



Shropshire Council
Legal and Democratic Services
Shirehall
Abbey Foregate
Shrewsbury
SY2 6ND

Date: 14th February 2013

Committee:
West Mercia Energy Joint Committee

Date: Monday, 25 February 2013
Time: 11.00 am
Venue: Council Chamber, Westgate, Bridgnorth, Shropshire, WV16 5AA

You are requested to attend the above meeting.
The Agenda is attached

Claire Porter
Head of Legal and Democratic Services (Monitoring Officer)

Members of West Mercia Energy Joint Committee

<i>Herefordshire Council</i>	J Jarvis P Price
<i>Shropshire Council</i>	S Charmley S Jones M Owen
<i>Telford & Wrekin Council</i>	B McClements A England
<i>Worcestershire County Council</i>	D Thain A Hardman

Your Committee Officer is:

Emily Marshall Committee Officer
Tel: 01743 252726
Email: emily.marshall@shropshire.gov.uk

AGENDA

1 Election of Chairman

To elect a Chairman for the ensuing year.

2 Election of Vice-Chairman

To elect a Vice-Chairman for the ensuing year.

3 Apologies for Absence

To receive apologies for absence.

4 Named Substitutes

To receive details of any Member nominated to attend the meeting in place of another Member.

5 Disclosable Pecuniary Interests

Members are reminded that they must not participate in the discussion or voting on any matter in which they have a Disclosable Pecuniary Interest and should leave the room prior to the commencement of the debate.

6 Minutes (Pages 1 - 4)

To receive the minutes of the meeting held on 24th September 2012.
Copy attached marked 6.

7 Annual Audit Letter 2011/2012 (Pages 5 - 12)

The Annual Audit Letter 2011/12 is attached.

8 Fees Letter 2012/13 (Pages 13 - 16)

The Fees Letter 2012/13 is attached.

9 Delegation to the Director (Pages 17 - 18)

Report of the Chief Executives, attached marked 9.

10 Audit Committee Terms of Reference and Work Plan (Pages 19 - 22)

Report of the Group Auditor, attached marked 10.

11 Exclusion of Public and Press

To consider a resolution under Section 100 (A) of the Local Government Act 1972 that the proceedings in relation to the following items shall not be conducted in public on the grounds that they involve the likely disclosure of exempt information as defined by the provisions of Schedule 12A of the Act.

12 Exempt Minutes (Pages 23 - 24)

To receive the Exempt Minutes of the meeting held on 24th September 2012. Copy attached marked 12.

13 West Mercia Energy Budget 2012/2013 (Pages 25 - 28)

Report of the Director, attached marked 13.

14 Trading Performance to Date (Pages 29 - 32)

Report of the Director, attached marked 14.

15 Business Plan and Budget for 2013/2014 (Pages 33 - 50)

Report of the Chief Executive's, attached marked 15.

16 Flexible Energy Sub-Committee (Pages 51 - 66)

Report of the Director, attached marked 16.

17 Energy Governance, Accountability, Risk and Reporting Policy (Pages 67 - 108)

Report of the Director, attached marked 17.

18 Health and Safety Policy (Pages 109 - 118)

Report of the Director, attached marked 18.

Minutes of the meeting of West Mercia Supplies Joint Committee held at Westgate, Bridgnorth Monday 24 September 2012 at 11.00am.

Members Present:

Herefordshire Council	P Price (Chairman)
Shropshire Council	S Jones M Owen
Telford & Wrekin Council	W McClements
Worcestershire County Council	A I Hardman

Officers Present:

West Mercia Energy	N Evans
Audit Commission	G Patterson J Hill
Shropshire Council	R Musson J Walton N Denton E Marshall
Worcestershire County Council	M Howard

46. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor S. Charmley (Shropshire Council), Councillor Arnold England (Telford and Wrekin Council) and Councillor Liz Eyre (Worcestershire County Council).

