

EAST LONDON WASTE AUTHORITY

27 SEPTEMBER 2010

FINANCE DIRECTOR'S REPORT

STATEMENT OF ACCOUNTS AND AUDITORS REPORT 2009/10	FOR INFORMATION
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1 Introduction

- 1.1 At the ELWA meeting in June 2010, Members approved the Authority's draft Statements of Accounts for the year ended 31 March 2010. The External Auditor, PricewaterhouseCoopers (PwC) are completing their review and audit of the Accounts. It is expected that they will give an unqualified opinion and certificate.

2 2009/10 Accounts

- 2.1 The Accounts were completed within the agreed statutory timescales and include all the additional requirements introduced by the Chartered Institute of Public Finance and Accountancy (CIPFA) Statement of Recommended Practice 2009 in relation to the presentation of key information.
- 2.2 In overall terms, there was a favourable variance in terms of expenditure when compared to the Revised Budget for 2009/10, which was agreed by Members in February 2010. This resulted from several sources but primarily from lower contract payments to Shanks and from lower disposal credits and recycling initiatives claims from the Boroughs.
- 2.3 As a result of this, but after taking account the use of reserves of £2,279,000, the General Fund Balance has decreased by £2,053,000 to £8,104,000 at the end of 2009/10.
- 2.4 The draft accounts agreed by Members in June remain substantially unchanged. Members may recall the guidance for local government accounting has changed significantly in a number of ways. Perhaps most significantly for ELWA has been the requirement to put the Private Finance Initiative (PFI) contract with Shanks onto our balance sheet. This causes no net impact on ELWA or its accounts. However, this exercise has required significant technical valuations and accounting calculations to be done. Given the extensive and complex nature of this work, ELWA used an external consultancy firm.
- 2.5 The accounts you agreed in June relied on the input from that consultant. The clear view of our external auditors, PwC, is that whilst the net position of ELWA was correct, some composite figures needed to be corrected. Following extensive discussions between all parties over the last six weeks, I have agreed to accept PwC's proposal. The net is more detail but no net change to the figures

2.6 As a result of this recent agreement to accept PwC's proposal, changes need to be made to the income and expenditure account, notes to the accounts and the cash flow statement. To ensure that these changes are made correctly, and agreed by our External Auditors, it means that the final audited financial statements will be e-mailed to Members in advance of the meeting. Copies will also be provided on the day.

3 Auditors Report

3.1 A copy of the External Auditor's report is attached at Appendix A. It notes that they expect to issue an unqualified opinion on the Financial Statements and an unqualified value for money conclusion will be issued.

3.2 External Audit will provide a verbal update on this report at the Authority meeting.

4 Recommendation

4.1 Members are asked to:-

(a) note this report.

Geoff Pearce
FINANCE DIRECTOR

Appendices		
A	Financial Statements for the year ended 31 March 2010 (to follow)	
B	2009/10 Draft Auditor's Report to those charged with governance	
Background Papers		
07/06/10	Report & Minute Nos. 11/2010 & 12/2010	Draft Statement of Accounts 2009/10 and Annual Governance Statement 2009/10