

30 October 2008

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Dear Rob

**East London Waste Authority  
Annual Audit Letter 2007/08**

I attach our finalised Annual Audit Letter for 2007/08. Can I draw your attention to the intention of the Audit Commission to publish the Letter in due course on its website, along with the letters relating to all of our other audited bodies.

The Code of Audit Practice requires that a copy of the Letter is provided to all Members of the Authority. I understand that the Letter will be included on the agenda of the November 2008 Authority meeting.

Yours sincerely

Sharon Martin  
*Senior Audit Manager*

cc. Geoff Pearce, Finance Director  
Tony Jarvis, Executive Director  
Jon Hayes, District Auditor

# Annual Audit Letter

East London Waste Authority

Audit 2007/08

November 2008



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## Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
  - any third party.
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# Summary

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## Key messages

- 1 We gave an unqualified opinion on the Authority's accounts and an unqualified value for money conclusion on 30 September 2008.
- 2 Our audit of the draft accounts identified one material amendment to the Statement of Total Recognised Gains and Losses. We did not identify any amendments to the Balance Sheet or Income and Expenditure Account.

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## Recommendations

Recommendation	
R1	Ensure that the Statement of Recognised Gains and Losses reconciles to the movement in equity reported in the Balance Sheet.

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# Purpose, responsibilities and scope

- 3 This letter summarises the key issues arising from our work carried out during the year. I have addressed this letter to members as it is the responsibility of the Authority to ensure that arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money. I have made recommendations to assist the Authority in meeting its responsibilities.
- 4 The letter also communicates the significant issues to key external stakeholders, including members of the public. I will publish this letter on the Audit Commission website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk).
- 5 I have prepared this letter as required by the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. This is available from [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk).
- 6 As your appointed auditor, I am responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, I review and report on:
  - the Authority's accounts; and
  - whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 7 This letter summarises the significant issues arising from both these areas of work and highlights the key recommendations that I consider the Authority should be addressing. I have listed the reports issued to the Authority relating to the 2007/08 audit at the end of this letter.

# Audit of the accounts

- 8 As your appointed auditor, I have issued an unqualified opinion on the Authority's accounts on 30 September 2008.
- 9 The draft financial statements initially submitted for audit were returned to officers as the Statement of Total Recognised Gains and Losses (STRGL) did not reconcile to the movement in total equity reported in the Balance Sheet. Revised financial statements, which corrected the material errors in the STRGL were subsequently provided. No amendments were required to the Balance Sheet or the Income and Expenditure Account.
- 10 Before giving my opinion I reported to the Authority on the issues arising from the 2007/08 audit. My report, the Annual Governance Report, did not include any significant issues other than that detailed in paragraph 9 above.

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## Whole of Government accounts

- 11 Central government embarked on a programme leading to the preparation of consolidated accounts for the 'whole of government', including local government. The Authority is required to submit a 'consolidation pack' to Communities and Local Government and I am required, as your auditor, to undertake a range of procedures and report on the pack. Our audit concluded that the consolidation pack was consistent with the audited accounts except for one difference in classification relating to deferred consideration, which was recorded as a long term debtor in the consolidation pack as no equivalent heading to that used in the Authority's Balance Sheet was available on the pro forma.

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# Use of resources

- 12 As your appointed auditor, I am required to conclude on whether I am satisfied the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion.
- 13 I concluded that the Authority did have proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.
- 14 On 1 June 2007, the Authority became an employing body and staff are now employed directly rather than on secondment from the constituent London Boroughs. Our work considered whether appropriate staffing policies and procedures had been put in place and whether internal control remained sound following the transfer of staff. We found this to be the case, but as at 31 March 2008 the Authority's Constitution had not been updated fully to reflect this change in status, although arrangements were in place to do so.

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## Best value performance plan

- 15 I issued my report on the Authority's 2007/08 best value performance plan on 3 December 2007. There were no recommendations.
- 16 Our work on the 2007/08 performance indicators has concluded that arrangements are in place to produce indicators that are fairly stated.

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# Closing remarks

- 17 I have discussed and agreed this letter with the Executive Director and the Finance Director. The letter will be part of the agenda for the Authority meeting in November 2008 and we will provide copies to all Authority members.
- 18 Further detailed findings, conclusions and recommendations on the areas covered by our audit are included in the reports issued to the Authority during the year.

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**Table 1      Reports issued**

<b>Report</b>	<b>Date of issue</b>
Audit plan	May 2007
Best value performance plan	December 2007
Report to those charged with governance	September 2008
Opinion on financial statements	30 September 2008
Value for money conclusion	30 September 2008
Annual audit letter	November 2008

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- 19 The Authority has taken a positive and constructive approach to our audit. I wish to thank the Authority's staff for their support and cooperation during the audit.

Jon Hayes  
District Auditor  
November 2008



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# The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, covering the £180 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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## Copies of this report

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