47. DISCLOSABLE PECUNIARY INTERESTS

None.

48. MINUTES

RESOLVED:

That the minutes of the meeting held on 25th June 2012 be approved as a correct record.

49. ANNUAL GOVERNANCE REPORT 2011/12

Mr G. Patterson (Audit Commission) presented the 2011/12 West Mercia Supplies Joint Committee Annual Governance report. Mr Patterson confirmed that he planned to issue an audit report including an unqualified opinion on the financial statements.

Mr Patterson referred to the recommendations contained within the report,

during which he highlighted that his reference to the requirement to undertake an annual going concern review was not due to any underlying concern about the present governance arrangements. The Treasurer explained that an ongoing review of whether the business was viable would be undertaken anyway and if at any point during the year there were thought to be any problems the review would be undertaken at that point.

RESOLVED:

- (a) That the Annual Governance Report be received
- (b) That the Treasurer's Letter of Representation be approved.

50. STATEMENT OF ACCOUNTS 2011/12 AND ANNUAL GOVERNANCE STATEMENT 2011/12

The Treasurer presented the Statutory Statement of Accounts 2011/12 and the Annual Governance Statements 2011/12.

RESOLVED:

- (a) That the Letter of Representation to be submitted by the Treasurer be approved.
- (b) That the finalised Statement of Accounts 2011/12 to be signed by the Chairman be approved.
- (c) That the Annual Governance Statement 2011/12 to be signed by the Chairman be approved.

51. EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED: That under Section 100(A)(A4) of the Local Government Act 1972, the public be excluded during the consideration of the following items of business on the grounds that they might involve the likely disclosure of exempt information as defined in Schedule 12(A) of the Act.

52. EXEMPT MINUTES

(The full version of Minute 52 constitutes exempt information under the Access to Information Rules and has accordingly been withheld from publication.)

RESOLVED: That the Exempt Minutes of the meeting held on 25th June 2012 be approved as a correct record.

53. DISTRIBUTION OF SURPLUS

(The full version of Minute 53 constitutes exempt information under the Access to Information Rules and has accordingly been withheld from publication.)

54. FLEXIBLE ENERGY SUB-COMMITTEE

(The full version of Minute 54 constitutes exempt information under the Access to Information Rules and has accordingly been withheld from publication.)

RESOLVED: That the minutes of the meetings of the Flexible Energy Sub-Committee held on 4 July 2012 be approved.

55. WEST MERCIA ENERGY TRADING PERFORMANCE TO DATE

(The full version of Minute 55 constitutes exempt information under the Access to Information Rules and has accordingly been withheld from publication.)

RESOLVED: That the content of the report be noted.

56. WEST MERCIA ENERGY – FUTURE GOVERNANCE ARRANGEMENTS

(The full version of Minute 56 constitutes exempt information under the Access to Information Rules and has accordingly been withheld from publication.)

RESOLVED: That the content of the report be noted.

57. DATE OF NEXT MEETING

RESOLVED: That the first meeting of the West Mercia Energy Joint Committee be held on Monday, 25th February 2012.

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Annual Audit Letter

West Mercia Supplies Joint Committee

Audit 2011/12

Page 5



Agenda Item 7

Contents

Key messages.....3

Current and future performance4

 Financial Statements and Annual Governance Statement.....4

 Financial Performance and Governance Arrangements4

 Future Audit Arrangements and Fees5

Closing remarks6

Appendix 1 - Glossary.....7

Page 6

Traffic light explanation

Red ■ Amber ◆ Green ●

Key messages

This report summarises the findings from my 2011/12 audit. My audit comprises two elements:

- the audit of your financial statements; and
- my assessment of your arrangements to achieve value for money in your use of resources.

