



Gareth Owens LL.B Barrister/Bargyfreithiwr
Head of Legal and Democratic Services
 Pennaeth Gwasanaethau Cyfreithiol a
 Democraidaidd

To: Councillors: Aaron Shotton, Kevin Jones, Dave Cowans,
 Michael Priestley, David Smith, Eryl Williams, John Wynn
 Jones, William Gareth Roberts, John Chorlton
 and R.G. Parry

DS/CO

13 February 2013

Ceri Owen

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Dear Sir / Madam

A meeting of the **NORTH WALES RESIDUAL WASTE JOINT COMMITTEE** will be held in the **COUNCIL CHAMBER, COUNCIL OFFICES, LLANGEFNI, ANGLESEY, LL77 7TW** on **WEDNESDAY 20 FEBRUARY 2013** at **2.00p.m.** to consider the following items.

Yours faithfully

Democracy & Governance Manager

AGENDA

1. **APOLOGIES**
2. **DECLARATION OF INTEREST**
3. **APPROVAL OF PREVIOUS MINUTES**

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The Council welcomes correspondence in Welsh or English
 Mae'r Cyngor yn croesawau gohebiaeth yn y Cymraeg neu'r Saesneg

4. **MATTERS ARISING FROM PREVIOUS MEETING**

5. **NWRWTP STATEMENT OF ACCOUNTS REPORT (FCC FINANCE SECTION AND WALES AUDIT OFFICE REPORT)**

6. **FCC INTERNAL AUDIT (FCC INTERNAL AUDIT REPORT)**

7. **PROGRESS REPORT (SO REPORT)**

8. **RIR – RISK STATUS UPDATE (SP REPORT)**

9. **COMMUNICATIONS UPDATE (SO REPORT)**

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 – TO CONSIDER THE EXCLUSION OF THE PRESS AND PUBLIC
The following item is considered to be exempt by virtue of Paragraph(s) 14 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

10. **PROCUREMENT UPDATE REPORT**

11. **ANY OTHER BUSINESS**



NORTH WALES RESIDUAL WASTE JOINT COMMITTEE

Minutes of the meeting of the Joint Committee held at County Hall, Mold on Thursday 13 December, 2012.

PRESENT: Councillor Eryl Williams (Chairman) – Denbighshire County Council

Councillor Aaron Shotton – Flintshire County Council

Councillor Kevin Jones – Flintshire County Council

Councillor John Chorlton – Isle of Anglesey County Council

Councillor Mike Priestley – Conwy County Borough Council

Councillor David Smith – Denbighshire County Council

Councillor William Gareth Roberts – Gwynedd County Council

ALSO PRESENT:

Flintshire County Council

Colin Everett, Carl Longland, Kerry Feather and Louise Pedreschi

Denbighshire County Council

Mr. Steve Parker

Gwynedd County Council

Mr. Dilwyn Williams

Isle of Anglesey County Council

Mr. Jonathan Eastwood

North Wales Residual Waste Treatment Partnership

Mr. Steffan Owen and Ms. Karen Powell

Partnerships UK

Mr. Huw Roberts

Cofely District Energy



Dr. Nick Regan

Mr. Mike Smith

Mr. Talal Khan

APOLOGIES

Apologies for absence were received from Councillor Dave Cowans (Conwy County Borough Council), Andrew Kirkham (Conwy County Borough Council), Arthur Owen (Isle of Anglesey County Council) and Stephen Penny (Project Director).

1. DECLARATIONS OF INTEREST

Councillor Aaron Shotton declared an interest due to raising residents concerns, but this was agreed as not being prejudicial.

2. APPROVAL OF PREVIOUS MINUTES

The minutes of the meeting of the North Wales Residual Waste Joint Committee held on the 1 August, 2012 were submitted for approval.

The Project Manager explained that information contained within minute number 9 was of a commercially sensitive nature and therefore had not been included in the agenda published on each Local Authority website.

RESOLVED:

That the minutes be approved as a correct record.

3. MATTERS ARISING FROM THE PREVIOUS MEETING

There were no matters arising.



4. PROGRESS REPORT

The Project Manager presented the progress report and stated that the project was progressing and was within overall budget.

Following the Joint Committee's decision on the 1 August, 2012 to select SITA UK and Wheelabrator to continue the procurement process, a public announcement had been made on the 22 August, 2012 informing the public that both bidders had proposed an Energy from Waste facility at Deeside Industrial Park. Dialogue had re-commenced with the two remaining bidders on legal, technical and financial aspects, further details of which would be provided as part of the procurement update report later in the meeting.

The Project Manager reported that there were no major issues and an update with regard to minor issues in relation to the project activity was as follows:-

- ID 98 – Draft readiness to close dialogue report. Work had commenced on the draft report.
- ID 99 – Project team session to review project risk register ready for submission to the Welsh Government (WG) as part of WG readiness to close dialogue review. A session had yet to be held and further details would be provided as part of the procurement update report later in the meeting.
- ID 103 – Arrange readiness to close of review with WG. This would be actioned in the New Year.

RESOLVED:

That the report be noted.

5. RIR – RISK STATUS UPDATE



The Project Manager presented a Risk Register report which highlighted some of the amendments to the risk register that had been made to reflect the current understanding of risks and mitigation measures that were in place.

Following discussion, the Project Manager said that he would review how the Risk Register report was issued and presented at future meetings for ease of reference for members.

RESOLVED:

That the updated Risk Register for the project be noted.

6. COMMUNICATIONS UPDATE

The Project Manager updated Members on communication matters concerning the North Wales Residual Waste Treatment Project (NWRWTP).

Welsh Government meeting with Flintshire County Council Members

Councillor Kevin Jones provided an update following the Welsh Government (WG) meeting with Flintshire County Council Members. Jasper Roberts (Deputy Director for Waste and Resource Efficiency Department) had attended the meeting to talk to Members about WG's waste strategy and policies, with particular regard to residual waste. The meeting had been well attended and copies of the questions raised and answers provided would be circulated to all Flintshire County Council Members.

The Project Manager reported that Jasper Roberts had stated his willingness to attend future meetings with any of the partner authorities, as well as local town and community councils.

Member seminar with the Health Protection Agency on Energy from Waste facilities



The Project Manager reported that dates had been set for a seminar for all partner authority Members on the subject of health effects from Energy from Waste Facilities where Professor David Russell from the Health Protection Agency would be in attendance. Councillor Kevin Jones proposed that all Members of partner authorities be invited to the seminars. The Chairman asked that a reminder be sent to all Members 2 weeks before the seminars.

Councillor Mike Priestley asked if a factsheet outlining specific information on the health effects from Energy from Waste Facilities could be provided to all Members of the Joint Committee prior to the seminars in order for them to be able to answer any questions from the public.

Communication and engagement strategy

The Project Manager reported that the Project Team had prepared an updated communication and engagement strategy for 2013 to take the project up to the appointment of a preferred bidder. A copy of the communication and engagement strategy had been attached at Appendix 3 of the report.

Councillor Kevin Jones asked whether there had been any engagement with local businesses currently operating from Deeside Industrial Park. The Project Manager responded that the Project Team had engaged with local businesses within the Deeside Enterprise Zone and Deeside Industrial Park and that this would continue.

Councillor Mike Priestley suggested that local Members of Parliament and Assembly Members be engaged as part of the process. The Project Manager explained that this would be led by the Lead Chief Executive, Colin Everett.

In response to a question on the engagement with Town and Community Councils, the Project Manager confirmed that following the appointment of a preferred bidder they would be expected to take an active role in engagement and



consultation with the community including appropriate Town and Community Councils.

RESOLVED:

That the Communication Update be noted.

7. PROCUREMENT UPDATE REPORT

The Chairman welcomed Dr. Nick Regan and Mr. Mike Smith from Cofely District Energy who were in attendance to provide a presentation on the Heat Study which had been carried out at Deeside. The presentation covered the following areas:-

- Aims of the Study
- Centralised power generation
- Combined heat and power
- Energy from waste
- District heat networks
- Options considered
- Key areas
- Recommendations

A number of comments were made around the engagement with large businesses on the Deeside Industrial Park and Colin Everett outlined his disappointment that it was felt Option 1 would not be viable.

Councillor Aaron Shotton arrived at the meeting at 3.00 p.m. and declared an interest due to raising residents concerns, prior to the debate continuing

Following the presentation, the Project Manager presented an update on progress relating to procurement aspects. He provided an update on the following areas, as detailed in the report:-



- Procurement programme
- Progress in exploring options for a Community Benefit Scheme
- Particulate Monitoring (PM 2.5) Requirements

Colin Everett outlined his view that the industry standard quantum for community benefit schemes outlined in the report would not meet the aspirations of local stakeholders.

Following discussion, the Project Manager confirmed that he would inquire as to whether there was further up to date information on the average emissions performance of UK Energy from Waste plants.

A number of questions were raised around particulate monitoring requirements and it was agreed that the Project Manager should bring forward a further report to a future meeting outlining the costs of particulate monitoring at an increased frequency.

Councillor Shotton asked what actions would be taken if emissions were found to be at an unacceptable level. The Project Manager confirmed that the Environment Agency as the regulators would impose remedial actions to be carried out if emissions were higher than allowed. If appropriate action was not taken the Environment Agency could close down the facility and remove their permit.

RESOLVED:

- (a) That the report be noted; and
- (b) That a further report be presented to a future meeting outlining costings of increased particulate monitoring.

8. ANY OTHER BUSINESS



NWRWTP

North Wales Residual Waste Treatment Project

None.

Date of next meeting – 20 February, 2013 (Anglesey)

DRAFT



NWRWTP

North Wales Residual Waste Treatment Project

Agenda Item 5

REPORT TO: JOINT COMMITTEE

DATE: WEDNESDAY, 20 FEBRUARY 2013

REPORT BY: HEAD OF FINANCE (FCC) AS TREASURER OF THE JOINT COMMITTEE

SUBJECT: NORTH WALES RESIDUAL WASTE TREATMENT PARTNERSHIP STATEMENT OF ACCOUNTS 2011/12, 2010/11, 2009/10 AND 2008/09.

1.00 PURPOSE OF REPORT

- 1.01 To inform Members of the statutory accounting and audit reporting requirements of the Joint Committee.
- 1.02 To outline the process taken over the past few months to complete the accounting and audit reporting requirements of the Joint Committee for 2011/12 and (in retrospect), 2010/11, 2009/10 and 2008/09. Including the financial audit undertaken by the Wales Audit Office (WAO).
- 1.03 To present the WAO's report in connection with the financial audit.
- 1.04 To present financial statements for financial years 2008/09 to 2011/12, incorporating those changes agreed with the WAO during the course of the audit, to the Joint Committee for approval.

2.00 BACKGROUND

- 2.01 At a very late stage in the preparation of Flintshire County Council's 2011/12 accounts it became apparent that there were specific accounting and audit reporting requirements for the Project's Joint Committee over and above what had been planned.
- 2.02 The Accounts and Audit (Wales) (Amendment) Regulations 2010 require all Joint Committees to prepare year-end accounts i.e. an income and expenditure account and a balance sheet. To assist with this the Wales Audit Office (WAO) has produced a blank template for completion, that meets the reporting requirements of a minor joint committee called a 'Minor joint committees in Wales Annual Return'.
- 2.03 However, where a Joint Committee's gross income or expenditure (whichever is the higher) for the year is greater than £1,000,000, a more comprehensive set of accounts needs to be produced in line with specific accounting guidelines. The Joint Committee's accounts are treated in the same way as a Council's single entity accounts;



NWRWTP

North Wales Residual Waste Treatment Project

subject to its own separate audit. The appointed auditors are required to communicate relevant matters relating to the audit of the financial statements to those charged with governance through an ISA (International Standards on Auditing) 260 report.

3.00 CONSIDERATIONS

Accounting and audit requirements of the Joint Committee

- 3.01 The Joint Committee's gross expenditure in 2010/11 and 2011/12 marginally breached the £1,000,000 threshold; therefore a full Statement of Accounts for 2011/12 and 2010/11 must be produced and are included as Appendix 1 and 2 respectively. The gross expenditure in 2009/10 and in 2008/09 was less than £1,000,000; as such the WAO template for minor joint committees as described in 2.02 must be completed and are included as Appendix 3 and 4 respectively.
- 3.02 The Auditor General for Wales has appointed the WAO as the auditor for the Joint Committee.
- 3.03 In accordance with the 2010 Regulations as referred to in 2.02 there is a statutory deadline of 30th September to publish year end accounts following completion of the appointed auditor's work. As this deadline has elapsed there was a need to publish a statutory notice of non-compliance with the 30th September deadline. The notice was placed on the North Wales Residual Waste Treatment Project's website.

Process taken to produce the Joint Committee's accounts

- 3.04 When the reporting requirements of the Partnership became apparent as set out in paragraph 2.01, finance officers endeavoured and completed some of the work required for financial year 2011/12 by the statutory deadline of 30th June. During the course of the audit it became clear that further work was needed in relation to the 2011/12 accounts and that there was a requirement to prepare accounts for financial years 2010/11, 2009/10 and 2008/09. Again finance officers proceeded to speedily complete the work required at the earliest opportunity.
- 3.05 This is the first large scale collaborative project to have been set up in the North Wales region. Upon reflection, a fair conclusion that could be drawn was that, no officer in the region had fully appreciated the extent of what was involved in satisfying the financial reporting requirements. The audit has been a learning experience; however, the region as a whole can benefit from the experience in applying lessons learnt to other collaborative arrangements that are in the process of being set up.



NWRWTP

North Wales Residual Waste Treatment Project

- 3.06 The combined effect of the factors detailed in paragraphs 3.04 and 3.05 has meant that the audit has been somewhat difficult, as in effect the accounts were being produced whilst the audit was being conducted, resulting in the WAO finding issues that they must report to the Joint Committee.

Audit findings

- 3.07 The WAO will be in attendance to report relevant matters relating to the audit of the financial statements. The WAO's ISA 260 report as referred to in 2.03 is attached as Appendix 5.
- 3.08 Included within the WAO's ISA 260 report is the letter of representation in which the Joint Committee confirms to the WAO that all information contained within the financial statements is true and accurate and that all information has been disclosed.

Response to audit findings

- 3.09 Whilst recognising the significance of the issues identified by the WAO within their report, it is important to highlight that appropriate changes have been made to address the concerns and implement all of the recommendations made by the WAO.
- 3.10 Preparation of the Joint Committee's statement of accounts has been incorporated into Flintshire's 2012/13 final accounts closedown programme to ensure that in future, accounting requirements are dealt with in line with the statutory deadlines.
- 3.11 Arrangements will be made to work with the WAO to agree an Audit Deliverables document which sets out the required working papers along with the named officer who is responsible for producing such.

4.00 RECOMMENDATIONS

- 4.01 The Joint Committee members are requested to approve:
- a) Statement of Accounts 2011/12
 - b) Statement of Accounts 2010/11
 - c) Annual Return 2009/10
 - d) Annual Return 2008/09
 - e) Letter of representation

5.00 FINANCIAL IMPLICATIONS

None

6.00 ANTI POVERTY IMPACT



None

7.00 ENVIRONMENTAL IMPACT

None

8.00 EQUALITIES IMPACT

None

9.00 PERSONNEL IMPLICATIONS

None

10.00 CONSULTATION REQUIRED

None required

11.00 CONSULTATION UNDERTAKEN

None required

12.00 APPENDICES

Appendix 1 – Statement of Accounts 2011/12

Appendix 2 – Statement of Accounts 2010/11

Appendix 3 – Annual Return 2009/10

Appendix 4 – Annual Return 2008/09

Appendix 5 – WAO report, Audit of Financial Statements NWRWJC

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS

Various Final Accounts Working Papers

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Telephone: 01352 702289

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NORTH WALES RESIDUAL WASTE PARTNERSHIP

NORTH WALES RESIDUAL WASTE TREATMENT PROJECT

STATEMENT OF ACCOUNTS

2010-11

C O N T E N T S

	Page
North Wales Residual Waste Treatment Project	
Explanatory Foreword	1
Statement of Responsibilities for the Statement of Accounts	2-3
Financial Statements -	
Movement in Reserves Statement	4
Comprehensive Income and Expenditure Statement	5
Balance Sheet	6
Cash Flow Statement	7
Notes to the Accounts (Including Statement of Accounting Policies)	8-11
Independent Auditor's Report to the Joint Committee	12-13
Annual Governance Statement	14-20

EXPLANATORY FOREWORD

Introduction

The North Wales Residual Waste Treatment Project (NWRWTP) is a partnership of Flintshire County Council (Lead Authority), the Isle of Anglesey County Council, Conwy County Borough Council, Denbighshire County Council, and Gwynedd County Council created in order to seek a solution for residual waste on behalf of the five partner authorities, for a 25 year period.

