



The Audit Findings for West Mercia Energy Joint Committee

Year ended 31 March 2014

September 2014

Grant Patterson

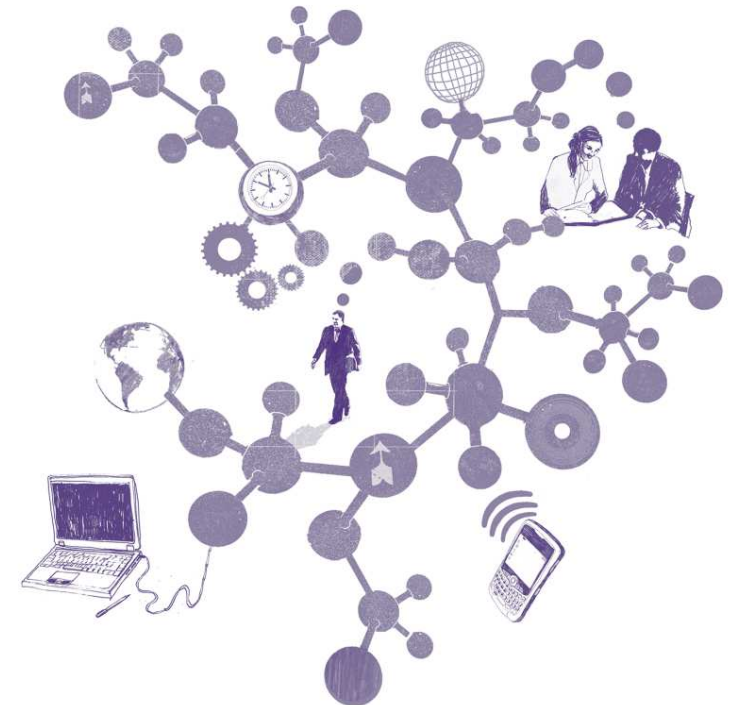
Director
T 0121 232 5296
E grant.b.patterson@uk.gt.com

Joan Hill

Audit Manager
T 0121 232 5327
E joan.hill@uk.gt.com

Sandeep Chonkaria

Associate
T 0121 232 5346
E sandeep.chonkaria@uk.gt.com



The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify.

We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Contents

Section	Page
1. Executive summary	4
2. Audit findings	8
3. Value for Money	18
4. Fees, non audit services and independence	21
5. Communication of audit matters	22
Appendices	
A Action plan 2012-13 update	25
B Action plan	26
C Audit opinion	27 - 28

Section 1: Executive summary

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

This report is to the Joint Committee on 22 September 2014. This report reflects the findings from our work on the financial statements. At the time of writing the audit is substantially complete. If further matters arise during the completion stages of our audit, we will raise these at the Joint Committee.

Executive summary

Purpose of this report

This report highlights the key matters arising from our audit of West Mercia Energy Joint Committee's ('the Joint Committee') financial statements for the year ended 31 March 2014. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of International Standard on Auditing 260 (ISA).

Under the Audit Commission's Code of Audit Practice we are required to report whether, in our opinion, the Joint Committee's financial statements present a true and fair view of the financial position, its expenditure and income for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. We are also required to reach a formal conclusion on whether the Joint Committee has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion).

Introduction

In the conduct of our audit we have not had to alter or change our planned audit approach, which we communicated to you in our Audit Plan dated 18 February 2014.

Our audit is substantially complete although we are finalising our work in the following areas:

- employee remuneration - review of the actuarial report and review of the assurances from the auditor for Shropshire County Pension Fund
- utility expenditure
- review of the final version of the financial statements
- obtaining and reviewing the final management letter of representation
- review of final version of the Annual Governance Statement to be approved at the Joint committee meeting of the 22 September 2014; and,
- updating our post balance sheet events review, to the date of signing the opinion.

The 18 September 2014 is the date appointed on, or after, which local government electors for the joint committee's area may exercise their rights under sections 15 and 16 of the Audit Commission Act 1998 to question the auditor about or make objections to the accounts for the year ended 31 March 2014. As at the date of this report electors have therefore not yet had opportunity to exercise their rights. If matters arise we will inform the Joint Committee accordingly

Key issues arising from our audit

Financial statements opinion

We received draft financial statements and accompanying working papers at the start of our audit, in accordance with the agreed timetable.

As at 8 September 2014, and subject to the completion of the outstanding work described above, we expect to issue an unqualified opinion on the financial statements.