Key audit outputs	My findings	Conclusion
Unqualified audit opinion	I issued an unqualified opinion on the Joint Committee's financial statements on 26 September 2012.	●
Proper arrangements to secure value for money (VFM)	In accordance with Audit Commission guidance I have reviewed your Annual Governance Statement. I have not identified any issues that I am required to bring to your attention and on 26 September I therefore formally concluded that there were no matters arising from my VFM work that I needed to report.	●
Conclusion of the audit	On 26 September 2012 I certified the 2011/12 audit closed.	Not Applicable

Page 7

Current and future performance

Financial Statements and Annual Governance Statement

On 26 September 2012 I provided an unqualified opinion on your financial statements as I considered them to be true and fair, and presented without material misstatement. The processes for preparing the financial statements and the support provided to external audit throughout the audit were good. My audit identified no material errors and the small number of non-trivial errors and disclosure changes identified were corrected.

Testing of the significant risk identified in my Audit Plan did not identify any significant issues. In my Annual Governance report presented to you on the 24 September 2012 I highlighted two matters. The prior period adjustment (PPA) included in the unaudited financial statements in respect of the removal of the land upon which the Bicton Heath warehouse was sited with a gross value of £600K was reversed. Secondly, the reduction in the valuation of the warehouse and land identified as part of the sale of the supplies business on the 19 April 2012 had not been considered as part of the preparation of the 2011/12 financial statements. The incorporation of this resulted in an impairment being accounted for partly through the revaluation reserve of £75K and the remaining £528K through the Comprehensive Income and Expenditure Statement (CIES). This reduced the surplus for the year which in turn reduced the amount of performance related pay to employees to be reflected in the 2012/13 financial statements by £32K.

Page 8

Financial Performance and Governance Arrangements

The supplies business was sold in April 2012 for £6.74m and the remaining part named West Mercia Energy to reflect the nature of the ongoing business. The turnover in 2012/13 for the continuing organisation is budgeted to be £55.9m (£50.1m in 2011/12 for the continuing components; £66.9m in total in 2011/12 for the Joint Committee). At the end of August 2012 the reported surplus was £290k ahead of budget.

The Joint Committee has considered its financial position in the approval process of its distribution of the surplus generated in 2011/12, from the sale of the supplies business and retained revenue reserves in line with prior years' practice. The continued close monitoring of the Joint Committee's ongoing financial position is therefore an important element of your governance arrangements.

Representatives of the four owning authorities have considered future governance arrangements for the organisation. They have concluded that a Joint Committee remains an appropriate form of governance for West Mercia Energy. As the existing Joint Agreement was developed to manage the activities of a warehousing and distribution operation for the purchase and supply of office and educational products the owners have agreed the agreement is no longer fit for purpose and it is necessary to conclude an updated Joint Agreement. A new Joint Agreement has been drafted which will be recommended to all four Cabinets of the owning authorities this autumn with the anticipation that the new agreement will be concluded by the end of 2012 and run until 31 March 2016, but may be extended by agreement between the four owning authorities. Completing this work within the agreed timescales will be a key objective for the Joint Committee and the associated Councils.

Under the going concern assumption as set out in auditing standards (*ISA (UK&I) 570 - Going concern*) an entity is viewed as continuing in business for the foreseeable future. Financial statements are therefore prepared on a going concern basis unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Some financial reporting frameworks contain an explicit requirement for management to make a specific assessment of the entity's ability to continue as a going concern but in other financial reporting frameworks, there may be no explicit requirement for management to make a specific assessment of the entity's ability to continue as a going concern. For local government bodies, given their funding regime and tax raising powers, it is not usual practice to see formal assessments and going concern is only an issue in exceptional circumstances.