The partnership is underpinned by a legally binding Inter-Authority Agreement (IAA) that all five partner authorities have signed. This commits the partner authorities to working together throughout the procurement process up until contract award. The North Wales Residual Waste Joint Committee manages the project on behalf of all five partner authorities, and has delegated authority to do so (including de-selection of bidders) up until the Preferred Bidder stage of the procurement process. The North Wales Residual Waste Joint Committee consists of two members from each partner authority, with one member from each partner authority having voting rights at Joint Committee meetings.

The decision to award Preferred Bidder will need to be agreed by all five partner authorities individually and therefore a full approval process will be required within each one (e.g. Scrutiny Committee, Cabinet/Executive and Full Council). The project is at present in dialogue with the two remaining bidders (Sita UK and Wheelabrator) with dialogue expected to be closed at the end of 2012. The Preferred Bidder approvals process within each partner authority is expected to be between April - June 2013 with a planning application to follow after that. The facility is currently expected to be operational in mid 2017.

The Financial Statements

The Statement of Accounts 2010/11 provide details of the NWRWTP's financial position for the year ended 31st March 2011, and reflects the wholly revenue nature of the activities undertaken. The information presented on pages 4 to 11 is in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2005.

The statements included are :-

- **the movement in reserves statement** – this statement shows the movement in the year on the different reserves held by the Joint Committee, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other reserves. Nil balances are recorded throughout the statement, linked with the equivalent nil values recorded within those statements referred to below.
- **the income and expenditure statement** – this statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices. All income and expenditure is shared equally between the five partner authorities.
- **balance sheet** - the Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Joint Committee. The net assets (assets less liabilities) of the Joint Committee are matched by the reserves held.
- **cash flow statement** - the Cash Flow Statement shows the changes in cash and cash equivalents of the Joint Committee during the reporting period. The statement shows how the Joint Committee generates and uses cash and cash equivalents.

**STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS –
NORTH WALES RESIDUAL WASTE TREATMENT PROJECT**

THE AUTHORITY'S RESPONSIBILITIES

The Authority is required to :-

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, this is the Head of Finance;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;

The Joint Committee's Responsibilities

- To approve the accounts.

Signature: _____

Date: _____

Lead Officer of North Wales Residual Waste Treatment Project

Address -

**STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS –
NORTH WALES RESIDUAL WASTE TREATMENT PROJECT**

continued

THE HEAD OF FINANCE'S RESPONSIBILITIES

The Head of Finance is responsible for the preparation of the statement of accounts in accordance with the proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code").

In preparing this statement of accounts, the Head of Finance has :-

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.

The Head of Finance has also :-

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Head of Finance as Treasurer of the Joint Committee

I certify that the statement of accounts give a true and fair view of the financial position of the Joint Committee at 31st March 2011 and its income and expenditure for the year then ended.

Signed: _____

Date: _____

**Kerry Feather CPFA
Head of Finance**

Treasurer of the Joint Committee

Address -

MOVEMENT IN RESERVES STATEMENT

for the year ended 31st March 2011

Movements 2010/11

	Capital Receipts Reserve £	Capital Grants Unapplied £	General Balance £	Earmarked Reserves £	Total Usable Reserves £	Unusable Reserves £	Total Reserves £
At 31st March 2010	0	0	0	0	0	0	0
Surplus/(deficit) on the provision of services	0	0	0	0	0	0	0
Other comprehensive income and expenditure	0	0	0	0	0	0	0
Total comprehensive income and expenditure	0	0	0	0	0	0	0
Adjustments between accounting and funding basis under regulations	0	0	0	0	0	0	0
Net increase/(decrease) before transfer to earmarked reserves	0	0	0	0	0	0	0
Transfers to/(from) earmarked reserves	0	0	0	0	0	0	0
Increase/(decrease) in year	0	0	0	0	0	0	0
At 31st March 2011	0	0	0	0	0	0	0

Movements 2009/10

	Capital Receipts Reserve £	Capital Grants Unapplied £	General Balance £	Earmarked Reserves £	Total Usable Reserves £	Unusable Reserves £	Total Reserves £
At 31st March 2009	0	0	0	0	0	0	0
Surplus/(deficit) on the provision of services	0	0	0	0	0	0	0
Other comprehensive income and expenditure	0	0	0	0	0	0	0
Total comprehensive income and expenditure	0	0	0	0	0	0	0
Adjustments between accounting and funding basis under regulations	0	0	0	0	0	0	0
Net increase/(decrease) before transfer to earmarked reserves	0	0	0	0	0	0	0
Transfers to/(from) earmarked reserves	0	0	0	0	0	0	0
Increase/(decrease) in year	0	0	0	0	0	0	0
At 31st March 2010	0	0	0	0	0	0	0

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
for the year ended 31st March 2011

	2011 £	2010 £
Expenditure		
Note 2		
(a) Employees	229,796	141,673
Transport	3,343	8
(b) Supplies & Services	761,488	241,878
(c) Support Services	134,202	47,872
	1,128,829	431,431
Gross Expenditure	1,128,829	431,431
Income		
(d) Grants and Contributions	(1,128,829)	(431,431)
Total Income	(1,128,829)	(431,431)
Net (Surplus)/Deficit	0	0

BALANCE SHEET

as at 31st March 2011

	Note	2011 £	2010 £
NON-CURRENT ASSETS		0	0
CURRENT ASSETS			
Short term debtors	3	779,374	432,101
CURRENT LIABILITIES			
Short term creditors	4	<u>779,374</u>	<u>432,101</u>
NET CURRENT ASSETS		0	0
		<hr/>	<hr/>
NET ASSETS		<u>0</u>	<u>0</u>
		<hr/>	<hr/>
TOTAL RESERVES		<u>0</u>	<u>0</u>

CASH FLOW STATEMENT
for the year ended 31st March 2011

	2011 £	2010 £
Net surplus or (deficit) on the provision of services	0	0
Net cash (outflow)/inflow from returns on investments and servicing of finance	0	0
Net cash outflow from capital expenditure	<u>0</u>	<u>0</u>
Net increase or decrease in cash and cash equivalents	0	0
Cash and cash equivalents at start of year	<u>0</u>	<u>0</u>
Cash and cash equivalents at end of year	<u>0</u>	<u>0</u>

Note: There are no individual entries in the summary cash flow statement as entries at the more detailed level sum to zero.

NOTES TO THE CORE FINANCIAL STATEMENTS

for the year ended 31st March 2011

1. STATEMENT OF ACCOUNTING POLICIES

The accounts have been prepared in accordance with the requirements of the 2010/11 Code of Practice on Local Authority Accounting in the United Kingdom (the Code) - based on International Financial Reporting Standards (IFRSs) - issued by CIPFA, supported by guidance notes on the application of accounting standards.

Debtors and Creditors

The revenue accounts of the Joint Committee are prepared on an accruals basis. Sums are included in the final accounts to cover income or expenditure attributable to the year of account for goods received or work done, but for which payment has not been received/made by 31st March 2011.

Government Grants and Contributions

Grant receipts in support of revenue expenditure are accounted for on an accruals basis.

Overheads

The costs of centrally provided support services and administrative buildings have been charged to services in line with the Best Value Accounting Code of Practice (BVACOP).

Value Added Tax

The Council receives reimbursement for the net cost of value added tax incurred. The accounts have been prepared exclusive of tax, in accordance with SSAP 5.

2. INCOME AND EXPENDITURE ACCOUNT

	2011 £	2010 £
(a) Employees		
Contractor payments - Project Director *	142,000	106,622
Salaries	67,598	26,942
Social Security costs	5,124	2,101
Other Pension costs	15,074	6,008
	<u>229,796</u>	<u>141,673</u>

* see note 5 on page 10.

NOTES TO THE CORE FINANCIAL STATEMENTS

continued

	2011	2010
	£	£
(b) Supplies and Services		
Advisor costs		
Technical and Communications	406,172	158,314
Legal	151,792	33,850
Financial	110,872	48,238
Insurance	1,984	0
Other	83,786	0
	<u>754,606</u>	<u>240,402</u>
Advertising/Publicity	<u>3,000</u>	<u>0</u>
Audit Fee	<u>3,882</u>	<u>1,476</u>
Total Supplies and Services	761,488	241,878
	2011	2010
	£	£
(c) Support Services -		
Finance, Technical, Legal & Procurement Support		
Lead Authority Personnel		
Finance	38,000	0
Legal	23,472	29,797
Procurement	405	0
	<u>61,877</u>	<u>29,797</u>
Isle of Anglesey County Council Personnel	30,432	0
	<u>92,309</u>	<u>29,797</u>
Office services		
IT/ Telephones	1,290	1,077
Software	0	6,671
Stationery/Printing	161	630
Translation	2,686	3,928
Status enquiries	127	101
Remote document managements system	11,511	0
Joint Working	4,000	0
	<u>19,775</u>	<u>12,407</u>
Accommodation	<u>22,118</u>	<u>5,668</u>
Total Support Services	134,202	47,872
	2011	2010
	£	£
(d) Income -		
Contribution from participating Local Authorities		
Conwy County Borough Council	(185,766)	(17,287)
Denbighshire County Council	(185,766)	(17,286)
Flintshire County Council	(185,766)	(17,286)
Gwynedd Council	(185,766)	(17,286)
Isle of Anglesey County Council	(185,765)	(17,286)
	<u>(928,829)</u>	<u>(86,431)</u>
Grants		
Welsh Government RCAF Grant	(200,000)	(345,000)
Total Income	(1,128,829)	(431,431)

NOTES TO THE CORE FINANCIAL STATEMENTS

continued

3. DEBTORS

	2011 £	2010 £
Welsh Government	24,028	370,504
Local authorities	755,346	61,597
	<u>779,374</u>	<u>432,101</u>

4. CREDITORS

	2011 £	2010 £
Local authorities	691,719	397,312
Other entities and individuals	87,655	34,789
	<u>779,374</u>	<u>432,101</u>

5. OFFICERS' REMUNERATION

Regulation 7A of the Accounts and Audit (Wales) Amendment Regulations 2010 requires disclosure (in £5,000 bandings) of the number of employees whose remuneration – all sums paid to or receivable by the employee, expense allowances chargeable to tax, and the money value of benefits - exceeded £60,000.

One employee meets the disclosure requirement – the Project Director, a contracted employee :-

Remuneration Band	2011	2010
	No.	No.
£105,000 - £109,999	0	1
£110,000 - £114,999	0	0
£115,000 - £119,999	0	0
£120,000 - £124,999	0	0
£125,000 - £129,999	0	0
£130,000 - £134,999	0	0
£135,000 - £139,999	0	0
£140,000 - £144,999	1	0
	<u>1</u>	<u>1</u>

Part year only during 2009/10

6. EXTERNAL AUDIT COSTS

The 2010/11 audit fees in relation to the Statement of Accounts amounted to £3,882 (£1,476 2009/10). External audit services were provided by Wales Audit Office.

NOTES TO THE CORE FINANCIAL STATEMENTS

continued

7. RELATED PARTIES

The Joint Committee is required to disclose material transactions with related parties i.e. bodies or individuals that have the potential to control or influence the Committee or to be controlled or influenced by the Committee; there were no such transactions during 2010/11 (as was the position in 2009/10).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NORTH WALES RESIDUAL WASTE JOINT COMMITTEE

I have audited the accounting statements and related notes of the North Wales Residual Waste Joint Committee for the year ended 31st March 2011 under the Public Audit (Wales) Act 2004. The North Wales Residual Waste Joint Committee's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet and the Cash Flow Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the independent auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, set out on pages 2 to 3, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the North Wales Residual Waste Joint Committee's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NORTH WALES
RESIDUAL WASTE JOINT COMMITTEE**

continued

Opinion on the accounting statements of the North Wales Residual Waste Joint Committee

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the North Wales Residual Waste Joint Committee as at 31st March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

Opinion on other matters

In my opinion, the information contained in the Explanatory Foreword for the financial year for which the accounting statements and related notes are prepared is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the Governance Statement on which I report to you if, in my opinion, it does not reflect compliance with 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE in June 2007, or if the statement is misleading or inconsistent with other information I am aware of from my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the North Wales Residual Waste Joint Committee in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit Practice issued by the Auditor General for Wales.

Signature: _____ **Date:** _____

Anthony Barrett
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

ANNUAL GOVERNANCE STATEMENT

for the year ended 31st March 2011

This statement has the following five sections:-

1. Scope of Responsibilities.
2. The Purpose of the Governance Framework.
3. The Governance Framework.
4. Review of Effectiveness
5. Significant Governance Issues.

1. SCOPE OF RESPONSIBILITY

The North Wales Residual Waste Partnership is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used appropriately and effectively.

In discharging this overall responsibility, the North Wales Residual Waste Partnership should maintain proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and the management of risk.

Each Partner Authority has approved and adopted a Code of Corporate Governance which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / the Society of Local Authority Chief Executives and Senior Managers (SOLACE) Delivering Good Governance in Local Government: A Framework.

Flintshire County Council is the Partnership's lead council and its Code of Corporate Governance is included in Flintshire County Council's Constitution and a copy is also available from Flintshire's Democracy & Governance Manager in Legal and Democratic Services.

This Statement explains how the North Wales Residual Waste Partnership has complied with the Code and also meets the requirements of the Accounts and Audit (Wales) (Amendment) Regulations 2010.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework brings together the systems and processes, staff, other resources, culture and values by which the Partnership is managed and controlled and the activities through which it accounts to, engages with and leads the community. The framework enables the Partnership to monitor achievement against its strategic objectives and to be assured whether public services are well-designed, provided and resourced in pursuit of those objectives.

The system of internal control is a significant part of that framework and is designed to manage risks and challenges to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore provide proportionate and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Partnership's policies, priorities, aims and objectives, to evaluate the likelihood of those risks and challenges occurring and to evaluate the impact if they do; to manage risks efficiently, effectively and economically.

ANNUAL GOVERNANCE STATEMENT

continued

The governance framework has been in place at the North Wales Residual Waste Partnership for the year ended 31st March 2011 and up to the date of approval of the annual statement of accounts.

3. THE GOVERNANCE FRAMEWORK

Code of Corporate Governance

The key elements of each Partner's governance arrangements are reflected in their individual Codes of Corporate Governance. Codes apply to all aspects of each Authority's business. Members and employees are required to conduct themselves in accordance with the high standards expected by the citizens of North Wales and the six core principles set out within the revised CIPFA / SOLACE Framework:-

- Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
- Members and officers working together to achieve a common purpose with clearly defined functions and roles
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- Developing the capacity and capability of members and officers to be effective
- Engaging with local people and other stakeholders to ensure robust public accountability

Inter Authority Agreement

The key elements of the Partnership's governance arrangements are reflected in the Inter-Authority Agreement. The Inter-Authority Agreement is a legally binding document signed by all Partners on 24th June 2010, which outlines the Joint Committee's terms of reference, formalises the respective roles and responsibilities in relation to the joint working arrangements for the procurement of the Project for the Partners, and appoints Flintshire County Council as the lead council.

Copies of the Inter-Authority Agreement are available by contacting Flintshire County Council's Head of Finance.

Partnership Structure

Section 6 of the Inter-Authority Agreement sets out the procedures for making decisions during the procurement phase of the Project. The Councils have approved 3 categories together with the means by which decisions will be taken; 'Project Board Matter', 'Joint Committee Matter' and a 'Matter Reserves to the Councils'. A list of procurement stages called 'Procurement Milestones' along with the decision making category allocated to each milestone is included in Schedule 1 of the Inter-Authority Agreement.

Project Board

The Project Board consists of the Chief Executive of the lead council, one director or senior office representative from each of the other four Councils, the Project Director, the Project Section 151 Officer (of the lead council), the Monitoring Officer (of the lead council) and other external parties as appropriate. The quorum necessary for Project Board Meeting is a Senior Officer Representative from each Council. The Chair of the Project Board is appointed by the Project Board from time to time. The Project Board strives to reach a consensus but decisions at meetings are taken by a simple majority vote with each Council having one vote only.

ANNUAL GOVERNANCE STATEMENT

continued

The purpose of the Project Board is to implement the Procurement Milestones and the day-to-day management and monitoring of the procurement process. The Project Board has the powers to make decisions and make recommendations as set out in Schedule 3 of the Inter-Authority Agreement.

Joint Committee

Each Council appoints two elected members of their executive or cabinet, one of whom is a voting member, as their representatives to the Joint Committee. The Chair and Vice Chair of the Joint Committee are elected executive members of a Council who are elected by the Joint Committee at the annual general meeting. Appointments take effect until the next annual general meeting. The quorum necessary for a Joint Committee Meeting is five members of the Joint Committee comprising at least one member from each of the Councils. Decisions at meeting of the Joint Committee are taken by simple majority vote with each elected voting member or appropriate deputy from each Council having one vote.

