to secure value for money, and recommendations in respect of identified significant weaknesses in the Authority's arrangements.

The scope of our work

Our observations are developed in the context of our audit of the financial statements.

We described the scope of our work in our audit plan.

Use of this report

This report is made solely for the Authority, as a body, in accordance with the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Authority those matters we are required to state to them in our Auditor's Annual 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 Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

What we don't report

Our audit was not designed to identify all matters that may be relevant to the Authority.

Also, there will be further information the Authority need to discharge their governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and work under the Code of Audit Practice in respect of Value for Money arrangements.



Deloitte LLP

Birmingham | 7 August 2023

Appendix 2: Authority's responsibilities

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Treasurer as Accounting Officer of the Authority, is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Accounting Officer is required to comply with the CIPFA code of practice and prepare the financial statements on a going concern basis, unless the Authority is informed of the intention for dissolution without transfer of services or function to another entity. In applying the going concern basis of accounting, the Accounting Officer has applied the 'continuing provision of services' approach set out in the CIPFA code of practice as it is anticipated that the services the Authority provides will continue into the future.

The Accounting Officer is required to confirm that the Statement of Accounts, taken as a whole, is fair, balanced, and understandable, and provides the information necessary for patients, regulators and stakeholders to assess the Authority's performance, business model and strategy.

The Accounting Officer is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of the Authority's resources, for ensuring that the use of public funds complies with the relevant legislation, delegated authorities and guidance, for safeguarding the assets of the Authority, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Accounting Officer and the Board are responsible for ensuring proper stewardship and governance, and reviewing regularly the adequacy and effectiveness of these arrangements.

Appendix 3: Auditor's responsibilities

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Auditor's responsibilities relating to the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under the Code of Audit Practice and 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.
We are not required to consider, nor have we considered, whether all aspects of the foundation Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our work in accordance with the Code of Audit Practice, having regard to the guidance, published by the Comptroller & Auditor General in December 2021, as to whether the Authority has proper arrangements for securing economy, efficiency and effectiveness in the use of resources against the specified criteria of financial sustainability, governance, and improving economy, efficiency and effectiveness.

The Comptroller & Auditor General has determined that under the Code of Audit Practice, we discharge this responsibility by reporting by exception if we have reported to the Authority a significant weakness in arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022. Other findings from our work, including our commentary on the Authority's arrangements, are reported in our Auditor's Annual Report.

Auditor's other responsibilities

We are also required to report to you if we exercise any of our additional reporting powers under the Local Audit and Accountability Act 2014 to:

- make a written recommendation to the Authority, copied to the Secretary of State;
- make a referral to the Secretary of State if we believe that the Authority or an officer of the Authority is:
    - about to make, or has made, a decision which involves or would involve the Authority incurring unlawful expenditure; or
    - about to take, or has begun to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency; and
- consider whether to issue a report in the public interest.

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