Nevertheless, since the going concern assumption is a fundamental principle in the preparation of financial statements management has a responsibility to assess the entity's ability to continue as a going concern even if the financial reporting framework does not include an explicit requirement to do so. My responsibility is to evaluate the appropriateness of management's use of the going concern assumption even if the financial reporting framework used in the preparation of the financial statements does not include an explicit requirement for management to make a specific assessment of the entity's ability to continue as a going concern. Through my audit there are no specific going concern issues I wish to bring to your attention. But, given the nature of the Joint Committee's business transactions in my Annual Governance Report I invited the Audit Committee to consider whether undertaking a formal going concern review could enhance the overall governance arrangements. As a new Joint Arrangement is being produced, as noted above, and governance arrangements are to be reviewed the Treasurer will consider this as part of this work and report back to the Audit Committee.

Page 9

Future Audit Arrangements and Fees

On 28 July 2011 Ministers set out their decision to outsource all the audits currently undertaken by the in-house practice to the private sector. On 5 March 2012 the Audit Commission announced that Grant Thornton (UK) LLP had been awarded the contract for the Audit Commission's West Midlands audit work. The change of audit provider was effective from 1 September 2012 and will cover the 2012/13 audit year onwards. All staff currently employed by the Audit Commission on your audit will transfer to Grant Thornton under TUPE arrangements from 1 November 2012.

Following the outsourcing the total fees charged are expected to reduce by 40% to around £18,386 for 2012/13 based on scale fee information published by the Audit Commission.

Closing remarks

I have discussed and agreed this letter with the Treasurer and Director. It will be presented to Members of the Audit Committee at its next meeting in February 2013.

Further detailed findings, conclusions and recommendations in the areas covered by our audit are included in the reports issued to the Council during the year.

Report	Date issued
Audit Plan	February 2012
Annual Governance Report	September 2012
Audit opinion and value for money conclusion	September 2012

Page 10

While this has been another challenging year for the Joint Committee I wish to thank the finance staff for their positive and constructive approach they have taken to my audit. I also wish to thank senior management and the Audit Committee for their support and co-operation during the audit.

Grant Patterson
District Auditor

5 October 2012

Appendix 1 - Glossary

Annual governance statement

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate, lead their communities.

The annual governance statement is a public report by the Council on the extent to which it complies with its own local governance code, including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

Audit opinion

Page 11

On completion of the audit of the financial statements, I must give my opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question; and
- whether they have been prepared properly, following the relevant accounting rules.

Opinion

If I agree that the financial statements give a true and fair view, I issue an unqualified opinion. I issue a qualified opinion if:

- I find the statements do not give a true and fair view; or
- I cannot confirm that the statements give a true and fair view.

Value for money conclusion

The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources based on criteria specified by the Audit Commission.

If I find that the audited body had adequate arrangements, I issue an unqualified conclusion. If I find that it did not, I issue a qualified conclusion.

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





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20 December 2012

Dear Rachel

Planned audit fee for 2012/13

We are delighted to have been appointed by the Audit Commission as auditors to the West Mercia Supplies Joint Committee and look forward to providing you with a high quality external audit service for at least the next five years. We look forward to developing our relationship with you over the coming months, ensuring that you receive the quality of external audit you expect and have access to a broad range of specialist skills where you would like our support.

The Audit Commission has set its proposed work programme and scales of fees for 2012/13. In this letter we set out details of the audit fee for the Authority along with the scope and timing of our work and details of our team.

Scale fee

The Audit Commission defines the scale audit fee as “the fee required by auditors to carry out the work necessary to meet their statutory responsibilities in accordance with the Code of Audit Practice. It represents the best estimate of the fee required to complete an audit where the audited body has no significant audit risks and it has in place a sound control environment that ensures the auditor is provided with complete and materially accurate financial statements with supporting working papers within agreed timeframes.”

For 2012/13, the Commission has independently set the scale fee for all bodies. The Joint Committee's scale fee for 2012/13 is £18,386. However, as part of our initial audit planning we have identified additional significant risks following the sale of the supplies division and the introduction of a new general ledger in April 2012. The sale proceeds were £6.74million. The transaction is unusual and requires additional audit procedures involving the review of the accounting for the discontinuance of the supplies division arising from the agreed completion accounts with the purchasing company and the TUPE transfer of the majority of the Joint Committee's employees.