The Joint Committee has the powers to make decisions and recommendations within its terms of reference as set out in Schedule 2 of the Inter-Authority Agreement.

Matters Reserved to the Councils

Each Partner Authority has its own Constitution which sets out responsibility for making decisions which can be found on each Council's website.

Members

On taking office all elected Members are required to sign a Declaration of Acceptance of Office whereby they undertake to be guided by the National Code of Local Government Conduct in the performance of their functions as a Councillor. Each Partner Authority has an individual Members' Code that complies with the National Code and all Members are given a copy of it when taking up office. Any complaints that a Member has not complied with the Code are considered by the Public Services Ombudsman for Wales who may refer any apparent breaches to either the relevant Council's Standards Committee or to the Adjudication Panel for Wales which may apply sanctions if a breach of the Code is found.

Officers

Officers are subject to a separate Code of Conduct, each Partner Authority has an individual Officers' Code of Conduct. Breach of the Officers' Code can lead to disciplinary action.

Copies of both the Members and Officers Codes of Conduct are available from each Partner Authority.

Lead Council

The Councils have agreed that Flintshire County Council shall be the lead council. Responsibilities include:

- Acting on behalf of the Project in the management and supervision of the procurement exercise
- Act as the employing authority for any staff engaged in the discharge of the Project's functions
- Being the legal point of contact for the purposes of managing the procurement
- Providing such additional administrative resources and office facilities that may be necessary for the purpose of discharging the Project and hold all central funds
- Provide senior officers who will act as Secretary, Monitoring Officer, and Treasurer (who will also be the Section 151 Officer) for the Project and who will therefore act as the primary legal and financial advisers to the Project

ANNUAL GOVERNANCE STATEMENT

continued

- Responsibility for liaison and communication with Welsh Government and co-ordination of communication and public relations
- Power to enter into contracts for Consultants as required for the purposes of the Project

Monitoring Officer

Article 15 of Flintshire County Council's Constitution designates the Head of Legal and Democratic Services as the Council's Monitoring Officer under Section 5 of the Local Government & Housing Act 1989 and therefore is the Partnership's Monitoring Officer.

Finance

Flintshire County Council's Head of Finance as lead council is the Partnership's Responsible Finance Officer and takes responsibility for the proper administration of the North Wales Residual Waste Partnership's financial affairs under Section 151 of the Local Government Act 1972 and in accordance with the CIPFA Statement on the role of the Chief Financial Officer.

Flintshire County Council as lead council holds all central funds, and the Partnership applies the lead council's Contract Procedure Rules and Financial Procedure Rules. Flintshire County Council treats the Partnership's funds with the same stewardship to that of its own funds and there are robust arrangements for effective financial management and control through the Council's accounting procedures, key financial systems, Financial Procedure Rules and Contract Procedure Rules as set out in Flintshire County Council's Constitution. Both the Financial Procedure Rules and Contract Procedure Rules are regularly reviewed and are available on Flintshire County Council's intranet called the infonet.

Section 9 of the Inter-Authority Agreement sets out the financial commitments each Council has agreed to make to the Project, together with arrangements for agreeing and reimbursing Project costs incurred by each Partner Council. The Joint Committee has overall responsibility for monitoring the budget, which it does by receiving regular budget status reports as part of the overall project update as a regular agenda item. The Project Board also receives a budget status report as part of the overall project update as a regular agenda item. There is a section within the Inter-Authority Agreement that sets out procedures for any expenditure not within the agreed expenditure profile; the Project Board must agree any such expenditure in advance.

Flintshire County Council as lead council has adopted the Chartered Institute of Public Finance (CIPFA) Treasury Management in the Public Services: Code of Practice. Treasury Management is conducted in accordance with Flintshire County Council's Treasury Management Policy and Strategy Statement and Treasury Management Practices which are both reviewed annually. All borrowing and long term financing is made in accordance with CIPFA's Prudential Code. Treasury Management update reports are made to Flintshire County Council's Audit Committee and Cabinet on a quarterly basis.

Business Planning

The Partnership has established a robust approach to business planning. The project is not a continuous project, but rather a specific one off process with a set outcome – the procurement of a residual waste treatment contract. The justification for the project, its outline description and indicative costs, project timetable, project governance and management arrangements and the project budget was set out in a Project Initiation Document (PID – final version dated 1 October 2008) and was agreed by all partner authorities. This allowed a dedicated project team to be employed, which allowed an Outline Business Case and Inter-Authority Agreement to be developed, and ultimately agreed by all partner authorities.

ANNUAL GOVERNANCE STATEMENT

continued

The Outline Business Case (OBC) set out the strategic, economic, commercial, financial and management case for the Project, all prepared in accordance with good industry practice. It also served as a bid document to the Welsh Government (WG) for financial support for the project. The OBC was approved by WG, which led to WG committing to supporting the cost of the contract up to a value of £142.7m. There are also various stages where WG have carried out and will carry out “gateway reviews” to ensure that the project is progressing satisfactorily and that the project agreement (contract) represents value for money and does not pose unacceptable risk to the authorities,

All the partner authorities report the project’s progress to their Members that are not on the Joint Committee. WG carry out “gateway reviews” at various key stages in the project to ensure that the project is progressing satisfactorily and that the project agreement (contract) represents value for money and does not pose unacceptable risk to the authorities.

Risk Management

The Partnership has a detailed risk register that is a regular item on the Project Board and Joint Committee agendas. Any new risks, any changes to existing risks and the highest level risks are highlighted to both groups at all of their meetings.

Regulation and Assurance

Regulation and accountability provides assurance for the effectiveness of the Partnership’s arrangements for the services it is responsible for and the achievement of its objectives. It is undertaken both internally through governance arrangements, practices and procedures and externally by various organisations such as the Wales Audit Office (WAO) which has an independent statutory role. Responsibility for procuring necessary audit and assurance checks resides with the Joint Committee.

Internally, Flintshire County Council’s Audit Committee’s role and function, as lead council, provides assurance of the systems of internal control through reviewing the effectiveness of Flintshire’s systems through which the Partnership’s funds are controlled. It also monitors the performance and effectiveness of Flintshire’s internal audit function. The Joint Committee oversees the financial reporting process to ensure the balance, transparency and integrity of published financial information, and, monitors the performance and effectiveness of the external audit functions within the wider regulatory context.

External arrangements for regulation and assurance are provided principally the Wales Audit Office (WAO).

Their role is independent of government and they examine and challenge the performance and effectiveness of Welsh public bodies work and produce either periodic or annual local and national reports on their findings. All formal reports are presented to the Joint Committee.

The whole project is closely supported, monitored and reviewed by WG to ensure the project is delivering part of their waste strategy as it set out to do.

Whistle blowing

Each Council is committed to the highest possible standards of openness, probity and accountability. To support that commitment employees and others with serious concerns about any aspect of the Partnership’s work are encouraged to come forward and voice those concerns. It is recognised that sensitive cases have to proceed on a confidential basis. Each individual Council’s policy makes it clear that employees can do so without fear of reprisal. Policies are available from each Partner Council.

ANNUAL GOVERNANCE STATEMENT

continued

Complaints

Each Council has adopted a formal complaints procedure and these are periodically updated.

Partnerships

The whole project is based on a partnership with a common aim of securing a residual waste treatment contract. This partnership is backed by the legally binding legal agreement (Inter-Authority Agreement), and is supported financially and in terms of policy terms by the Welsh Government.

4. REVIEW OF EFFECTIVENESS

The North Wales Residual Waste Partnership has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the work of the Senior Managers within the Partner Councils who have responsibility for the development and maintenance of the governance environment, and by comments made by the external auditors and other review agencies and inspectorates.

Member Training

The partnership carried out a number briefing sessions and consultation sessions with Members of all five partner authorities at key stages in the procurement process. The intention is to continue, and indeed increase this direct engagement with Members across the partnership area leading up to key decisions such as appointment of preferred bidder and contract award.

Flintshire County Council's Internal Audit

Flintshire County Council's Internal Audit service is provided in accordance with CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom. It will objectively examine, evaluate and report on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

In accordance with the requirements of the CIPFA Code of Practice the Internal Audit Manager reports to Flintshire County Council's Audit Committee, as the lead Council, a summary of audit findings and prepares an annual report that summarises the results of internal audit work during the year on the overall system of internal control at Flintshire County Council, through which the Partnership's funds are controlled.

The Wales Audit Office undertake an annual review of the Council's Internal Audit service against the CIPFA Code of Practice for Internal Audit in Local Government. They were content to rely on the work produced by Internal Audit.

In his annual report, based on the results of internal audits undertaken during the year, the Internal Audit Manager has concluded that Flintshire's arrangements for governance, risk management and internal control are adequate and effective.

ANNUAL GOVERNANCE STATEMENT

continued

5. SIGNIFICANT GOVERNANCE ISSUES

The governance of the project is very clearly set out in the PID and the Inter Authority Agreement which defines key decisions throughout the project and at which level those decisions are required. This has given clarity and certainty to the governance arrangements which protect all the partner authorities, with the exception of the items listed below.

Statutory Financial Reporting

The North Wales Residual Waste Partnership recognises the importance of statutory financial reporting and the requirement to produce accurate and timely financial statements. Flintshire County Council's Head of Finance as lead council will prepare the Partnership's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain in accordance with statutory deadlines.

Internal Audit

The North Wales Residual Waste Partnership recognises the need for an assurance function, internal audit, which provides an independent and objective opinion to the Partnership on the control environment, by evaluating its effectiveness in achieving the Partnership's objectives. Arrangements have been made for Flintshire County Council's Internal Audit department, as lead council, to undertake a broad review of the Partnership in the 2012/13 audit plan with a view to planning more detailed reviews in specific areas as necessary from 2013/14 onwards.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed.....Chair of the North Wales Residual Waste Partnership
Joint Committee

Signed.....Lead Project Officer

NORTH WALES RESIDUAL WASTE PARTNERSHIP

NORTH WALES RESIDUAL WASTE TREATMENT PROJECT

STATEMENT OF ACCOUNTS

2011-12

CONTENTS

	Page
North Wales Residual Waste Treatment Project	
Explanatory Foreword	1
Statement of Responsibilities for the Statement of Accounts	2-3
Financial Statements -	
Movement in Reserves Statement	4
Comprehensive Income and Expenditure Statement	5
Balance Sheet	6
Cash Flow Statement	7
Notes to the Accounts (Including Statement of Accounting Policies)	8-11
Independent Auditor's Report to the Joint Committee	12-13
Annual Governance Statement	14-20

EXPLANATORY FOREWORD

Introduction

The North Wales Residual Waste Treatment Project (NWRWTP) is a partnership of Flintshire County Council (Lead Authority), the Isle of Anglesey County Council, Conwy County Borough Council, Denbighshire County Council, and Gwynedd County Council created in order to seek a solution for residual waste on behalf of the five partner authorities, for a 25 year period.

The partnership is underpinned by a legally binding Inter-Authority Agreement (IAA) that all five partner authorities have signed. This commits the partner authorities to working together throughout the procurement process up until contract award. The North Wales Residual Waste Joint Committee manages the project on behalf of all five partner authorities, and has delegated authority to do so (including de-selection of bidders) up until the Preferred Bidder stage of the procurement process. The North Wales Residual Waste Joint Committee consists of two members from each partner authority, with one member from each partner authority having voting rights at Joint Committee meetings.

The decision to award Preferred Bidder will need to be agreed by all five partner authorities individually and therefore a full approval process will be required within each one (e.g. Scrutiny Committee, Cabinet/Executive and Full Council). The project is at present in dialogue with the two remaining bidders (Sita UK and Wheelabrator) with dialogue expected to be closed at the end of 2012. The Preferred Bidder approvals process within each partner authority is expected to be between April - June 2013 with a planning application to follow after that. The facility is currently expected to be operational in mid 2017.

The Financial Statements

The Statement of Accounts 2011/12 provide details of the NWRWTP's financial position for the year ended 31st March 2012, and reflects the wholly revenue nature of the activities undertaken. The information presented on pages 4 to 11 is in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2005.

The statements included are :-

- **the movement in reserves statement** – this statement shows the movement in the year on the different reserves held by the Joint Committee, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other reserves. Nil balances are recorded throughout the statement, linked with the equivalent nil values recorded within those statements referred to below.
- **the income and expenditure statement** – this statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices. All income and expenditure is shared equally between the five partner authorities.
- **balance sheet** - the Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Joint Committee. The net assets (assets less liabilities) of the Joint Committee are matched by the reserves held.
- **cash flow statement** - the Cash Flow Statement shows the changes in cash and cash equivalents of the Joint Committee during the reporting period. The statement shows how the Joint Committee generates and uses cash and cash equivalents.

**STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS –
NORTH WALES RESIDUAL WASTE TREATMENT PROJECT**

THE AUTHORITY'S RESPONSIBILITIES

The Authority is required to :-

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, this is the Head of Finance;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;

The Joint Committee's Responsibilities

- To approve the accounts.

Signature: _____

Date: _____

Lead Officer of North Wales Residual Waste Treatment Project

Address -

**STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS –
NORTH WALES RESIDUAL WASTE TREATMENT PROJECT**

continued

THE HEAD OF FINANCE'S RESPONSIBILITIES

The Head of Finance is responsible for the preparation of the statement of accounts in accordance with the proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code").

In preparing this statement of accounts, the Head of Finance has :-

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.

The Head of Finance has also :-

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Head of Finance as Treasurer of the Joint Committee

I certify that the statement of accounts give a true and fair view of the financial position of the Joint Committee at 31st March 2012 and its income and expenditure for the year then ended.

Signed: _____

Date: _____

**Kerry Feather CPFA
Head of Finance**

Treasurer of the Joint Committee

Address -

MOVEMENT IN RESERVES STATEMENT

for the year ended 31st March 2012

Movements 2011/12

	Capital Receipts Reserve £	Capital Grants Unapplied £	General Balance £	Earmarked Reserves £	Total Usable Reserves £	Unusable Reserves £	Total Reserves £
At 31st March 2011	0	0	0	0	0	0	0
Surplus/(deficit) on the provision of services	0	0	0	0	0	0	0
Other comprehensive income and expenditure	0	0	0	0	0	0	0
Total comprehensive income and expenditure	0	0	0	0	0	0	0
Adjustments between accounting and funding basis under regulations	0	0	0	0	0	0	0
Net increase/(decrease) before transfer to earmarked reserves	0	0	0	0	0	0	0
Transfers to/(from) earmarked reserves	0	0	0	0	0	0	0
Increase/(decrease) in year	0	0	0	0	0	0	0
At 31st March 2012	0	0	0	0	0	0	0

Movements 2010/11

	Capital Receipts Reserve £	Capital Grants Unapplied £	General Balance £	Earmarked Reserves £	Total Usable Reserves £	Unusable Reserves £	Total Reserves £
At 31st March 2010	0	0	0	0	0	0	0
Surplus/(deficit) on the provision of services	0	0	0	0	0	0	0
Other comprehensive income and expenditure	0	0	0	0	0	0	0
Total comprehensive income and expenditure	0	0	0	0	0	0	0
Adjustments between accounting and funding basis under regulations	0	0	0	0	0	0	0
Net increase/(decrease) before transfer to earmarked reserves	0	0	0	0	0	0	0
Transfers to/(from) earmarked reserves	0	0	0	0	0	0	0
Increase/(decrease) in year	0	0	0	0	0	0	0
At 31st March 2011	0	0	0	0	0	0	0

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
for the year ended 31st March 2012

	2012 £	2011 £
Expenditure		
Note 2		
(a) Employees	244,959	229,796
Transport	1,357	3,343
(b) Supplies & Services	613,235	761,488
(c) Support Services	138,373	134,202
	<hr/>	<hr/>
Gross Expenditure	<u>997,924</u>	<u>1,128,829</u>
Income		
(d) Grants and Contributions	<u>(997,924)</u>	<u>(1,128,829)</u>
Total Income	<u>(997,924)</u>	<u>(1,128,829)</u>
Net (Surplus)/Deficit	<u>0</u>	<u>0</u>

BALANCE SHEET
as at 31st March 2012

	Note	2012 £	2011 £
NON-CURRENT ASSETS		0	0
CURRENT ASSETS			
Short term debtors	3	864,784	779,374
CURRENT LIABILITIES			
Short term creditors	4	<u>864,784</u>	<u>779,374</u>
NET CURRENT ASSETS		0	0
		<u>0</u>	<u>0</u>
NET ASSETS		0	0
		<u>0</u>	<u>0</u>
TOTAL RESERVES		0	0
		<u>0</u>	<u>0</u>

CASH FLOW STATEMENT
for the year ended 31st March 2012

	2012	2011
	£	£
Net surplus or (deficit) on the provision of services	0	0
Net cash (outflow)/inflow from returns on investments and servicing of finance	0	0
Net cash outflow from capital expenditure	<u>0</u>	<u>0</u>
Net increase or decrease in cash and cash equivalents	0	0
Cash and cash equivalents at start of year	<u>0</u>	<u>0</u>
Cash and cash equivalents at end of year	<u>0</u>	<u>0</u>

Note: There are no individual entries in the summary cash flow statement as entries at the more detailed level sum to zero.