In 2012/13 we:

- 1) Highlighted that an improved review process of the financial statements against the requirements of the CIPFA Code and other items be incorporated within the closedown timetable for the preparation of the Joint Committee's financial statements as set out in the action plan in Appendix A. Our 2013/14 audit has found a number of presentation and disclosure items requiring amendment in the accounts. We have worked with your officers on these and the accounts have been amended. The Joint Committee should therefore continue to develop an improved review process against the requirements of the CIPFA Code and other items incorporated within the closedown timetable for the preparation of the Joint Committee's annual financial statements

- 2) Asked management and those charged with governance to consider actions that could be taken to reduce the risk of lack of segregation of duties within the journals system or recognise that this is a risk that the Joint Committee is willing to tolerate within its operating environment. The item was considered at the Joint Committee meeting in September 2013. Our 2013/14 audit has found that procedures have been put in place for the authorisation by the Treasurer of journals raised by the Director.

The key messages arising from our audit of the Authority's financial statements are:

- The financial statements presented for audit were basically sound.
- We have been working with your officers to ensure that the Joint Committee's financial statements comply with the requirements of the CIPFA Code of Practice and best practice. Our audit identified a number of presentational and disclosure changes. These changes in the main arose from two areas.
 - the first being a specific area of local government accounting - this is that as a Joint committee it is not a principal local government body and therefore the statutory overrides of accounting for pensions do not apply. The accounts presented for audit had been presented as if the statutory overrides for pensions had applied which is incorrect.
 - the second being disclosures in respect of comparatives relating to the sale of the discontinued operation.
- All the omissions and disclosure changes are to be adjusted for in the updated set of accounts. We have again highlighted that the processes for reviewing your financial statements could be stronger and will work with your officers to make improvements for next year.

Further details are set out in section 2 of this report

Value for Money conclusion

As at 8 September 2014, and subject to the completion of the outstanding work described previously, based on our review of the Joint Committee's arrangements to secure economy, efficiency and effectiveness in its use of resources, we propose to give an unqualified VfM conclusion.

Further detail of our work on Value for Money is set out in section 3 of this report.

Controls

The Joint Committee's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Joint Committee.

Our work has not identified any control weaknesses which we wish to highlight for your attention.

The way forward

Matters arising from the financial statements audit and review of the Joint committee's arrangements for securing economy, efficiency and effectiveness in its use of resources have been discussed with the Treasurer and Director.

We have made a recommendation, which is set out in the action plan in Appendix B. The recommendation has been discussed and agreed with the Treasurer and Director.

Acknowledgment

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Section 2: Audit findings

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

Audit findings

In this section we present our findings in respect of matters and risks identified at the planning stage of the audit and additional matters that arose during the course of our work. We set out on the following pages the work we have performed and findings arising from our work in respect of the audit risks we identified in our audit plan, presented to the Joint Committee on 24 February 2014. We also set out the adjustments to the financial statements arising from our audit work and our findings in respect of internal controls.

Changes to Audit Plan

We have not made any changes to our Audit Plan dated 18 February 2014 as previously communicated to you on 24 February 2014.

Audit opinion

We anticipate that we will provide the Joint Committee with an unmodified opinion. Our audit opinion is set out in Appendix C.

Audit findings against significant risks

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA 315).

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

	Risks identified in our audit plan	Work completed	Assurance gained and issues arising
1.	<p>Improper revenue recognition</p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper recognition</p>	<p>We have undertaken the following:</p> <ul style="list-style-type: none"> • review and testing of revenue recognition policies • testing of material revenue streams 	<p>Our audit work has not identified any issues in respect of revenue recognition.</p>
2.	<p>Management override of controls</p> <p>Under ISA 240 there is a presumed risk of management over-ride of controls</p>	<p>We have undertaken the following:</p> <ul style="list-style-type: none"> • review of accounting estimates, judgements and decisions made by management • testing of journal entries • review of unusual significant transactions 	<p>Our audit work has not identified any evidence of management override of controls. In particular, the findings of our review of journal controls and testing of journal entries has not identified any significant issues.</p> <p>We set out later in this section of the report our work and findings on key accounting estimates and judgements.</p>

Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses, are attached at Appendix B.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Turnover – Utility Revenue	Existence/Occurrence Contract accounting not consistent with terms	We have undertaken the following: <ul style="list-style-type: none"> • We have documented the processes and controls in place around the accounting for Turnover – Utility Revenue and carried out walkthrough tests to confirm operation of controls. • We have undertaken tests of detail on utility revenue included in the financial statements including: <ul style="list-style-type: none"> ➢ Testing on a sample of utility revenue transactions. 	Our audit work has not identified any significant issues in relation to the risk identified.
Cost of Goods Sold – Utility Expenditure	Valuation – Gross Costs not accounted for properly Valuation – Net Activity variation adjustments to expenditures not correct	We have undertaken the following: <ul style="list-style-type: none"> • We have documented the processes and controls in place around the accounting for Cost of Goods Sold – Utility Expenditure and carried out walkthrough tests to confirm operation of controls. • We have undertaken tests of detail on utility expenditure included in the financial statements including: <ul style="list-style-type: none"> ➢ Testing on a sample of utility expenditure transactions. 	Our audit work is substantially complete and at this time has not identified any significant issues in relation to the risk identified. We will update the Joint Committee at the meeting on our findings from our work.