Chartered Accountants

Member firm within Grant Thornton International Ltd

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A list of members is available from our registered office.

Grant Thornton UK LLP is authorised and regulated by the Financial Services Authority for investment business.

We are therefore proposing an increase in the scale fee to £23,386. This compares to the audit fee of £30,644 for 2011/12 and still represents a reduction of almost 24%. We recognise there may be potential for some compensating efficiencies in our audit following the sale of the supplies division. We cannot quantify these at this time but should these be realised then we will inform you and make an appropriate refund.

Further details of the Audit Commission's standard work programme and individual scale fees for all audited bodies are set out on the Audit Commission's website at: www.audit-commission.gov.uk/scaleoffees1213.

We also recognise that a new Joint Agreement between the participating councils is being discussed. The proposed fee is based upon the Joint Committee being a continuing organisation. If the new agreement requires the formation of a new organisation and the closing of the current one and the possibility of part-year accounts we will need to revisit our assumptions. The audit planning process for 2012/13, including the risk assessment, will therefore continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

Scope of the audit fee

Our fee is based on the risk based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission for 2012/13. It covers:

- our audit of your financial statements
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion).

Value for money conclusion

Under the Audit Commission Act, we must be satisfied that the Joint Committee has adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources, focusing on a review of the annual governance statement.

We undertake a risk assessment to identify any significant risks which we will need to address before reaching our value for money conclusion.

We will continue to assess the Joint Committee's arrangements and discuss any additional work required during the year.

Billing schedule

Our fees are billed quarterly in advance. Given the timing of our appointment we will raise a bill for two quarters in December 2012 with normal quarterly billing thereafter. Our fees will be billed as follows:

Main Audit fee	£
December 2012	9,193
March 2013	7,097
June 2013	7,096
Total	23,386

Outline audit timetable

We will undertake our audit planning and interim audit procedures in Spring 2013. Upon completion of this phase of our work we will issue our detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VFM conclusion will be completed in Summer 2013.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	Jan to March 2013	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Joint Committee's accounts and VFM.
Final accounts audit	July to Sept 2013	Report to those charged with governance	This report will set out the findings of our accounts audit and VFM work for the consideration of those charged with governance.
VFM conclusion	July to Sept 2013	Report to those charged with governance	As above
Annual audit letter	October 2013	Annual audit letter to the Joint Committee	The letter will summarise the findings of all aspects of our work.

Our team

The key members of the audit team for 2012/13 are:

	Name	Phone Number	E-mail
Engagement Lead	Grant Patterson	0121 232 5296 07880 456 114	grant.b.patterson@uk.gt.com
Engagement Manager	Joan Hill	0121 232 5327 07880 456 108	joan.hill@uk.gt.com
Audit Executive	Nigel Meredith	0121 232 5308	nigel.j.meredith@uk.gt.com

Additional work

The scale fee excludes any work requested by the Joint Committee that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the Joint Committee.

Quality assurance

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Jon Roberts, our Public Sector Assurance regional lead partner jon.roberts@uk.gt.com.

Yours sincerely

GRANT PATTERSON
For Grant Thornton UK LLP

DELEGATION TO THE DIRECTOR REPORT OF THE CHIEF EXECUTIVES

WEST MERCIA ENERGY JOINT COMMITTEE

25 FEBRUARY 2013

Purpose

1. The purpose of this report is to present to Members a recommendation on the level of authority to be given to the Director of West Mercia Energy (WME) in terms of approving contracts both with suppliers and customers.

