

The Annual Audit Letter for West Mercia Energy Joint Committee

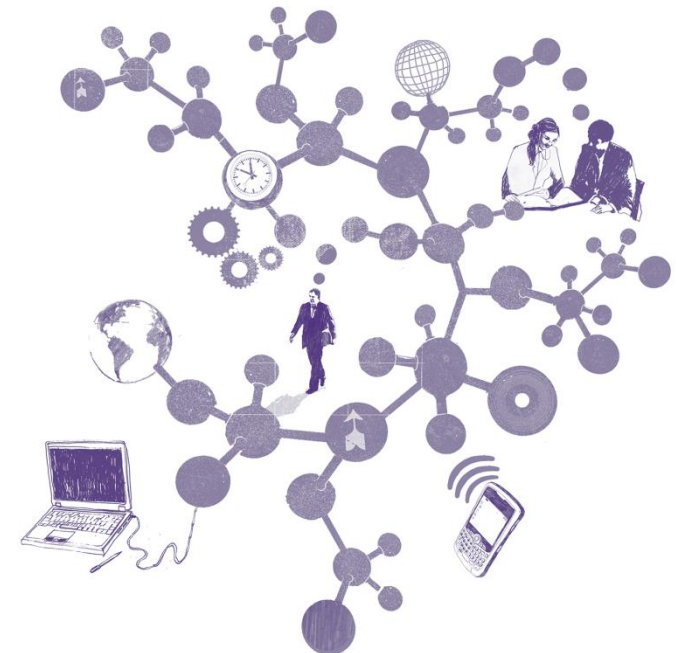
Year ended 31 March 2015

October 2015

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Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at West Mercia Energy Joint Committee ('the joint committee') for the year ended 31 March 2015.

The Letter is intended to communicate key messages to the Joint Committee and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued on 16 February 2015 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission and Public Sector Audit Appointments Limited.

Financial statements audit (including audit opinion)

We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 28 September 2015 to the Joint Committee. The key messages reported were:

- Our work identified no issues in respect of the risks set out in our audit plan dated 16 February 2015.
- Our review of the Joint Committee's accounting policies, estimates and key judgements identified no issues.
- In addition our work identified that controls were operating effectively and there were no adjusted or unadjusted misstatements identified.
- A number of minor disclosure changes were made to the financial statements during the audit to further enhance transparency.
- As reported in our audit plan dated 16 February 2015 the Local Audit and Accountability Act 2014 no longer includes provision for Joint Committees in the schedule of bodies requiring a statutory audit under the Act. West Mercia Energy is a £70 m business that generates a distribution for each of the members. Going forward the Joint Committee will need to consider the assurance it requires on the financial statements. A recommendation was made in our Audit Findings report presented to the Joint Committee on 28 September 2015. This is set out in appendix A to this report.

We issued an unqualified opinion on the Joint Committee's 2014/15 financial statements on 28 September 2015, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the financial statements give a true and fair view of the Joint Committee's financial position and of the income and expenditure recorded by the Joint Committee.

Key messages continued

Value for Money (VfM) conclusion	<p>We issued an unqualified VfM conclusion for 2014/15 on 28 September 2015.</p> <p>On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Joint Committee put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.</p>
Audit fee	<p>Our fee for 2014/15 was £18,386, excluding VAT which was in line with our planned fee for the year and which is in line with the previous year. Further detail is included within appendix B.</p>

Appendix A: Key issues and recommendations

This appendix summarised the significant recommendations identified during the 2014/15 audit.

No.	Issue and recommendation	Priority	Management response/ responsible office/ due date
1.	<p>Issues: The Local Audit and Accountability Act 2014 no longer includes provision for Joint Committees in the schedule of bodies requiring a statutory audit under the Act. West Mercia Energy is a £70 m business that generates a distribution for each of the members and also holds funds on behalf of their customers.</p> <p>Recommendation: The Joint Committee should consider their assurance needs following changes set out in the Local Audit and Accountability Act 2014.</p>	High	<p>A paper will be presented at the Joint Committee of 28th September recommending the continuation of an external audit by the Treasurer.</p> <p>Responsible officer: Treasurer Due date: 28 September 2015</p> <p>Update: Its was agreed by the Joint Committee that a level of independent assurance would be obtained going forward.</p>

Appendix B: Reports issued and fees

We confirm below the fees charged for the audit and non-audit services.

Fees for audit services

	Per Audit plan £	Actual fees £
Joint Committee Audit	18,386	18,386
Total audit fees	18,386	18,386

Reports issued

Report	Date issued
Audit Plan	February 2015
Audit Findings Report	September 2015
Annual Audit Letter	October 2015



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