NOTES TO THE CORE FINANCIAL STATEMENTS

for the year ended 31st March 2012

1. STATEMENT OF ACCOUNTING POLICIES

The accounts have been prepared in accordance with the requirements of the 2011/12 Code of Practice on Local Authority Accounting in the United Kingdom (the Code) - based on International Financial Reporting Standards (IFRSs) - issued by CIPFA, supported by guidance notes on the application of accounting standards.

Debtors and Creditors

The revenue accounts of the Joint Committee are prepared on an accruals basis. Sums are included in the final accounts to cover income or expenditure attributable to the year of account for goods received or work done, but for which payment has not been received/made by 31st March 2012.

Government Grants and Contributions

Grant receipts in support of revenue expenditure are accounted for on an accruals basis.

Overheads

The costs of centrally provided support services and administrative buildings have been charged to services in line with the Service Reporting Code of Practice (SeRCOP), which replaced the previous Best Value Accounting Code of Practice with effect from 1st April 2011.

Value Added Tax

The Council receives reimbursement for the net cost of value added tax incurred. The accounts have been prepared exclusive of tax, in accordance with SSAP 5.

2. INCOME AND EXPENDITURE ACCOUNT

	2012	2011
	£	£
(a) Employees		
Contractor payments - Project Director *	161,490	142,000
Salaries	64,038	67,598
Social Security costs	5,010	5,124
Other Pension costs	14,409	15,074
Agency Staff	12	0
	<u>244,959</u>	<u>229,796</u>

* see note 5 on page 10.

NOTES TO THE CORE FINANCIAL STATEMENTS

continued

	2012	2011
	£	£
(b) Supplies and Services		
Advisor costs		
Technical and Communications	245,313	406,172
Legal	235,664	151,792
Financial	108,021	110,872
Insurance	1,121	1,984
Other	12,950	83,786
	<u>603,069</u>	<u>754,606</u>
Advertising/Publicity	<u>6,261</u>	<u>3,000</u>
Audit Fee	<u>3,905</u>	<u>3,882</u>
Total Supplies and Services	<u>613,235</u>	<u>761,488</u>
	2012	2011
	£	£
(c) Support Services -		
Finance, Technical, Legal & Procurement Support		
Lead Authority Personnel		
Finance	35,735	38,000
Legal	28,984	23,472
Procurement	0	405
	<u>64,719</u>	<u>61,877</u>
Isle of Anglesey County Council Personnel	37,000	30,432
	<u>101,719</u>	<u>92,309</u>
Office services		
IT/ Telephones	1,630	1,290
Software	4,020	0
Stationery/Printing	2,622	161
Translation	2,511	2,686
Status enquiries	0	127
Remote document managements system	0	11,511
Joint Working	0	4,000
	<u>10,783</u>	<u>19,775</u>
Accommodation	<u>25,871</u>	<u>22,118</u>
Total Support Services	<u>138,373</u>	<u>134,202</u>
	2012	2011
	£	£
(d) Income -		
Contribution from participating Local Authorities		
Conwy County Borough Council	(199,584)	(185,766)
Denbighshire County Council	(199,585)	(185,766)
Flintshire County Council	(199,585)	(185,766)
Gwynedd Council	(199,585)	(185,766)
Isle of Anglesey County Council	(199,585)	(185,765)
	<u>(997,924)</u>	<u>(928,829)</u>
Grants		
Welsh Government RCAF Grant	0	(200,000)
Total Income	<u>(997,924)</u>	<u>(1,128,829)</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

continued

3. DEBTORS

	2012 £	2011 £
Local authorities	783,223	755,346
Other entities and individuals	81,561	24,028
	<u>864,784</u>	<u>779,374</u>

4. CREDITORS

	2012 £	2011 £
Local authorities	804,330	691,719
Other entities and individuals	60,454	87,655
	<u>864,784</u>	<u>779,374</u>

5. OFFICERS' REMUNERATION

Regulation 7A of the Accounts and Audit (Wales) Amendment Regulations 2010 requires disclosure (in £5,000 bandings) of the number of employees whose remuneration – all sums paid to or receivable by the employee, expense allowances chargeable to tax, and the money value of benefits - exceeded £60,000.

One employee meets the disclosure requirement – the Project Director, a contracted employee :-

Remuneration Band	2012	2011
	No.	No.
£140,000 - £144,999	0	1
£145,000 - £149,999	0	0
£150,000 - £154,999	0	0
£155,000 - £159,999	0	0
£160,000 - £164,999	1	0
	<u>1</u>	<u>1</u>

6. EXTERNAL AUDIT COSTS

The 2011/12 audit fee charges in relation to the Statement of Accounts amounted to £3,905 (£3,882 2010/11). External audit services were provided by Wales Audit Office.

NOTES TO THE CORE FINANCIAL STATEMENTS

continued

7. RELATED PARTIES

The Joint Committee is required to disclose material transactions with related parties i.e. bodies or individuals that have the potential to control or influence the Committee or to be controlled or influenced by the Committee; there were no such transactions during 2011/12 (as was the position in 2010/11).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NORTH WALES RESIDUAL WASTE JOINT COMMITTEE

I have audited the accounting statements and related notes of the North Wales Residual Waste Joint Committee for the year ended 31st March 2012 under the Public Audit (Wales) Act 2004. The North Wales Residual Waste Joint Committee's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet and the Cash Flow Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the independent auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, set out on pages 2 to 3, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the North Wales Residual Waste Joint Committee's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NORTH WALES
RESIDUAL WASTE JOINT COMMITTEE**

continued

Opinion on the accounting statements of the North Wales Residual Waste Joint Committee

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the North Wales Residual Waste Joint Committee as at 31st March 2012 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

Opinion on other matters

In my opinion, the information contained in the Explanatory Foreword for the financial year for which the accounting statements and related notes are prepared is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the Governance Statement on which I report to you if, in my opinion, it does not reflect compliance with 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE in June 2007, or if the statement is misleading or inconsistent with other information I am aware of from my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the North Wales Residual Waste Joint Committee in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit Practice issued by the Auditor General for Wales.

Signature: _____ **Date:** _____

Anthony Barrett
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

ANNUAL GOVERNANCE STATEMENT

for the year ended 31st March 2012

This statement has the following five sections:-

1. Scope of Responsibilities.
2. The Purpose of the Governance Framework.
3. The Governance Framework.
4. Review of Effectiveness
5. Significant Governance Issues.

1. SCOPE OF RESPONSIBILITY

The North Wales Residual Waste Partnership is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used appropriately and effectively.

In discharging this overall responsibility, the North Wales Residual Waste Partnership should maintain proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and the management of risk.

Each Partner Authority has approved and adopted a Code of Corporate Governance which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / the Society of Local Authority Chief Executives and Senior Managers (SOLACE) Delivering Good Governance in Local Government : A Framework.

Flintshire County Council is the Partnership's lead council and its Code of Corporate Governance is included in Flintshire County Council's Constitution and a copy is also available from Flintshire's Democracy & Governance Manager in Legal and Democratic Services.

This Statement explains how the North Wales Residual Waste Partnership has complied with the Code and also meets the requirements of the Accounts and Audit (Wales) (Amendment) Regulations 2010.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework brings together the systems and processes, staff, other resources, culture and values by which the Partnership is managed and controlled and the activities through which it accounts to, engages with and leads the community. The framework enables the Partnership to monitor achievement against its strategic objectives and to be assured whether public services are well-designed, provided and resourced in pursuit of those objectives.

The system of internal control is a significant part of that framework and is designed to manage risks and challenges to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore provide proportionate and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Partnership's policies, priorities, aims and objectives, to evaluate the likelihood of those risks and challenges occurring and to evaluate the impact if they do; to manage risks efficiently, effectively and economically.

ANNUAL GOVERNANCE STATEMENT

continued

The governance framework has been in place at the North Wales Residual Waste Partnership for the year ended 31st March 2012 and up to the date of approval of the annual statement of accounts.

3. THE GOVERNANCE FRAMEWORK

Code of Corporate Governance

The key elements of each Partner's governance arrangements are reflected in their individual Codes of Corporate Governance. Codes apply to all aspects of each Authority's business. Members and employees are required to conduct themselves in accordance with the high standards expected by the citizens of North Wales and the six core principles set out within the revised CIPFA / SOLACE Framework:-

- Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
- Members and officers working together to achieve a common purpose with clearly defined functions and roles
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- Developing the capacity and capability of members and officers to be effective
- Engaging with local people and other stakeholders to ensure robust public accountability

Inter Authority Agreement

The key elements of the Partnership's governance arrangements are reflected in the Inter-Authority Agreement. The Inter-Authority Agreement is a legally binding document signed by all Partners on 24th June 2010, which outlines the Joint Committee's terms of reference, formalises the respective roles and responsibilities in relation to the joint working arrangements for the procurement of the Project for the Partners, and appoints Flintshire County Council as the lead council.

Copies of the Inter-Authority Agreement are available by contacting Flintshire County Council's Head of Finance.

Partnership Structure

Section 6 of the Inter-Authority Agreement sets out the procedures for making decisions during the procurement phase of the Project. The Councils have approved 3 categories together with the means by which decisions will be taken; 'Project Board Matter', 'Joint Committee Matter' and a 'Matter Reserves to the Councils'. A list of procurement stages called 'Procurement Milestones' along with the decision making category allocated to each milestone is included in Schedule 1 of the Inter-Authority Agreement.

Project Board

The Project Board consists of the Chief Executive of the lead council, one director or senior office representative from each of the other four Councils, the Project Director, the Project Section 151 Officer (of the lead council), the Monitoring Officer (of the lead council) and other external parties as appropriate. The quorum necessary for Project Board Meeting is a Senior Officer Representative from each Council. The Chair of the Project Board is appointed by the Project Board from time to time. The Project Board strives to reach a consensus but decisions at meetings are taken by a simple majority vote with each Council having one vote only.

ANNUAL GOVERNANCE STATEMENT

continued

The purpose of the Project Board is to implement the Procurement Milestones and the day-to-day management and monitoring of the procurement process. The Project Board has the powers to make decisions and make recommendations as set out in Schedule 3 of the Inter-Authority Agreement.

Joint Committee

Each Council appoints two elected members of their executive or cabinet, one of whom is a voting member, as their representatives to the Joint Committee. The Chair and Vice Chair of the Joint Committee are elected executive members of a Council who are elected by the Joint Committee at the annual general meeting. Appointments take effect until the next annual general meeting. The quorum necessary for a Joint Committee Meeting is five members of the Joint Committee comprising at least one member from each of the Councils. Decisions at meeting of the Joint Committee are taken by simple majority vote with each elected voting member or appropriate deputy from each Council having one vote.

The Joint Committee has the powers to make decisions and recommendations within its terms of reference as set out in Schedule 2 of the Inter-Authority Agreement.

Matters Reserved to the Councils

Each Partner Authority has its own Constitution which sets out responsibility for making decisions which can be found on each Council's website.

Members

On taking office all elected Members are required to sign a Declaration of Acceptance of Office whereby they undertake to be guided by the National Code of Local Government Conduct in the performance of their functions as a Councillor. Each Partner Authority has an individual Members' Code that complies with the National Code and all Members are given a copy of it when taking up office. Any complaints that a Member has not complied with the Code are considered by the Public Services Ombudsman for Wales who may refer any apparent breaches to either the relevant Council's Standards Committee or to the Adjudication Panel for Wales which may apply sanctions if a breach of the Code is found.

Officers

Officers are subject to a separate Code of Conduct, each Partner Authority has an individual Officers' Code of Conduct. Breach of the Officers' Code can lead to disciplinary action.

Copies of both the Members and Officers Codes of Conduct are available from each Partner Authority.

Lead Council

The Councils have agreed that Flintshire County Council shall be the lead council. Responsibilities include:

- Acting on behalf of the Project in the management and supervision of the procurement exercise
- Act as the employing authority for any staff engaged in the discharge of the Project's functions
- Being the legal point of contact for the purposes of managing the procurement
- Providing such additional administrative resources and office facilities that may be necessary for the purpose of discharging the Project and hold all central funds
- Provide senior officers who will act as Secretary, Monitoring Officer, and Treasurer (who will also be the Section 151 Officer) for the Project and who will therefore act as the primary legal and financial advisers to the Project

ANNUAL GOVERNANCE STATEMENT

continued

- Responsibility for liaison and communication with Welsh Government and co-ordination of communication and public relations
- Power to enter into contracts for Consultants as required for the purposes of the Project

Monitoring Officer

Article 15 of Flintshire County Council's Constitution designates the Head of Legal and Democratic Services as the Council's Monitoring Officer under Section 5 of the Local Government & Housing Act 1989 and therefore is the Partnership's Monitoring Officer.

Finance

Flintshire County Council's Head of Finance as lead council is the Partnership's Responsible Finance Officer and takes responsibility for the proper administration of the North Wales Residual Waste Partnership's financial affairs under Section 151 of the Local Government Act 1972 and in accordance with the CIPFA Statement on the role of the Chief Financial Officer.

Flintshire County Council as lead council holds all central funds, and the Partnership applies the lead council's Contract Procedure Rules and Financial Procedure Rules. Flintshire County Council treats the Partnership's funds with the same stewardship to that of its own funds and there are robust arrangements for effective financial management and control through the Council's accounting procedures, key financial systems, Financial Procedure Rules and Contract Procedure Rules as set out in Flintshire County Council's Constitution. Both the Financial Procedure Rules and Contract Procedure Rules are regularly reviewed and are available on Flintshire County Council's intranet called the infonet.

Section 9 of the Inter-Authority Agreement sets out the financial commitments each Council has agreed to make to the Project, together with arrangements for agreeing and reimbursing Project costs incurred by each Partner Council. The Joint Committee has overall responsibility for monitoring the budget, which it does by receiving regular budget status reports as part of the overall project update as a regular agenda item. The Project Board also receives a budget status report as part of the overall project update as a regular agenda item. There is a section within the Inter-Authority Agreement that sets out procedures for any expenditure not within the agreed expenditure profile; the Project Board must agree any such expenditure in advance.

Flintshire County Council as lead council has adopted the Chartered Institute of Public Finance (CIPFA) Treasury Management in the Public Services: Code of Practice. Treasury Management is conducted in accordance with Flintshire County Council's Treasury Management Policy and Strategy Statement and Treasury Management Practices which are both reviewed annually. All borrowing and long term financing is made in accordance with CIPFA's Prudential Code. Treasury Management update reports are made to Flintshire County Council's Audit Committee and Cabinet on a quarterly basis.

Business Planning

The Partnership has established a robust approach to business planning. The project is not a continuous project, but rather a specific one off process with a set outcome – the procurement of a residual waste treatment contract. The justification for the project, its outline description and indicative costs, project timetable, project governance and management arrangements and the project budget was set out in a Project Initiation Document (PID – final version dated 1 October 2008) and was agreed by all partner authorities. This allowed a dedicated project team to be employed, which allowed an Outline Business Case and Inter-Authority Agreement to be developed, and ultimately agreed by all partner authorities.

ANNUAL GOVERNANCE STATEMENT

continued

The Outline Business Case (OBC) set out the strategic, economic, commercial, financial and management case for the Project, all prepared in accordance with good industry practice. It also served as a bid document to the Welsh Government (WG) for financial support for the project. The OBC was approved by WG, which led to WG committing to supporting the cost of the contract up to a value of £142.7m. There are also various stages where WG have carried out and will carry out “gateway reviews” to ensure that the project is progressing satisfactorily and that the project agreement (contract) represents value for money and does not pose unacceptable risk to the authorities,

All the partner authorities report the project’s progress to their Members that are not on the Joint Committee. WG carry out “gateway reviews” at various key stages in the project to ensure that the project is progressing satisfactorily and that the project agreement (contract) represents value for money and does not pose unacceptable risk to the authorities.

Risk Management

The Partnership has a detailed risk register that is a regular item on the Project Board and Joint Committee agendas. Any new risks, any changes to existing risks and the highest level risks are highlighted to both groups at all of their meetings.

Regulation and Assurance

Regulation and accountability provides assurance for the effectiveness of the Partnership’s arrangements for the services it is responsible for and the achievement of its objectives. It is undertaken both internally through governance arrangements, practices and procedures and externally by various organisations such as the Wales Audit Office (WAO) which has an independent statutory role. Responsibility for procuring necessary audit and assurance checks resides with the Joint Committee.