Background

2. Since the sale of the catalogue division, the retention of the residual energy business, and given the current governance in place for WME, the Director of WME currently has no delegated authority to approve contracts. Contracts which have been approved since the set up of WME have been formally signed by each of the Owing Authorities.
3. The recommended levels of delegations have been determined by consideration of the future trading activity with both customers and suppliers and the balance between operational ease and control. The recommended levels will provide the Director of WME to contract with customers such as Academies without the necessity of approval by each of the four Owing Authorities but will give assurance to the Owing Authorities that larger customer contracts (e.g. with a Local Authority) and supplier contracts, such as those with electricity, gas and oil suppliers would need their approval.

Recommendations

4. It is recommended that the Director of WME be granted the delegated authority to approve customer contracts up to a level of £500,000 and supplier contracts up to a level of £100,000. Any contract above these levels will require the approval of each of the Chief Executives of the Owing Authorities or their nominated representative.

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ANNUAL REVIEW OF AUDIT COMMITTEE TERMS OF REFERENCE AND WORK PLAN

REPORT OF THE GROUP AUDITOR

WEST MERCIA ENERGY JOINT COMMITTEE

25 FEBRUARY 2013

Responsible Officer Ceri Pilawski

e-mail: ceri.pilawski@shropshire.gov.uk Telephone: 01743 252027

1. Summary

Effective audit committees bring many benefits to an organisation and to ensure that the WME continues to provide an effective Audit Committee, the Audit Committee's Terms of Reference should be considered and approved as appropriate by members on an annual basis. The Terms of Reference for West Mercia Supplies (WMS) were incorporated within the WMS Scheme of Delegation and review of these has identified that they do not reflect all of the responsibilities that were operated in practice by the Audit Committee. Changes to reflect actual performance, in alignment with recommended practice, are proposed in this report. The Terms of Reference are supported by a Work Plan which shows the timetable for reports to each of the three proposed Audit Committee meetings, to ensure that the Committee fulfils its responsibilities.

2. Recommendations

2.1 Recommendation to Audit Committee

Members are asked to consider and approve the proposed Audit Committee Terms of Reference and Work Plan with appropriate comment.

2.2 Recommendation to Joint Committee

Members are asked to adopt the proposed Audit Committee Terms of Reference for inclusion within the Scheme of delegation for WME with appropriate comment.

3. Background

3.1 The Terms of Reference for the Audit Committee are included within the Scheme of Delegation under the heading of 'Delegations from the Joint Committee'. The Scheme of Delegation is to be updated for WME and presented separately. Recommended practice states that part of the responsibility of this Committee is to review annually the Terms of Reference to ensure they are current and up to date and make recommendations for changes to the Joint Committee for consideration.

3.2 Effective audit committees bring many benefits to the organisation. They can:

- Increase public confidence in the objectivity and fairness of financial and other reporting;

- Reduce the risk of illegal or improper acts;
- Reinforce the importance and independence of internal and external audit and any other review processes that report to the Committee;
- Provide a sharper focus on financial reporting both during the year and at year end, leading to increased confidence in the objectivity and fairness of financial reporting;
- Assist the co-ordination of sources of assurance and, in so doing, make management more accountable;
- Provide additional assurance through a process of independent and objective review;
- Raise awareness of the need for internal control and the implementation of audit recommendations.

It is therefore important that the Terms of Reference are reviewed to ensure that best practice guidance is incorporated.

- 3.3 The proposed changes to the Terms of Reference to reflect operations and responsibilities are shown in the attached **Appendix A** together with the previous Terms of Reference which are proposed to be replaced. To assist the Audit Committee in fulfilling these responsibilities, the Work Plan attached at **Appendix B** schedules in the reports that the Committee would expect, as standing items, at each of their meetings.
- 3.4 A key requirement of an effective Audit Committee is a well-informed membership who has some knowledge and experience of the key areas to be considered by the Committee. With a known work plan **Appendix A**, Members are better prepared and can, if appropriate, seek further knowledge and experience needed to carry out their role effectively.
- 3.5 CIPFA are planning to revise their “Audit Committee Practical Guidance for Local Authorities CIPFA 2006” in the new year and with discussions continuing in relation to the future of local audit, the terms of reference will need to be revisited to reflect any proposed changes and once known these will be brought to members for their consideration.