Audit findings against other risks (continued)

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Our recommendation, together with management responses, is attached at Appendix B.



Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Debtors (long & short term) – Utility revenue	Existence/Occurrence Recorded debtors not valid	We have undertaken the following: <ul style="list-style-type: none"> • We have documented the processes and controls in place around the accounting for Trade debtors and prepayments and carried out walkthrough tests to confirm operation of controls. • We have undertaken tests of detail on trade debtors and prepayments in the financial statements including: <ul style="list-style-type: none"> ➤ Review of calculation of significant prepayments and other items. ➤ Review of receipts after the year end. 	Our audit work has not identified any significant issues in relation to the risk identified.

Accounting policies, estimates & judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Authority's financial statements.

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	<ul style="list-style-type: none"> Revenue transactions are accounted for on an accruals basis. This means that all revenue income is recorded when the debt has been established rather than when money has been received. 	<ul style="list-style-type: none"> Our review of accounting policies has not highlighted any issues which we wish to bring to your attention 	 (Green)
Judgements and estimates	<ul style="list-style-type: none"> Key estimates and judgements include : <ul style="list-style-type: none"> – pension fund valuations and liabilities 	<ul style="list-style-type: none"> Our review of accounting policies has not highlighted any issues which we wish to bring to your attention 	 (Green)
Other accounting policies	<ul style="list-style-type: none"> We have reviewed the Joint Committee's policies against the requirements of the CIPFA Code and accounting standards. 	<ul style="list-style-type: none"> Our review of accounting policies has not highlighted any issues which we wish to bring to your attention 	 (Green)

Assessment

-  Marginal accounting policy which could potentially attract attention from regulators
-  Accounting policy appropriate and disclosures sufficient

-  Accounting policy appropriate but scope for improved disclosure

Adjusted misstatements

A number of adjustments to the draft financial statements have been identified during the audit process. We are required to report all misstatements to those charged with governance, whether or not the financial statements have been adjusted by management. The table below summarises the adjustments arising from the audit which have been processed by management.

Impact of adjusted misstatements

All adjusted misstatements are set out below along with the impact on the primary statements and the reported financial position.

Detail	Comprehensive Income and Expenditure Account £'000	Balance Sheet £'000	Impact on total net expenditure £000
NONE – to be updated on completion of audit work			
Overall impact	£NIL	£NIL	£NIL

Unadjusted misstatements

There are no identified adjustments which we request be processed but which have not been made within the final set of financial statements.

Misclassifications & disclosure changes

Our review found a number of omissions and items requiring amendment in the financial statements as described previously. These were discussed with officers during the course of the audit and all are to be adjusted for in the final set of financial statements. The majority of the changes are of such a size and nature that, in our view, we are not required to bring them to your attention in this report to help you discharge your responsibilities. We have highlighted those that we believe will assist you in your role below. The number of items highlights that the processes for preparing and reviewing your financial statements could be stronger and we have again made a recommendation which, together with the management response, is attached at Appendix B.

Adjustment type	Value £'000	Account balance	Impact on the financial statements
1 Disclosure and presentation	£695/nil 2012-13 £742/nil	Movement in Reserves Statement – usable reserves/unusable reserves.	The change arose from a specific area of local government accounting. This is that a Joint Committee is not a principal local government body and therefore the statutory overrides of accounting for pensions do not apply. The accounts presented for audit had been presented as if the statutory overrides for pensions had applied which is incorrect.
2 Disclosure and presentation	£3,964/nil	Balance Sheet – usable reserves/unusable reserves	The reserves of the Joint Committee should all be classed as usable reserves as it is not a principal local government body.

Internal controls

The purpose of an audit is to express an opinion on the financial statements.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

Our work has not identified any significant control weaknesses which we wish to highlight for your attention.

Other communication requirements

We set out below details of other matters which we are required by auditing standards to communicate to those charged with governance.