Internally, Flintshire County Council’s Audit Committee’s role and function, as lead council, provides assurance of the systems of internal control through reviewing the effectiveness of Flintshire’s systems through which the Partnership’s funds are controlled. It also monitors the performance and effectiveness of Flintshire’s internal audit function. The Joint Committee oversees the financial reporting process to ensure the balance, transparency and integrity of published financial information, and, monitors the performance and effectiveness of the external audit functions within the wider regulatory context.

External arrangements for regulation and assurance are provided principally the Wales Audit Office (WAO).

Their role is independent of government and they examine and challenge the performance and effectiveness of Welsh public bodies work and produce either periodic or annual local and national reports on their findings. All formal reports are presented to the Joint Committee.

The whole project is closely supported, monitored and reviewed by WG to ensure the project is delivering part of their waste strategy as it set out to do.

Whistle blowing

Each Council is committed to the highest possible standards of openness, probity and accountability. To support that commitment employees and others with serious concerns about any aspect of the Partnership’s work are encouraged to come forward and voice those concerns. It is recognised that sensitive cases have to proceed on a confidential basis. Each individual Council’s policy makes it clear that employees can do so without fear of reprisal. Policies are available from each Partner Council.

ANNUAL GOVERNANCE STATEMENT

continued

Complaints

Each Council has adopted a formal complaints procedure and these are periodically updated.

Partnerships

The whole project is based on a partnership with a common aim of securing a residual waste treatment contract. This partnership is backed by the legally binding legal agreement (Inter-Authority Agreement), and is supported financially and in terms of policy terms by the Welsh Government,

4. REVIEW OF EFFECTIVENESS

The North Wales Residual Waste Partnership has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the work of the Senior Managers within the Partner Councils who have responsibility for the development and maintenance of the governance environment, and by comments made by the external auditors and other review agencies and inspectorates.

Member Training

During the latter part of the year a programme of induction was prepared ready for new Members of the Joint Committee following the County Council elections on 3rd May 2012. An induction / briefing was held for Joint Committee Members in August prior to the first Joint Committee since the May 2012 County Council elections to ensure any new Joint Committee Members were fully informed on the project.

The partnership has also carried out a number of briefing sessions and consultation sessions with Members of all five partner authorities at key stages in the procurement process. The intention is to continue, and indeed increase this direct engagement with Members across the partnership area leading up to key decisions such as appointment of preferred bidder and contract award.

Flintshire County Council's Internal Audit

Flintshire County Council's Internal Audit service is provided in accordance with CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom. It will objectively examine, evaluate and report on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

In accordance with the requirements of the CIPFA Code of Practice the Internal Audit Manager reports to Flintshire County Council's Audit Committee, as the lead Council, a summary of audit findings and prepares an annual report that summarises the results of internal audit work during the year on the overall system of internal control at Flintshire County Council, through which the Partnership's funds are controlled.

The department undertook a self-assessment against the CIPFA guidelines for Internal Audit in Local Government and found a high level of compliance.

The Wales Audit Office undertake an annual review of the Council's Internal Audit service against the CIPFA Code of Practice for Internal Audit in Local Government. In its latest review they concluded that Internal Audit fully comply with eight of the eleven standards and partially comply with two. The area of non-compliance was in employee levels and did not reflect on the standard of work produced. They were content to rely on the work produced by Internal Audit.

ANNUAL GOVERNANCE STATEMENT

continued

In his annual report, based on the results of internal audits undertaken during the year, the Internal Audit Manager has concluded that Flintshire's arrangements for governance, risk management and internal control are adequate and effective.

The Internal Audit Manager reviewed the role of the Flintshire Head of Finance and concluded that it meets the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government with a few minor exceptions that have no impact which will be addressed in 2012/13.

Flintshire County Council's Audit Committee

The committee completed a self-assessment against CIPFA Toolkit for Local Authority Audit Committees. The results showed that in the main the Committee meets the guidelines. Some areas were highlighted where existing arrangements can be strengthened. Training for the new Audit Committee after the Council elections took place in June 2012. Further training is planned for early 2013.

5. SIGNIFICANT GOVERNANCE ISSUES

The governance of the project is very clearly set out in the PID and the Inter Authority Agreement which defines key decisions throughout the project and at which level those decisions are required. This has given clarity and certainty to the governance arrangements which protect all the partner authorities, with the exception of the items listed below.

Statutory Financial Reporting

The North Wales Residual Waste Partnership recognises the importance of statutory financial reporting and the requirement to produce accurate and timely financial statements. Flintshire County Council's Head of Finance as lead council will prepare the Partnership's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain in accordance with statutory deadlines.

Internal Audit

The North Wales Residual Waste Partnership recognises the need for an assurance function, internal audit, which provides an independent and objective opinion to the Partnership on the control environment, by evaluating its effectiveness in achieving the Partnership's objectives. Arrangements have been made for Flintshire County Council's Internal Audit department, as lead council, to undertake a broad review of the Partnership in the 2012/13 audit plan with a view to planning more detailed reviews in specific areas as necessary from 2013/14 onwards.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed.....Chair of the North Wales Residual Waste Partnership
Joint Committee

Signed.....Lead Project Officer

Minor joint committees in Wales

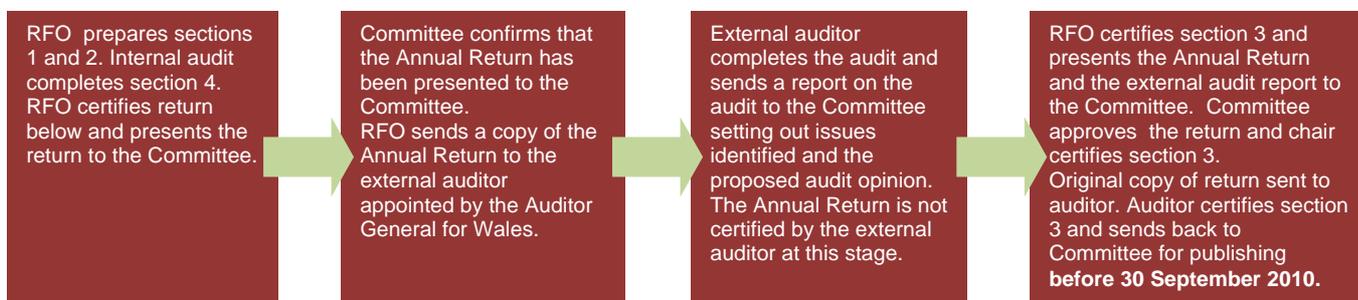
Annual Return for the year ended

31 March 2010

Minor joint committees in Wales with income and expenditure below £1 million per annum may complete an annual return summarising their annual activities at the completion of each financial year. Please complete all sections highlighted in green. Incomplete or incorrect returns may require additional external audit work and incur additional costs.

Further guidance is included in section 5 and in the One Voice Wales/SLCC Guidance publication Governance and Accountability for Local Committees in Wales – A Practitioners’ Guide 2011 (the Practitioners’ Guide). Section 2 includes references to where the Guide has further information.

The accounts and audit arrangements follow the process as set out below. **The Responsible Financial Officer (RFO) MUST sign the certificate on this page before sending to the auditor.** Committees are requested to complete the confirmation below before submitting a copy of the Annual Return to the auditor. The RFO will certify and the Committee will approve the Annual Return and sign section 3 at the conclusion of the audit following receipt of the external auditor’s report.



Responsible Financial Officer Certificate

Certificate under Regulation 8B (1) and 8B(2) Accounts and Audit (Wales) Regulations 2005 (as amended)

I certify that the accounting statements contained in section 1 of this Annual Return presents fairly the financial position of the Committee, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2010.

Certification prior to audit:

Signature: _____

Date: _____

Committee confirmation prior to audit

The Annual Return for North Wales Residual Waste Partnership for the year ended 31 March 2010 was presented to the Committee on:

Section 1: Following certification by the Responsible Financial Officer, the accounting statements in section 1 were presented to the Committee.

Section 2: the Annual Governance Statement has been presented to the Committee. To the best of our knowledge and belief and subject to your audit findings, the responses to each statement of assurance in Section 2 are accurate, complete and represent the Committee’s final responses.

Signed by Chair: _____

Name: _____

Date: _____

Please send a copy of the Annual Return, together with any additional information requested, to your appointed external auditor. Unless requested, please **do not** send any original financial records to the external auditor.

Audited and certified returns are sent back to the committee for publication or display of sections 1, 2 and 3.

Section 1 – Accounting statements for

North Wales Residual Waste Partnership

	Year ending		Notes and guidance for compilers
	31 March 2009 £	31 March 2010 £	
			Please round all figures to nearest £. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to the Committee's underlying financial records for the relevant year.
1. Balances brought forward	0	0	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to Line 7 of the previous year.
2. (+) Income from levy/principal body	0	86,431	Total amount of levy received or receivable in the year including funding from a sponsoring principal body
3. (+) Total other receipts	79,316	345,000	Total income or receipts recorded in the cashbook minus the income recorded in line 2. Include any grants received here.
4. (-) Staff costs	-77,124	-141,673	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the body's borrowing (if any).
6. (-) Total other payments	-2,192	-289,758	Total expenditure or payments as recorded in the cashbook minus staff costs (Line 4) and loan interest/capital repayments (Line 5).
7. (=) Balances carried forward	0	0	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).
8. (+) Debtors and stock balances	79,604	432,101	Income and expenditure accounts only: enter the value of debts owed to and stock balances held at the year-end.
9. (+) Total cash and investments	0	0	All accounts: The sum of all current and deposit bank accounts, cash holdings and short term investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.
10. (-) Creditors	-79,604	-432,101	Income and expenditure accounts only: enter the value of monies owed by the body (except borrowing) at the year-end.
11. (=) Balances carried forward	0	0	Total balances should equal Line 7 above: enter the total of (8+9–10).
12. Total fixed assets and long-term assets	0	0	The recorded current book value at 31 March of all fixed assets owned by the body and any other long-term assets – eg, loans to third parties, other investments to be held for the long term ie, more than 12 months.
13. Total borrowing	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

Section 2 – Annual governance statement

We acknowledge as the members of the Committee our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the Committee's accounting statements for the year ended 31 March 2010, that:

	Agreed – Yes or No*	'YES' means that the Committee:	PG Chap.
1. We have approved the accounting statements which have been prepared in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2005 (as amended) and proper practices.	YES	Prepared its accounting statements in the way prescribed by law.	6, 12
2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.	YES	Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	6, 7
3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the Committee to conduct its business or on its finances.	YES	Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.	6
4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2005 (as amended).	YES	Has given all persons interested the opportunity to inspect and ask questions about the Committee's accounts.	6, 23
5. We have carried out an assessment of the risks facing the Committee and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	YES	Considered the financial and other risks it faces in the operation of the Committee and has dealt with them properly.	6, 9
6. We have maintained an adequate and effective system of internal audit of the Committee's accounting records and control systems throughout the year and have received a report from the internal auditor.	YES	Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the Committee.	6, 8
7. We have taken appropriate action on all matters raised in previous reports from internal and external audit.	N/A	Has responded to matters brought to its attention by internal and external audit.	6, 8, 23
8. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Committee and, where appropriate, have included them on the accounting statements.	YES	Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	6

* Please provide explanations to the external auditor on a separate sheet for each 'no' response given; and describe what action is being taken to address the weaknesses identified.

Section 3 – Certification and approval

Committee approval and certification

The Committee is responsible for the preparation of the accounting statements in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2005 (as amended) and for the preparation of an annual return which:

- summarises the Committee’s accounting records for the year ended 31 March 2010; and
- confirms and provides assurance on those matters that are important to the external auditor’s responsibilities.

Certification by the Responsible Financial Officer	Certificate under Regulation 8 Accounts and Audit (Wales) Regulations 2005 (Regulation 8B (1), 8B (2) and 8B(3)) I certify that the accounting statements contained in this annual return presents fairly the financial position of the Committee, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2010.	RFO certification following the audit: Signature: _____ Name: Kerry Feather Date: _____
Approval by the Committee	Approval of accounting statements under Regulation 9 (3) Accounts and Audit (Wales) Regulations 2005 (as amended) and the Annual Governance Statement I confirm that these accounting statements and annual governance statement were approved by the Committee under minute reference:	Committee approval following the audit: Signature: _____ Name: _____ Date: _____

External Audit Certificate

The external auditor conducts the audit in accordance with guidance issued by the Auditor General for Wales. On the basis of their review of the annual return and supporting information, they report whether any matters that come to their attention give cause for concern that relevant legislation and regulatory requirements have not been met.

We certify that we have completed the audit of the annual return for the year ended 31 March 2010 of:

North Wales Residual Waste Partnership

External auditor’s report

[Except for the matters reported below]* On the basis of our review, in our opinion, the information contained in the annual return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

[These matters along with other matters not affecting our opinion which we draw to the attention of the Committee/meeting are included in our report to the Committee dated _____] * (* delete as appropriate).

External auditor’s signature:

External auditor’s name: | Date:

Section 4 – Annual internal audit report to

North Wales Residual Waste Partnership

The Committee's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2010.

The internal audit has been carried out in accordance with the Committee's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Committee.

	Agreed? Yes/No*/Not covered**
A Appropriate books of account have been properly kept throughout the year.	YES
B The Committee's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	YES
C The Committee assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	NOT COVERED
D The annual precept requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	N/A
E Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	N/A
F Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	N/A
G Salaries to employees and allowances to members were paid in accordance with Committee approvals, and PAYE and NI requirements were properly applied.	YES
H Asset and investment registers were complete and accurate, and properly maintained.	N/A
I Periodic and year-end bank account reconciliations were properly carried out.	YES
J Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	YES
K Trust funds (including charitable trusts) The Committee has met its responsibilities as a trustee.	N/A

For any risk areas identified by the Committee (list any other risk areas below or on separate sheets if needed) adequate controls existed:

See note attached.

Name of person who carried out the internal audit:

David Webster

Signature of person who carried out the internal audit:

Date:

* If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

** If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

Section 5 – Guidance notes on completing the 2011 annual return

1. For guidance please read the *Practitioners' Guide* (Governance and Accountability for Local Committees: A Practitioners' Guide 2011 (Wales) - available from One Voice Wales and SLCC. It contains everything you need for the financial year-end and the statutory audit.
2. Please make sure that sections 1, 2 and 4 are completed (i.e, no empty green boxes) by the appropriate person and the certificates on page 1 are properly signed and dated. Avoid making any amendments to the completed return. If this is unavoidable, cross out the incorrect entries, make sure the amendments are properly initialled and an explanation for them is provided to the auditor. **Please do not use correction fluid.** Annual returns that are incomplete or contain unapproved and/or unexplained amendments or correction fluid will be returned unaudited.
3. Use the checklist provided below. Use a second pair of eyes, perhaps your internal auditor or the Chair, to review your annual return for completeness before sending a copy to the auditor.
4. Make sure that the copy of the bank reconciliation you send to your auditor with the copy annual return covers **all** your bank accounts and cash balances. If there are no reconciling items, please state this and provide evidence of the bank balances. If your Committee holds any investments, please note their value on the bank reconciliation. The auditor should also be able to agree your bank reconciliation to Line 9 in Section 1. More help on bank reconciliation is available in the *Practitioners' Guide**.
5. Please **explain fully** any significant variances in the accounting statements. The auditor wants to know that **you** understand the reasons for the change. Please include a relevant and quantified analysis as shown in the Practitioners' Guide examples and not just a copy of your detailed accounts.
6. Please do not send the auditor any information that you are not specifically asked for. Doing so is not helpful. Please ensure that you enclose all the information that the auditor has asked for. If the auditor has to review unsolicited information, repeat a request for information, receives an incomplete bank reconciliation or explanation of variances this may incur additional costs for which the auditor is entitled to charge additional fees.
7. Please make sure that Section 1 adds up! Also please ensure that the balance carried forward from the previous year (Line 7 of 2010) equals the balance brought forward in the current year (Line 1 of 2011).
8. **Do not complete the External Audit Certificate in Section 3.** The external auditor completes this after the Committee approves the annual return after receiving the external auditor's matters arising report.
9. **Please deal with all correspondence with the external auditor promptly.** This will help you to meet your statutory obligations and will minimise the cost of the audit to the Committee.