List of Background Papers

Audit Committee Practical Guidance for Local Authorities CIPFA 2006

TIS Online CIPFA November 2008 Audit Committee

Various consultation documents on the Future of Local Audit

Appendices

A: Audit Committee Terms of Reference

B: Audit Committee Work Plan

Appendix A

Proposed Version

15. Delegations from the Joint Committee

Delegation of authority from the Joint Committee to other committees is as follows:

i. **Audit Committee**

Terms of reference:

The Committee will review, at least annually, and more frequently, if changes are required sooner, its terms of reference to ensure they are up to date, and make recommendations for change to West Mercia Energy

The Committee will consider and approve its annual Work Plan

In order to carry out its purpose and core functions the Committee will consider, monitor, review and, as appropriate, approve:

- (a) Any proposals for the revision of the Service Level Agreements with Internal Audit.
- (b) The annual audit plan.
- (c) Revisions to the annual audit plan, as advised by the Audit Services Manager and agreed by the s151 Officer.
- (d) The Audit Service Manager's Annual Report and opinion on the work completed by Internal Audit and the progress made in implementing recommended actions.
- (e) Reports on Internal Audit reviews, special investigations, including frauds, and consideration of recommendations for strengthening internal controls.
- (f) A report on the review of adequacy of West Mercia Energy's corporate governance arrangements.
- (g) The annual review report on West Mercia's Code of Corporate Governance.
- (h) West Mercia's Annual Governance Statement.
- (i) Annual review and reaffirmation of West Mercia Energy's Anti-Fraud and Corruption Policy and Whistleblowing Policy.
- (j) The External Auditors work plan, including comments on the scope and depth of external audit work, considering whether it gives value for money.
- (k) External Audit reports for review, comment and follow up of recommendations.
- (l) West Mercia's draft Statement of Accounts before submission to the Joint Board.
- (m) The External Auditor's Management Letter and Value for Money Conclusion.
- (n) The Annual Governance report from the External Auditor following completion of the annual audit of accounts.

Previous Version

- (a) Receive the annual audit plans of both the internal and external auditors;
- (b) Receive and comment upon the internal and external auditors' reports;
- (c) Monitor the adequacy and effectiveness of Joint Committee's system of internal control;
- (d) Consider, monitor and review the effectiveness of Joint Committee's risk management arrangements;
- (e) Consider the degree to which, during the preceding financial year, the business and financial objectives of the business plan have been met.

APPENDIX B

WEST MERCIA ENERGY

Audit Committee Annual Work Plan	June	Sept	Feb/ Mar	Report originator	Public/ Exempt
Financial Results and Statutory Statement of Accounts	✓			S151 Officer	Public
Annual Governance Statement	✓			MD/ S151 Officer	Public
Annual Governance Statement and Statutory Statement of Accounts (prior year)		✓		MD/ S151 Officer	Public
Annual review and reaffirmation of West Mercia's Anti-Fraud and Corruption Policy and Whistleblowing Policy	✓			MD	Public
Annual Audit Committee Self-Assessment		✓		S151 Officer	Public
Annual Internal Audit Report	✓			Internal Audit	Public
Internal Audit Plan for the next year			✓	Internal Audit	Public
Internal Audit Strategic Plan (Four yearly) and SLA			✓	Internal Audit	Public
Internal Audit Coverage – final reports issued	✓	✓	✓	Internal Audit	Public
Annual review of Audit Committee Terms of Reference			✓	Internal Audit	Public
External Audit - Annual Governance Report		✓		External Audit	Public
External Audit - Annual Fee Letter			✓	External Audit	Public
External Audit - Annual Audit Letter			✓	External Audit	Public
External Audit – Audit Plan	✓			External Audit	Public
External Audit – updates against plan	✓		✓	External Audit	Public

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