

## **AUTHORITY REPORT: STATEMENT OF ACCOUNTS AND AUDITOR'S REPORT 2010/11**

### **1. Confidential Report**

1.1 No

### **2. Recommendations**

2.1 Approve the draft Statement of Accounts for the financial year 2010/11.

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### **3. Introduction**

3.1 This report provides the Authority with a summary of the key issues arising from the audit of the financial statements. 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 of the Accounts.

3.2 At the time of writing this report, the audit of the draft Statement of Accounts had not been finalised and therefore the Statement of Accounts will be circulated separately.

3.3 At the ELWA meeting in June 2011, Members were informed about changes to the statutory audit and accounts regulations that underpin the production of ELWA's financial statements. The 2010/11 financial statements are the first where the Authority has to fully comply with International Financial reporting Standards (IFRS). This has created extra work and required additional resources, which can be demonstrated by the size of the financial statements. In 2009/10, the Statement of Accounts was 53 pages long. By comparison, this year's accounts are 71 pages long.

3.4 Another main change was around the signing, approval and publication of accounting statements. In previous years, the Authority has had to approve a set of draft financial statements by the 30 June 2011. This is no longer required and it is now the responsibility of the 'responsible financial officer' to sign and date the Statement of Accounts, and certify that it presents a true and fair view of the financial position of the Authority at the end of the financial year. However Members are still required to formally approve the audited financial statements by the 30 September.

### **4. 2010/11 Accounts**

4.1 The financial position as outlined in the Statement of Accounts is the same as I

informed you in my Budgetary Control outturn report to the Authority meeting on the 27 June 2011.

4.2 In the Statement of Accounts, we have continued to value the four closed landfill sites at nil value. This recognises the fact that, whilst the land will appreciate in value at some point in the future, there remain significant uncertainties and also remediation costs that would have to be incurred if the land could have a change in its economic use. This accounting approach has been agreed with our Auditors but they have recommended that in 2011/12, a formal valuation process is undertaken. Officers have arrangements in place to deliver this recommendation.

#### 5. Auditors report

5.1 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. The ISA 260 report also states that

'The change to IFRS was a huge task for the Authority and we have been pleased with the level of engagement from staff and determination to get things right'.

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

#### 6. Conclusion

6.1 The audit of ELWA's accounts will be completed by the statutory deadline of the 30 September. The Auditor report attached identifies that ELWA expects to receive an unqualified opinion.

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#### 7. Relevant Officer

Geoff Pearce Director / e-mail: [finance@eastlondonwaste.gov.uk](mailto:finance@eastlondonwaste.gov.uk) / 020 8708 3588

#### 8. Appendices attached

Appendix A: ISA 260 report

Appendix B: ELWA Statement of Accounts

#### 9. Background Papers

27 June 2011 - Financial Outturn Report for 2010/11 report & minute no. 2011/7.

#### 10. Legal Considerations.

None

**11. Financial Considerations**

As outlined in this report.

**12. Performance Management Considerations**

None.

**13. Risk Management Considerations**

None

**14. Follow-up Reports**

None

**15. Websites and e-mail links for further information.**

None

**16. Glossary**

ELWA – East London Waste Authority

IFRS – International Financial Reporting Standards

**17. Approved by Management Board**

12 September 2011

**18. Confidentiality**

Not applicable