Completion checklist – 'No' answers mean that you may not have met requirements		Done?
Initial submission to the external auditor		
Accounts	Has the RFO certified the front page (Regulation 8B (1) and 8B (2)(a)) before submission to the external auditor?	YES/NO
	Do the papers to be sent to the external auditor include an explanation of significant variations from last year to this year?	YES/NO
	Does the bank reconciliation as at 31 March 2010 agree to Line 9?	YES/NO
All sections	Have all green boxes in sections 1 and 2 been completed and explanations provided where needed?	YES/NO
	Has all the information requested by the external auditor been sent with this annual return? Please refer to your notice of audit and any additional schedules provided by your external auditor.	YES/NO
Final submission to the external auditor after receipt of external auditor's report on matters arising		
Accounts	Has the RFO certified section 3 (Regulation 8B (2)(b)) before the Committee approves the annual return?	YES/NO
Audit report	Has the Committee received and considered the external audit report before approving the Annual Return?	YES/NO
Approval	Has the Chair signed and dated section 3 in time to allow the auditor to certify section 3 and return to the Committee no later than 30 September 2010?	YES/NO

Note on Section 4 - Internal Audit

During the time covered the NWRWP did not have its own separate books of account, bank accounts, payroll etc. They were all part of the Flintshire accounts.

As such they were subject to the Flintshire Finance Procedure Rules and the same level of control as the rest of the Flintshire financial systems.

During 2009/10 the Flintshire financial systems, risk management and payroll were audited by Internal Audit, however the NWRWP risk register was not covered.

The Annual Internal Audit report relies on the overall work completed at that time.

Minor joint committees in Wales

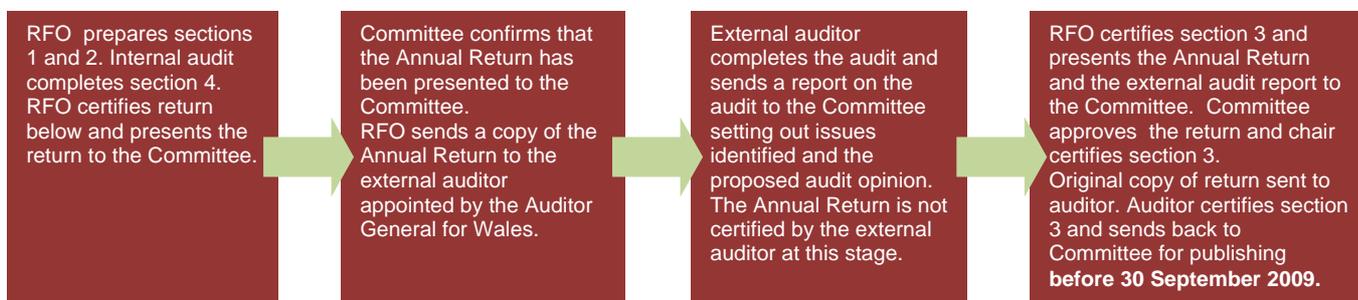
Annual Return for the year ended

31 March 2009

Minor joint committees in Wales with income and expenditure below £1 million per annum may complete an annual return summarising their annual activities at the completion of each financial year. Please complete all sections highlighted in green. Incomplete or incorrect returns may require additional external audit work and incur additional costs.

Further guidance is included in section 5 and in the One Voice Wales/SLCC Guidance publication Governance and Accountability for Local Committees in Wales – A Practitioners’ Guide 2011 (the Practitioners’ Guide). Section 2 includes references to where the Guide has further information.

The accounts and audit arrangements follow the process as set out below. **The Responsible Financial Officer (RFO) MUST sign the certificate on this page before sending to the auditor.** Committees are requested to complete the confirmation below before submitting a copy of the Annual Return to the auditor. The RFO will certify and the Committee will approve the Annual Return and sign section 3 at the conclusion of the audit following receipt of the external auditor’s report.



Responsible Financial Officer Certificate

Certificate under Regulation 8B (1) and 8B(2) Accounts and Audit (Wales) Regulations 2005 (as amended)

I certify that the accounting statements contained in section 1 of this Annual Return presents fairly the financial position of the Committee, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2009.

Certification prior to audit:

Signature: _____

Date: _____

Committee confirmation prior to audit

The Annual Return for North Wales Residual Waste Partnership for the year ended 31 March 2009 was presented to the Committee on:

Section 1: Following certification by the Responsible Financial Officer, the accounting statements in section 1 were presented to the Committee.

Section 2: the Annual Governance Statement has been presented to the Committee. To the best of our knowledge and belief and subject to your audit findings, the responses to each statement of assurance in Section 2 are accurate, complete and represent the Committee’s final responses.

Signed by Chair: _____

Name: _____

Date: _____

Please send a copy of the Annual Return, together with any additional information requested, to your appointed external auditor. Unless requested, please **do not** send any original financial records to the external auditor.

Audited and certified returns are sent back to the committee for publication or display of sections 1, 2 and 3.

Section 1 – Accounting statements for

North Wales Residual Waste Partnership

	Year ending		Notes and guidance for compilers
	31 March 2008 £	31 March 2009 £	Please round all figures to nearest £. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to the Committee's underlying financial records for the relevant year.
1. Balances brought forward	0	0	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to Line 7 of the previous year.
2. (+) Income from levy/principal body	0	0	Total amount of levy received or receivable in the year including funding from a sponsoring principal body
3. (+) Total other receipts	0	79,316	Total income or receipts recorded in the cashbook minus the income recorded in line 2. Include any grants received here.
4. (-) Staff costs	0	-77,124	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the body's borrowing (if any).
6. (-) Total other payments	0	-2,192	Total expenditure or payments as recorded in the cashbook minus staff costs (Line 4) and loan interest/capital repayments (Line 5).
7. (=) Balances carried forward	0	0	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).
8. (+) Debtors and stock balances	0	79,604	Income and expenditure accounts only: enter the value of debts owed to and stock balances held at the year-end.
9. (+) Total cash and investments	0	0	All accounts: The sum of all current and deposit bank accounts, cash holdings and short term investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.
10. (-) Creditors	0	-79,604	Income and expenditure accounts only: enter the value of monies owed by the body (except borrowing) at the year-end.
11. (=) Balances carried forward	0	0	Total balances should equal Line 7 above: enter the total of (8+9–10).
12. Total fixed assets and long-term assets	0	0	The recorded current book value at 31 March of all fixed assets owned by the body and any other long-term assets – eg, loans to third parties, other investments to be held for the long term ie, more than 12 months.
13. Total borrowing	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

Section 2 – Annual governance statement

We acknowledge as the members of the Committee our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the Committee's accounting statements for the year ended 31 March 2009, that:

	Agreed – Yes or No*	'YES' means that the Committee:	PG Chap.
1. We have approved the accounting statements which have been prepared in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2005 (as amended) and proper practices.	YES	Prepared its accounting statements in the way prescribed by law.	6, 12
2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.	YES	Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	6, 7
3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the Committee to conduct its business or on its finances.	YES	Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.	6
4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2005 (as amended).	YES	Has given all persons interested the opportunity to inspect and ask questions about the Committee's accounts.	6, 23
5. We have carried out an assessment of the risks facing the Committee and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	YES	Considered the financial and other risks it faces in the operation of the Committee and has dealt with them properly.	6, 9
6. We have maintained an adequate and effective system of internal audit of the Committee's accounting records and control systems throughout the year and have received a report from the internal auditor.	YES	Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the Committee.	6, 8
7. We have taken appropriate action on all matters raised in previous reports from internal and external audit.	N/A	Has responded to matters brought to its attention by internal and external audit.	6, 8, 23
8. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Committee and, where appropriate, have included them on the accounting statements.	YES	Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	6

* Please provide explanations to the external auditor on a separate sheet for each 'no' response given; and describe what action is being taken to address the weaknesses identified.

Section 3 – Certification and approval

Committee approval and certification

The Committee is responsible for the preparation of the accounting statements in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2005 (as amended) and for the preparation of an annual return which:

- summarises the Committee's accounting records for the year ended 31 March 2009; and
- confirms and provides assurance on those matters that are important to the external auditor's responsibilities.

Certification by the Responsible Financial Officer	Certificate under Regulation 8 Accounts and Audit (Wales) Regulations 2005 (Regulation 8B (1), 8B (2) and 8B(3)) I certify that the accounting statements contained in this annual return presents fairly the financial position of the Committee, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2009.	RFO certification following the audit: Signature: _____ Name: Kerry Feather Date: _____
Approval by the Committee	Approval of accounting statements under Regulation 9 (3) Accounts and Audit (Wales) Regulations 2005 (as amended) and the Annual Governance Statement I confirm that these accounting statements and annual governance statement were approved by the Committee under minute reference: <div style="background-color: #c8e6c9; height: 20px; width: 100%;"></div>	Committee approval following the audit: Signature: _____ Name: _____ Date: _____

External Audit Certificate

The external auditor conducts the audit in accordance with guidance issued by the Auditor General for Wales. On the basis of their review of the annual return and supporting information, they report whether any matters that come to their attention give cause for concern that relevant legislation and regulatory requirements have not been met.

We certify that we have completed the audit of the annual return for the year ended 31 March 2009 of:

North Wales Residual Waste Partnership

External auditor's report

[Except for the matters reported below]* On the basis of our review, in our opinion, the information contained in the annual return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

[These matters along with other matters not affecting our opinion which we draw to the attention of the Committee/meeting are included in our report to the Committee dated _____] * (* delete as appropriate).

External auditor's signature:	
External auditor's name:	<div style="width: 60%;"></div> <div style="width: 35%; border-left: 1px solid black; border-right: 1px solid black; padding-left: 5px;">Date:</div>

Section 4 – Annual internal audit report to

North Wales Residual Waste Partnership

The Committee's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2009.

The internal audit has been carried out in accordance with the Committee's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Committee.

	Agreed? Yes/No*/Not covered**
A Appropriate books of account have been properly kept throughout the year.	YES
B The Committee's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	YES
C The Committee assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	NOT COVERED
D The annual precept requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	N/A
E Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	N/A
F Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	N/A
G Salaries to employees and allowances to members were paid in accordance with Committee approvals, and PAYE and NI requirements were properly applied.	YES
H Asset and investment registers were complete and accurate, and properly maintained.	N/A
I Periodic and year-end bank account reconciliations were properly carried out.	YES
J Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	YES
K Trust funds (including charitable trusts) The Committee has met its responsibilities as a trustee.	N/A

For any risk areas identified by the Committee (list any other risk areas below or on separate sheets if needed) adequate controls existed:

See Note attached.

Name of person who carried out the internal audit:

David Webster

Signature of person who carried out the internal audit:

Date:

*** If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).**

**** If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.**

Section 5 – Guidance notes on completing the 2011 annual return

1. For guidance please read the *Practitioners' Guide* (Governance and Accountability for Local Committees: A Practitioners' Guide 2011 (Wales) - available from One Voice Wales and SLCC. It contains everything you need for the financial year-end and the statutory audit.
2. Please make sure that sections 1, 2 and 4 are completed (i.e, no empty green boxes) by the appropriate person and the certificates on page 1 are properly signed and dated. Avoid making any amendments to the completed return. If this is unavoidable, cross out the incorrect entries, make sure the amendments are properly initialled and an explanation for them is provided to the auditor. **Please do not use correction fluid.** Annual returns that are incomplete or contain unapproved and/or unexplained amendments or correction fluid will be returned unaudited.
3. Use the checklist provided below. Use a second pair of eyes, perhaps your internal auditor or the Chair, to review your annual return for completeness before sending a copy to the auditor.
4. Make sure that the copy of the bank reconciliation you send to your auditor with the copy annual return covers **all** your bank accounts and cash balances. If there are no reconciling items, please state this and provide evidence of the bank balances. If your Committee holds any investments, please note their value on the bank reconciliation. The auditor should also be able to agree your bank reconciliation to Line 9 in Section 1. More help on bank reconciliation is available in the *Practitioners' Guide**.
5. Please **explain fully** any significant variances in the accounting statements. The auditor wants to know that **you** understand the reasons for the change. Please include a relevant and quantified analysis as shown in the Practitioners' Guide examples and not just a copy of your detailed accounts.
6. Please do not send the auditor any information that you are not specifically asked for. Doing so is not helpful. Please ensure that you enclose all the information that the auditor has asked for. If the auditor has to review unsolicited information, repeat a request for information, receives an incomplete bank reconciliation or explanation of variances this may incur additional costs for which the auditor is entitled to charge additional fees.
7. Please make sure that Section 1 adds up! Also please ensure that the balance carried forward from the previous year (Line 7 of 2010) equals the balance brought forward in the current year (Line 1 of 2011).
8. **Do not complete the External Audit Certificate in Section 3.** The external auditor completes this after the Committee approves the annual return after receiving the external auditor's matters arising report.
9. **Please deal with all correspondence with the external auditor promptly.** This will help you to meet your statutory obligations and will minimise the cost of the audit to the Committee.

Completion checklist – 'No' answers mean that you may not have met requirements		Done?
Initial submission to the external auditor		
Accounts	Has the RFO certified the front page (Regulation 8B (1) and 8B (2)(a)) before submission to the external auditor?	YES/NO
	Do the papers to be sent to the external auditor include an explanation of significant variations from last year to this year?	YES/NO
	Does the bank reconciliation as at 31 March 2009 agree to Line 9?	YES/NO
All sections	Have all green boxes in sections 1 and 2 been completed and explanations provided where needed?	YES/NO
	Has all the information requested by the external auditor been sent with this annual return? Please refer to your notice of audit and any additional schedules provided by your external auditor.	YES/NO
Final submission to the external auditor after receipt of external auditor's report on matters arising		
Accounts	Has the RFO certified section 3 (Regulation 8B (2)(b)) before the Committee approves the annual return?	YES/NO
Audit report	Has the Committee received and considered the external audit report before approving the Annual Return?	YES/NO
Approval	Has the Chair signed and dated section 3 in time to allow the auditor to certify section 3 and return to the Committee no later than 30 September 2009?	YES/NO

Note on Section 4 - Internal Audit

During the time covered the NWRWP did not have its own separate books of account, bank accounts, payroll etc. They were all part of the Flintshire accounts.

As such they were subject to the Flintshire Finance Procedure Rules and the same level of control as the rest of the Flintshire financial systems.

During 2008/09 the Flintshire financial systems, risk management and payroll were audited by Internal Audit, however the NWRWP risk register was not covered.

The Annual Internal Audit report relies on the overall work completed at that time.



WALES **AUDIT** OFFICE
SWYDDFA **ARCHWILIO** CYMRU

Audit of Financial Statements Report

North Wales Residual Waste Joint Committee

Audit year: 2008-09, 2009-10, 2010-11 and 2011-12

Issued: February 2013

Document reference: 126A2013

Status of report

This document has been prepared for the internal use of North Wales Residual Waste Joint Committee as part of work performed in accordance with statutory functions, the Code of Audit Practice and the Statement of Responsibilities issued by the Auditor General for Wales.

No responsibility is taken by the Wales Audit Office (the Auditor General and his staff) and, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties.

In relation to this document, the Auditor General for Wales (and, where applicable, his appointed auditor) is a relevant third party. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@wao.gov.uk.

The person who delivered the work was John Herniman, Amanda Hughes and Ron Parker.

Contents

The Appointed Auditor intends to issue unqualified audit reports on your financial statements for the years 2008-09 to 2011-12. There are some issues to report to you prior to their approval.

Summary report

Introduction	4
Proposed audit report	4
Significant issues arising from the audit	4

Appendices

Final Letter of Representation	7
Summary of corrections made to draft financial statements which should be drawn to the attention of the North Wales Residual Waste Committee	10

Summary report

Introduction

1. The Appointed Auditor is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of the North Wales Residual Waste Joint Committee (the Joint Committee) at 31 March 2009, 2010, 2011 and 2012 respectively and its income and expenditure for the years then ended.
2. We received the draft financial statements for each of the four years ending 31 March 2009-2012 between June and November 2012 and have now substantially completed the audit work. We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with the responsible finance officer for the Joint Committee (Kerry Feather).
3. We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.

Proposed audit report

4. It is the Appointed Auditor's intention to issue unqualified audit reports on the four sets of financial statements once you have provided us with Letters of Representation based on that set out in [Appendix 1](#).

Significant issues arising from the audit

Uncorrected misstatements

5. There are no misstatements identified in the financial statements, which remain uncorrected.

Corrected misstatements

6. There are misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in [Appendix 2](#).

Other significant issues arising from the audit.

7. In the course of the audit we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. Below I set out the issues arising and the financial year to which they relate:

We have concerns about the qualitative aspects of your accounting practices and financial reporting

8. We have the following concerns about the qualitative aspects of your accounting practices and financial reporting:

The Joint Committee failed to comply with the requirements to produce its financial statements by the statutory deadlines in the four financial years 2008-09 to 2011-12

9. Section 12 of the Public Audit (Wales) Act 2004 states that 'a joint committee of two or more (local) authorities' is a local government body. Section 13 of the act requires local government bodies in Wales to maintain accounts that are subject to annual audit.
10. Local government bodies must prepare financial statements by 30 June following the year end, which must then be audited and approved by 30 September.
11. The Accounts and Audit (Wales) Regulations which are made under sections 39 and 58 of the Public Audit (Wales) Act 2004, set thresholds to determine the form of accounts that local councils must keep. These are based on the council's income and expenditure (whichever is the higher).
12. When the higher of income and expenditure is less than £1 million, the joint committee is classed as a minor joint committee and can prepare an annual return. This was the case for 2008-09 and 2009-10.
13. However, once the higher of income and expenditure exceeds £1 million, there is a requirement to prepare financial statements that are compliant with the Code of Practice on Local Government Accounting. This was the case for 2010-11 and 2011-12.
14. The Joint Committee failed to produce its annual returns for 2008-09 and 2009-10 and full financial statements for 2010-11 and 2011-12 in accordance with the statutory deadlines.
15. In addition, and as a result of this, the constituent authorities were not provided with the necessary information to ensure that they accounted for their respective shares of the Joint Committee correctly. However, this is unlikely to have been material to their accounts.

For 2010-11 and 2011-12 the financial statements did not contain all the relevant statements and disclosure requirements

16. Financial statements must contain a number of primary statements, detailed notes to the accounts and an annual governance statement.
17. In the statements presented to audit, there were some key omissions, most notably the cash flow statement, remuneration disclosures and the annual governance statement. These have now been provided to ensure that the financial statements are compliant with requirements.

In 2010-11 and 2011-12 transactions were accounted for in the wrong financial year which resulted in material corrections to the accounts

18. We identified a number of transactions around the year end which had been accounted for in the period in which they were paid as opposed to the period to which they related. As a result, there were material corrections to the financial statements in 2009-10 and 2010-11.

We encountered significant difficulties during the audit

19. The financial statements presented for audit were not readily supported by working papers and appropriate audit evidence. Furthermore, it was not clear which officers could supply the necessary information to us and obtaining it became protracted as we were passed from officer to officer.
20. It is essential for the future that the financial statements are supported by good quality working papers and we will be working with officers to develop an Audit Deliverables document to ensure that this is put in place. We would also recommend that a single officer takes responsibility for the financial reporting requirements of the Joint Committee.
21. From our discussions with officers we are confident that these issues will be addressed for 2012-13 onwards.

There are no other matters that we need to report to you

22. There are no other matters to report to you. In particular:
 - there were no significant matters discussed and corresponded upon with management that we need to report;
 - there are no other matters significant to the oversight of the financial reporting process that we need to report; and
 - we did not identify any material weaknesses in your internal controls that we have not reported to you already.

Appendix 1

Final Letter of Representation

(Audited body's letterhead)

Anthony Barrett
Appointed Auditor
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

20 February 2013

Representations regarding the financial statements for 2008-09, 2009-10, 2010-11 and 2011-12

This letter is provided in connection with your audit of the financial statements of the North Wales Residual Waste Joint Committee for the four years ended 31 March 2009, 2010, 2011 and 2012.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for the preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom; in particular the financial statements give a true and fair view in accordance therewith.

We acknowledge our responsibility for the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects the North Wales Residual Waste Joint Committee and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements; and
- the identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Representations by the Members of the North Wales Residual Waste Joint Committee

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the North Wales Residual Waste Joint Committee on 20 February 2013.

Signed by:

Kerry Feather
Responsible Financial Officer

Date: 20 February 2013

Signed by:

Chair of North Wales Residual Waste
Joint Committee

Date: 20 February 2013

Appendix 2

Summary of corrections made to the draft financial statements which should be drawn to the attention of the North Wales Residual Waste Joint Committee

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

In respect of the 2008-09 financial statements:

Value of correction	Nature of correction	Reason for correction
£288.00	Comply with guidance	To include audit fees

In respect of the 2009-10 financial statements:

Value of correction	Nature of correction	Reason for correction
£1,476.00	Comply with guidance	To include audit fees
£24,027.92	Expenditure included in 2010-11	Expenditure included in wrong year

In respect of the 2010-11 financial statements:

Value of correction	Nature of correction	Reason for correction
£3,882.00	Comply with guidance	To include audit fees
-£24,027.92	Incorrectly included	Expenditure included in wrong year
£81,560.33	Expenditure included in 2011-12	Expenditure included in wrong year
Disclosure	Movement in reserves statement	To comply with guidance
Disclosure	Annual governance statement	To comply with guidance
Disclosure	Notes for debtors, creditors, officers' remuneration, external audit costs & related parties	To comply with guidance

In respect of the 2011-12 financial statements:

Value of correction	Nature of correction	Reason for correction
£3,905.00	Comply with guidance	To include audit fees
-£81,560.33	Incorrectly included	Expenditure included in wrong year
£2,073.60	Expenditure included in 2012-13	Expenditure included in wrong year
Disclosure	Movement in reserves statement	To comply with guidance
Disclosure	Movement in reserves statement	To comply with guidance
Disclosure	Notes for debtors, creditors, officers' remuneration, external audit costs & related parties	To comply with guidance



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Agenda item 6

REPORT TO: NWRWTP JOINT COMMITTEE

DATE: WEDNESDAY 20 FEBRUARY 2013

REPORT BY: HEAD OF FINANCE (FCC) AS TREASURER OF THE JOINT COMMITTEE

SUBJECT: INTERNAL AUDIT REVIEW

1.00 **PURPOSE OF REPORT**

1.01 To inform the committee of the internal audit work being undertaken in order to meet the statutory requirements for Joint Committees.

2.00 **BACKGROUND**

- 2.01 This paper follows on from the paper on the Statements of Accounts for the last four financial years. That paper makes clear that the NWRWTP needs to prepare year-end accounts. The size of the project means that it is above the threshold where a full set of annual accounts needs to be produced. These accounts must include an Annual Governance Statement (AGS).
- 2.02 With regards to auditing requirements, WAO have stated that a Joint Committee is a Council in its own right and all the normal rules and regulations apply. That means that the project needs to be the subject of internal audit review.
- 2.03 The regional CEOs and Heads of Finance have agreed on the principle that the responsibility for internal audit of regional collaborative projects should rest with the host / lead authority. There was already an informal agreement to that effect between Heads of Audit, but this formalises the arrangement. The responsibility for the internal audit of NWRWTP therefore lies with Flintshire County Council (FCC) Internal Audit department.
- 2.04 For the previous years accounts the Internal Audit department has provided information on the work completed within FCC and has contributed to the production of the AGS for 2011/12.
- 2.05 For the current year, 2012/13, Internal Audit has to provide an opinion on the adequacy and effectiveness of governance, risk management and internal controls during the year.

3.00 **CONSIDERATIONS**

3.01 The review of internal controls will form part of the annual review of FCC's accounting systems. A review of governance and risk



management is therefore necessary to provide assurance to the joint committee for 2012/13. This will also have the advantage of enabling Internal Audit to gain an overall perspective of the programme so that it will be possible to focus our work in particular areas in future years should that be necessary.

- 3.02 As time is short the review has already started. The scope has been agreed with Colin Everett as lead officer but should also be considered by the committee. Should the committee have any additional views or requirements they can be incorporated into the review.
- 3.03 It is intended to bring the final report on the audit review to the next joint committee meeting. The results will feed into the AGS for 2012/13 which will be brought to the committee along with the Annual Accounts.

4.00 RECOMMENDATIONS

- 4.01 That the committee considers the scope of the work being undertaken and approves / amends it as necessary.

5.00 FINANCIAL IMPLICATIONS

- 5.01 None as a result of this report.

6.00 ANTI POVERTY IMPACT

- 6.01 None as a result of this report.

7.00 ENVIRONMENTAL IMPACT

- 7.01 None as a result of this report.

8.00 EQUALITIES IMPACT

- 8.01 None as a result of this report.

9.00 PERSONNEL IMPLICATIONS

- 9.01 None as a result of this report.

10.00 CONSULTATION REQUIRED

- 10.01 None as a result of this report.

11.00 CONSULTATION UNDERTAKEN

- 11.01 None as a result of this report.

12.00 APPENDICES



NWRWTP

North Wales Residual Waste Treatment Project

Appendix A – Internal Audit Assignment Planning Sheet (scope)

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 **BACKGROUND DOCUMENTS**

Contact Officer: David Webster
Telephone: 01352 702248
Email: david.webster@flintshire.gov.uk

INTERNAL AUDIT ASSIGNMENT PLANNING SHEET

Organisation name:	North Wales Residual Waste Joint Committee
Audit Year:	2012/13
Auditable area:	Whole organisation

OBJECTIVES

Audit objective:	To secure reasonable, evidence based assurance on the effectiveness of the Joint Committee’s risk management, control and governance environment
-------------------------	--

Objective of the area under review:	Adequacy and extent of compliance with the Joint Committee’s corporate governance framework and relevant legislation
--	--

Objective of the area under review:	Adequacy of risk identification, assessment and mitigation
--	--

Objective of the area under review:	The quality and integrity of financial and other management information utilised or reported by the Joint Committee
--	---

Objective of the area under review:	The extent to which the Joint Committee’s resources are safeguarded from loss of all kinds including fraud, waste, inefficient administration and poor value for money
--	--

ADDITIONAL MANAGEMENT CONCERNS

No management issues raised during planning discussions

SCOPE OF THE REVIEW

Areas for consideration:	The audit will review risk management, governance, management information and resource safeguards
Limitations to the scope:	The audit comprises a healthcheck review only. Any issues identified for further detailed review as a result of the healthcheck will be programmed for 2013/14 internal audit work.
Audit approach:	Through meetings covering both project team and joint committee, and review of key documentation, carry out a high level review of risk management including the assessment process behind key decisions, governance framework, financial and non-financial management information and resource safeguards. The final report will include categorised recommendations.

REQUIRED DOCUMENTS

To enable us to commence our fieldwork on the agreed start date, we will require access to the following information or records at the start of the first day of the audit:

Background information already discussed with client. Further evidence and information will be requested on an ongoing basis through the course of the audit.

RESOURCES

Organisation sponsor:	Colin Everett
Auditors:	John Henry
Audit start date:	January 8th
Fieldwork completion date:	
Draft report due:	
Final report due:	

AGREEMENT OF AUDIT SCOPE

Prepared by:	John Henry
Date:	January 8th

Internal Audit Assignment Planning Sheet

Reviewed by:	David Webster
Date:	January 15th
Agreed by (client sponsor):	
Date:	



AGENDA ITEM NUMBER 7

NORTH WALES RESIDUAL WASTE TREATMENT PROJECT PROGRESS REPORT

NORTH WALES RESIDUAL WASTE JOINT COMMITTEE

Date : 20th February 2013

Period: 5th December 2012 to 13th February 2013

PROJECT SUMMARY

To procure a sustainable waste management solution for the 5 local authorities in North Wales (Conwy, Denbighshire, Flintshire, Gwynedd and Isle of Anglesey) that will assist with the reduction in greenhouse gas emissions from landfill and will minimise the tonnage of waste residue sent to landfill thus ensuring that the authorities avoid Landfill Allowance Scheme (LAS) infraction penalties and meet National Waste Strategy targets.

PROJECT STATUS

Overall Project Status	
Amber	<p>The Project Team were informed in January by one of the remaining bidders, Sita UK, that they were withdrawing from the procurement process. Agenda item 10 on the agenda addresses the implications of this (part 2 item).</p> <p>The information has been reported in specialist press and media.</p> <p>Dialogue has continued with the remaining bidder.</p>

Budget status	
Green	<p>The Project Team made a case to WG towards the end of 2012 that the delay in the procurement process and the aborted expenditure as a result of the Holyhead site becoming unavailable meant additional expenditure to the project of £310,000 not accounted for in the original project budget. In order to ensure that the procurement process is not compromised, WG agreed to provide this additional amount to the project.</p>



Also, Waste Awareness Wales made a total of £15,000 grant available for food and residual waste treatment hubs for specific community engagement activities just prior to the end of 2012. The Project Team submitted an application to fund a series of drop in sessions in Connah's Quay (see agenda item 9), mainly accounted for by press adverts for the sessions, external advisor time to answer queries from the public and printing of information packs available for the public. The Project Team were informed in January that the project was successful in securing the grant.

Waste Awareness Wales has recently contacted the Project to inform them that there may be a further additional £10,000 available. This will be reported to the Project Board at the next meeting.

It should also be noted that WG are aware of the project timetable for close of dialogue with regards the final "stage payment" of £200,000 as originally allocated by WG.

The project team have worked with the lead finance officer to re-work the budget for the remainder of the project to reflect the above. This has been reported to the Project Board for approval.

Status	Meaning
Green	There are no problems; all is progressing well and to plan
Amber	There are some minor/ less significant problems. Action is needed in some areas but other parts are progressing satisfactory
Red	There are significant problems and urgent and decisive action is needed.

PROJECT UPDATE – Activities due for completion 5th December 2012 to 13th February 2013 (and highlighted longer term actions).

ID	Activity	RAG status	Comments	Forecast	Actual
78	The second IAA (IAA2) to be commenced	Amber	This to commence once CFT evaluated and likely preferred bidder is known (and the likely contract structure is more certain).	Spring 2013	
94	Prepare and	Amber	See item 9 on	March	



NWRWTP

North Wales Residual Waste Treatment Project

	schedule necessary events / meetings / drop in sessions regarding announcement		agenda.	2013	
95	Pre CFT Documents drafting	Amber	Project team and advisors drafting CFT documentation to ensure programme is met.	November 2012	
96	Post ISDS dialogue session with remaining two participants	Amber	Sessions held with remaining participant. (See agenda item 10 (part 2 item))	January – April 2013	
98	Draft readiness to close dialogue report	Amber	Timetable adjusted as a result of procurement timetable movement (See agenda item 10 (part 2 item))	January 2013	
99	Project team session to review project risk register ready for submission to WG as part of WG readiness to close dialogue review	Amber	Timetable adjusted as a result of procurement timetable movement (See agenda item 10 (part 2 item))	February 2013	
100	Specialist advisors to carry out heat network study in Deeside area.	Amber	Draft report now received and will be made available to PB in March 2013 for its consideration.	October / November 2012	
101	Communications strategy for 2013	Green	Agreed at Joint Committee on 13 December 2013	December 2012	Complete
102	Member sessions with Health Protection Agency	Green	Sessions held – see agenda item 9.	6 & 7 February 2013	Complete
103	Arrange readiness to close of review with WG	Green	Set dates for review meeting with WG, to include sufficient time for sign off prior to financial year.	February 2013	



NWRWTP

North Wales Residual Waste Treatment Project

104	Project Team to report to Project Board on the value for money obtained through the competitive dialogue process to date	Green	See item 10 on the agenda	March 2013	
105	Report to Project Board on subcontracting arrangements	Green	See item 10 on the agenda	March 2013	
106	Organise and host “drop in sessions” in Connah’s Quay	Green	Dates booked with venue and external support for the sessions organised	8/9 March & 15/16 March 2013	
107	Provide FCC Internal Audit with information as required	Green	Work already commenced, project team liaising with FCC internal audit as required (please see agenda item 6)	February / March 2013	

KEY RISKS – See item 8 on this agenda.



AGENDA ITEM NO: 8

REPORT TO: NWRWTP JOINT COMMITTEE

DATE: 20 FEBRUARY 2013

REPORT BY: PROJECT DIRECTOR

SUBJECT: RISK REGISTER REPORT

1. PURPOSE OF REPORT

- 1.1. The members of the NWRWTP Joint Committee have requested that they are provided with an update of the risk register at each meeting of the Joint Committee.
- 1.2. This report will highlight some of the amendments to the risk register that have been made to reflect the current understanding of risks and mitigation measures that are in place.

2. BACKGROUND

- 2.1. The Risk Register will require continual update throughout the project.

3. CONSIDERATIONS

- 3.1. There are no new risks identified this reporting period.
- 3.2. There have been the following changes to existing risks in this reporting period: -
 - PD8 (One of the two final bidders drops out) amended to reflect withdrawal of second bidder from procurement process pre CFT. Mitigation - Following SITA UK's decision to withdraw from the procurement process pre CFT the project team will be applying the guidance as set out by the UK treasury to ensure Value for money is obtained for the partnership. Likely hood has increased from 2 to 5.
 - PD19 (There is no market interest due to limited capacity within the industry). As for PD8 amended to reflect withdrawal of second bidder from procurement process pre CFT. Risk has increased from 1 to 3 to reflect loss of one bidder.
 - F7 (Finance and affordability), PD1, PD6 & PD7 (Project Delivery) have amended commentaries to reflect second bidder withdrawal pre CFT, but no change to risk levels.
- 3.3. The Top 12 risks (after controls have been put in place) are shown in appendix 1.
- 3.4. The changes this period are shown in appendix 2



- 3.5. The risk register will continue to be reviewed by the Project Director and reported to the Project Board at future meetings.
- 3.6. At the Project Board meeting of 12 February 2013, additional risks were identified that were not included on the risk register relating to community benefit. These will be included in the next revision of the Risk Register to be reported to the Project Board at its next meeting.

4. RECOMMENDATIONS

- 4.1. That the Project Board note the updated risk register for the project.

5. FINANCIAL IMPLICATIONS

- 5.1. Not applicable

6. ANTI-POVERTY IMPACT

- 6.1. None

7. ENVIRONMENTAL IMPACT

- 7.1. Not applicable

8. EQUALITIES IMPACT

- 8.1. Not applicable

9. PERSONNEL IMPLICATIONS

- 9.1. Not applicable

10. CONSULTATION REQUIRED

- 10.1. Not applicable

11. CONSULTATION UNDERTAKEN

- 11.1. Not applicable

LOCAL GOVERNMENT ACCESS TO INFORMATION ACT 1985

Background Documents:

None

Contact Officer: Stephen Penny NWRWTP



Appendix 1 Top (Red) risks and issues

IDENTIFYING THE RISK or ISSUE						MANAGING THE RISK or ISSUE								Additional explanatory notes		
ID	Risk / Issue (i.e.: Threat to the Project)	Consequence	Current Assessment			How the risk will be managed and controlled				Residual risk after management			Impln Date		ReviewDate	Closure Date
			Impact	L'hood	Overall	Already in Place	Who is Managing	Not in Place (Proposed)	Who will Manage	Impact	L'hood	Overall				
Policy & regulatory Risk – Change in WG objectives / regulations																
PO1	WG changes financial support available for residual waste treatment projects due to WG affordability / budgetary constraints in the current economic climate	Residual waste treatment projects become less affordable for partnership and each partner authority	5	4	20	Project Team to monitor WG positions in terms of budget availability and lobby at ministerial level if there are indications that proposed funding is to be reduced	PD			5	3	15	Ongoing	May-12		
PO2	WG Environmental policy and objectives change	Project is now inappropriate	4	5	20	Keep in close contact with WG to ensure potential policy changes that may impact on the project are identified early. The Project team have developed and submitted a partnership consultation response (approved by the PB and Joint Committee) highlighting the potential impact of such a target on the project and to ensure WG addresses how any such target is related to potential household numbers of population growth rates that authorities may be subject to in future.	PD			4	3	12	Ongoing	Sep-12		WG's Municipal Sector Plan (MSP) adopted a waste minimisation target for MSW with a negative growth rate (reduction) of -1.2% pa. The WG MSP does not take any account of individual or partner authority HH or population growth rates. The Partnership has however received guidance from WG that the Partnership is free to make its own assessments about future waste arisings as the waste reduction target is aspirational. WG has now published guidance on the Waste Hierarchy. This is viewed by the project team as helpful and will enable the Partnership to demonstrate how any solution that comes forward ranks in the waste hierarchy.
PO4	Change in legislation or guidance either at European, National or Regional/Local level	Could require revisit of preferred solution, possible termination of project, excessive LAS compliance costs	4	5	20	Keep in close contact with WG to ensure potential policy changes that may impact on the project are identified early.	PD	Lobby WG and liaise with WLGA on this issue.	PD	4	3	12	Ongoing	Sep-12		WG have now clarified the position on use of IBA (Bottom ash) so the likelihood of policy change in relation to this has reduced. The initial draft of the CIM (collections, markets and infrastructure plan contained a passing reference to changing the tax regime for recovery operations such as waste to energy as part of many options open to WG. The final publication of the Collections and Infrastructure Plan has removed any reference to this and therefore any uncertainties in this area have reduced.



Appendix 1 Top (Red) risks and issues (continued)

IDENTIFYING THE RISK or ISSUE						MANAGING THE RISK or ISSUE										Additional explanatory notes
ID	Risk / Issue (i.e.: Threat to the Project)	Consequence	Current Assessment			How the risk will be managed and controlled				Residual risk after management			Impln Date	Review Date	Closure Date	
			Impact	L'hood	Overall	Already in Place	Who is Managing	Not in Place (Proposed)	Who will Manage	Impact	L'hood	Overall				
Strategy risk – change in any participating council's waste strategy or technology / solution preference																
SR 1	A change in any participating council's waste strategy or technology / solution preference by any of the partner authorities		4	4	16	Existing MWMS in place. Impartial options appraisal process carried out to identify reference solution (based on WG national evaluation framework). Multi partner authority officer input to this process. Ongoing communications and information to partner authorities on need for the project, technologies, benefits of adopted approach and a technology neutral procurement process.	PM & partner authorities			4	3	12	Ongoing	Jan-13		Elections in 2012 have brought about changes in administrations and make up of the NWRWTP Joint Committee. Suitable information to be provided to authorities and their members (for instance an information pack) and briefings by external agencies such as EAW and HPA together with visits to existing operational facilities to be organised during 2012 and 2013 as required to ensure full understanding of technologies being proposed (EMW)
Finance & Affordability																
F15	Partner authorities fail to make financial plans to support additional recycling and composting services to meet "front end" increased recycling levels that are required	Failure to meet WG "front end" recycling and composting targets with increased residual waste arisings as a result.	4	4	16	Partner authorities to develop long term funding plans to support enhanced front end recycling and composting services.	Partner Authorities			4	3	12	Ongoing	Sep-12		WG are encouraging authorities in Wales to enter into a "change programme" where WG will offer assistance to Las to work together and improve "front end" recycling and collections services.
Project Delivery																
PD8	One of the two final bidders drops out	Threat to VFM, price escalation, possible exceedance of affordability envelope, delay to	4	5	20	Procurement process designed to ensure ability and /or appetite for contract closure is understood pre final tender appointment. Will seek agreement with all bidders at this stage in relation to price issues.		Procurement process to ensure compliance with Treasury issued guidance that relates to	PD	4	5	20	Ongoing	Jan-13		Following SITA UK's decision to withdraw from the procurement process pre CFT the project team will be applying the guidance as set out by the UK treasury to ensure Value for money is obtained for the partnership.
PD19	There is no market interest due to limited capacity within the industry	Delay to project programme, excessive LAS compliance costs, excessive costs	5	2	10	Good level of market interest demonstrated.	PD			5	3	15	Ongoing	Jan-13		Low-Medium risk - however risk cannot be closed until PB appointed. See PD8



Appendix 1 Top (Red) risks and issues (continued)



NWRWTP

North Wales Residual Waste Treatment Project

IDENTIFYING THE RISK or ISSUE						MANAGING THE RISK or ISSUE										Additional explanatory notes
ID	Risk / Issue (i.e.: Threat to the Project)	Consequence	Current Assessment			How the risk will be managed and controlled				Residual risk after management			Imple Date	Review Date	Closure Date	
			Impact	L'hood	Overall	Already in Place	Who is Managing	Not in Place (Proposed)	Who will Manage	Impact	L'hood	Overall				
Communication & stakeholders – failure to proactively engage with key stake holders leading to delays and lack of public support for the proposed solution.																
CO4	Pressure from lobby groups/public against the preferred solution and location.	Alternative solution/site has to be sought, increased project development costs, delays to project delivery programme, excessive LAS costs, impact on Partner Councils reputation	4	5	20	Communication and Engagement Strategy drafted and agreed in draft form by Communication Officer group. To be "live" document and therefore updated when necessary.	PM	Ensure fact based information produced to counter mis-information or alarmist claims often put forward by lobbyists and campaign groups.	PD	4	4	16	Ongoing	Jan-13		National campaigners' engaging with local community councils and local communities in attempt to build opposition to potential solutions.
Planning and permitting – ability to secure successful planning and permitting outcome for solution																
PS5	Suitable sites are not in council ownership to support development of the solution	Project delayed whilst suitable sites are secured	5	3	15	Project team identified sites that could be suitable for location of both the waste transfer stations and residual waste treatment facility(s). Extensive negotiations with land owners of (further) additional sites carried with the aim of securing option(s) for site(s).	PD		PD	5	3	15	Ongoing	Jan-13		Anglesey Aluminium site identified as a potential site for the location of a facility, but despite extensive negotiations and engagement with AAM, AAM decided not to make the site available to the Partnership as they had other uses for the site.
PS14	The recent issue of the draft Collections, Infrastructure and Markets Sector Plan (CIM) by WG has led to uncertainty as to the status of the existing Regional Waste Plan (RWP). Thus the RWP may be given reduced weight in determination of a planning application for waste facilities. A policy vacuum may therefore exist if this is not addressed by WG.	Unsuccessful planning application	4	4	16	Project team and north wales regional waste planning team engaging with WG on this issue to ensure that the final issued version of Collections, Infrastructure and Markets Sector Plan (CIM) does not leave a planning "policy vacuum". Regional Planning team and WG planning teams engaged with WG Waste Policy section to seek required amendments to draft CIM			PD	4	3	12	Ongoing	Jan-13		WG's published draft Collections, Infrastructure and Markets Sector Plan (CIM) now issued. See risk PS1
Wastes																
W3	Composition of waste is different from that anticipated (poor data, policy changes, changes in collection practices)	Performance is below required level, excessive LAS compliance costs	3	5	15	Waste composition to be monitored during procurement and data shared at Competitive Dialogue to inform solution. All Wales Waste composition analysis has been carried out by WG through WRAP study has provided a good data set. Performance of technology solution will be tested and understood as part of the procurement process to identify the ability of each solution to process wastes with changed			PD	3	4	12	Ongoing	Jan-13		Waste composition risk not being accepted by partnership - risk lies with contractor
Performance																
PE1	Market/outlet is not available for outputs from the facility(s)	Increased project operational costs, increase in demand for landfill void	4	4	16	Ensure market deliverability demonstrated as part of procurement evaluation process.			PD	4	3	12	Ongoing	Jan-13		



Appendix 2 Headline Changes this Period

ID	Risk / Issue (i.e.: Threat to the Project)	Consequence	Current Assessment			How the risk will be managed and controlled					Residual risk after management		Impln Date	Review Date	Additional explanatory notes
			Impact	L'hood	Overall	Already in Place	Who is Managing	Not in Place (Proposed)	Who will Manage		Overall				
PD8	One of the two final bidders drops out	Threat to VFM, price escalation, possible exceedance of affordability envelope, delay to procurement programme	4	5	20	Procurement process designed to ensure ability and /or appetite for contract closure is understood pre final tender appointment. Will seek agreement with all bidders at this stage in relation to major issues.		Procurement process to ensure compliance with Treasury issued guidance that relates to premature withdrawal of bidders.	PD	4	5	20	Ongoing	Jan-13	Following SITA UK's decision to withdraw from the procurement process pre CFT the project team will be applying the guidance as set out by the UK treasury to ensure Value for money is obtained for the partnership.
PD19	There is no market interest due to limited capacity within the industry	Delay to project programme, excessive LAS compliance costs, excessive costs associated with inflation and need to revisit market to secure an acceptable solution. Partnership reputation damaged.	5	2	10	Good level of market interest demonstrated.	PD			5	3	15	Ongoing	Jan-13	Low-Medium risk - however risk cannot be closed until PB appointed. See PD8



NWRWTP

North Wales Residual Waste Treatment Project

F7	Inappropriate funding structure adopted	Failure, delay, and cost	4	3	12		Procurement process to be designed to ensure that only those solutions capable of delivery (e.g. including finance structure) are capable of being awarded the contract	PD	4	2	8	Ongoing	Jan-13	Appropriate funding structures proposed by all 3 bidders at ISDS. Funding structure proposed by WTI appropriate
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AGENDA ITEM NO: 9

REPORT TO: NWRWTP JOINT COMMITTEE

DATE: 20th FEBRUARY 2013

REPORT BY: PROJECT MANAGER

SUBJECT: COMMUNICATIONS UPDATE

1. PURPOSE OF REPORT

- 1.1. To update the Joint Committee on communication matters concerning the North Wales Residual Waste Treatment Project (NWRWTP).

2. BACKGROUND

- 2.1. The Joint Committee has requested regular updates on communication matters relating to the NWRWTP. This report provides an update on progress to date.

3. CONSIDERATIONS

3.1. Media Coverage

There were no press enquiries during December 2012, however in January 2013 Sita UK announced their decision to withdraw from the project, which led to a number of enquiries from specialist news websites such as Letsrecycle.com and Materials Recycling Weekly. An agreed response was given. See link below.

<http://www.letsrecycle.com/news/latest-news/councils/sita-withdraws-from-north-wales-procurement>

The Project team were contacted by the BBC on the 29 January, asking for a general update on the project as part of preparing for the expected announcement by Prosiect Gwyrdd of their preferred bidder on 1 February. The journalist in question was aware of Sita's withdrawal, and the agreed response was provided. Appendix 1 (separate document) is Prosiect Gwyrdd's Newsletter announcing their decision.

No further enquiries have been received to date.

3.2. Partner Authority Member Sessions with Welsh Government and the Health Protection Agency

Two sessions were held for Members of all partner authorities on the 6th and 7th of February 2013 (one "east" session in Mold and one "west" session in Bangor. The purpose of the sessions were for Welsh



Government to outline their waste strategy with regards to residual waste to put the NWRWTP in a National context, and for a representative of the Health Protection Agency to present their stance on the risk to health from Energy from Waste facilities.

Jasper Roberts from the WG gave a presentation and answered queries from a WG perspective, and Professor David Russell from the Health Protection Agency gave a presentation and answered queries from Members.

Feedback received from both sessions indicates that Members that attended both sessions found them very informative and helpful sessions. Jasper Roberts re-iterated his previous offers to Members of all partner authorities to attend future meetings of not only partner authorities but also local town / community Councils, and Professor Russell also indicated his willingness to attend such future sessions.

A “pdf” of the slides from WG’s and the HPA’s presentations will be made available to all partner authority Members.

3.3. Communication and Engagement Activities

The Joint Committee approved a communication plan for 2013 at their meeting of 13 December 2012, which included public drop in sessions in the Connah’s Quay area during February / March.

The Project Team have booked a venue (the main room at Connah’s Quay Town Council building) and external advisors to support the Project Team to answer queries from the public.

The dates are noted below:-

- Friday, 8th March 2013, 2pm – 8pm
- Saturday 9th March 2013, 10am – 4pm
- Friday, 15th March 2013, 2pm – 8pm
- Saturday 16th March 2013, 10am – 4pm

It is intended to advertise the sessions with a media release and to place and advert in the Flintshire local press prior to the sessions.

Copies of the Information pack will be printed to give those attending the sessions should they wish.

Please note that the above sessions are being funded by an additional grant from Waste Awareness Wales (see item 7 on the agenda)

4. RECOMMENDATIONS

4.1. To note the content of this update report



5. FINANCIAL IMPLICATIONS

5.1. Not applicable.

6. ANTI-POVERTY IMPACT

6.1. Not applicable.

7. ENVIRONMENTAL IMPACT

7.1. Not applicable.

8. EQUALITIES IMPACT

8.1. Not applicable.

9. PERSONNEL IMPLICATIONS

9.1. Not applicable.

10. CONSULTATION REQUIRED

10.1. See above.

11. CONSULTATION UNDERTAKEN

11.1. Not applicable.

LOCAL GOVERNMENT ACCESS TO INFORMATION ACT 1985

Background Documents:

None

Contact Officer: Steffan Owen - NWRWTP Project Manager

Dear Stakeholder,

The Prosiect Gwyrdd Project Board is pleased to announce that following a period of detailed tender evaluation it recommends to the Joint Committee that Viridor should be identified as the Preferred Bidder, to deliver an environmentally sustainable waste management solution for the Partnership. The Preferred Bidder status cannot be confirmed until it has been recommended by the Joint Committee on 7 February and approved by each Partner Council at meetings between 26 February and 6 March.

Please see attached the press release which has been released to the media for the Preferred Bidder identification.

Public events will be provided to support this announcement. Four drop in sessions will take place in Cardiff, with a roadshow held in each other partner authority to give residents in these areas information on the scheme.

Now that the Preferred Bidder has been identified, the public information on this proposal will be sent to print and residents in close proximity to Trident Park EFW facility will receive an information booklet to their homes later in the month. Poster advertising will also be put up in areas of high footfall in Cardiff Bay and Splott, as well as engagement with the media.

A further newsletter will be sent to all stakeholders giving the dates and times of the public events in the coming weeks and all of the information that will be presented at the drop in sessions is now available online at http://prosiectgwyrdd.co.uk/english/preferred_bidder.html

For any further information on the procurement, the Project is available by email via info@prosiectgwyrdd.co.uk or via telephone on 02920 717 523.

For any further information on the development please contact Viridor by email via cardiff@viridor.co.uk or by telephone through 0800 4334 800.

Prosiect Gwyrdd,

www.prosiectgwyrdd.co.uk