	Issue	Commentary
1.	Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Joint Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit.
2.	Matters in relation to laws and regulations	<ul style="list-style-type: none"> We are not aware of any significant incidences of non-compliance with relevant laws and regulations.
3.	Written representations	<ul style="list-style-type: none"> A letter of representation has been requested from the Joint Committee. This incorporates the additional disclosure highlighted below.
4.	Disclosures	<ul style="list-style-type: none"> As reported earlier, our review found misclassification and disclosure changes requiring amendment in the financial statements. These are all to be adjusted for in the final set of financial statements Note 6 of the financial statements provides the Joint Committee's segmental reporting information. Following the disposal of the stationary business in April 2012 there are three segments which are reported to management on a monthly basis of gas; electricity and oil. The Utilities element disclosed in note 6 includes gas and electricity components which each are more than 10% of turnover. These would normally require separate disclosure, however IFRS8 does allow for aggregation of segments where they are similar in each of the following respects: <ul style="list-style-type: none"> Nature of products and services Nature of the production process Type or class of customer for products and services Method used to distribute products/provide services Nature of the regulatory environment <p>From our audit procedures we are satisfied that aggregation on the above bases is reasonable and we are requesting that the Joint Committee confirm its agreement to this approach through the letter of representation.</p>
5.	Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related party transactions which have not been disclosed.
6.	Going concern	<ul style="list-style-type: none"> Our work has not identified any reason to challenge the Joint Committee's decision to prepare the financial statements on a going concern basis.

Section 3: Value for Money

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

Value for Money

Value for Money conclusion

The Code of Audit Practice 2010 describes the Joint Committee's responsibilities to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in its use of resources
- ensure proper stewardship and governance
- review regularly the adequacy and effectiveness of these arrangements.

We are required to give our VFM conclusion on whether the Joint Committee has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The key areas we are required to consider as specified by the Audit Commission are:

- Review of the annual governance statement for indications of any matters of concern relating to proper arrangements which are defined by the Audit Commission as corporate performance management and financial management arrangements that form a key part of the system of internal control;
- Consider the work of relevant regulatory bodies or inspectorates, where applicable. No reports from the Audit Commission or other relevant regulatory bodies or inspectorates have been issued to the Joint committee in respect of the 2013-14 year to date;
- Undertake a risk assessment and consider any significant risks relating to your proper arrangements for securing economy, efficiency and effectiveness.

Key findings

We have undertaken a review of the annual governance statement and have not identified any matters of concern relating to the Joint Committee's corporate performance management arrangements.

We identified that the Joint Committee's budget was approved at its February 2014 meeting and management accounts have been provided to you, the owners during the year. We have not identified any matters of concern relating to the Joint Committee's financial management arrangements.

We have completed a risk assessment for our work and have not identified any risks relating to your proper arrangements for securing economy, efficiency and effectiveness.

Overall VFM conclusion

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 2014.

Section 4: Fees, non audit services and independence

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

Fees, non audit services and independence

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

Fees

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

Fees for other services

Service	Fees £
None	Nil

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

Section 5: Communication of audit matters

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

Communication of audit matters to those charged with governance

International Standard on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

The Audit Plan outlined our audit strategy and plan to deliver the audit, while this Audit Findings report presents the key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

We have been appointed as the Joint Committee's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Joint Committee's key risks when reaching our conclusions under the Code.

It is the responsibility of the Joint Committee to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Joint Committee is fulfilling these responsibilities.

	Audit Plan	Audit Findings
Our communication plan		
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Compliance with laws and regulations		✓
Expected auditor's report		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓

Appendices

Appendix A: Action plan 2012-13 update

Priority

High - Significant effect on control system

Medium – Effect on control system

Low - Best practice

Rec No.	Recommendation 2012-13	Priority	Management response	Implementation date & responsibility	Finding
1	An improved review process of the financial statements against the requirements of the CIPFA Code and other items is incorporated within the closedown timetable for the preparation of the Joint Committee's financial statements	L	A review of the process for the year 2012/13 will be conducted and ways of improving the process for future years will be considered.	June 2014 Treasurer and Director	Our 2013/14 audit has found a number of presentation and disclosure items requiring amendment in the accounts.
2	Management and Those Charged with Governance should consider whether there are actions that could be taken to reduce the risk of the lack of segregation of duties within the journals system or recognise that this is a risk that the Joint Committee is willing to tolerate within its operating environment.	M	Given the size of the organisation, the segregation of duties which would be evident in a larger business is not possible. It is recommended that this is recognised by the Joint Committee and is a risk that the Joint Committee is willing to tolerate within the current operating environment.	Risk to be acknowledged and accepted - no implementation date.	We found that procedures have been introduced for the authorisation by the Treasurer of journals raised by the Director. The number of these journals is considered manageable.

Appendix B: Action plan

Priority

High - Significant effect on control system

Medium – Effect on control system

Low - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	Continue to develop the improved review process of the financial statements against the requirements of the CIPFA Code and other items incorporated within the closedown timetable for the preparation of the Joint Committee's financial statements.	L	A review of the process for the year 2012/13 was conducted and improvements made. Now that the year 2013/14 is complete a further review will be conducted and any additional ways of improving the process for future years will be considered.	June 2015 Treasurer and Director

Appendix C: Audit opinion

We anticipate we will provide the Joint Committee with an unmodified audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST MERCIA ENERGY JOINT COMMITTEE

Opinion on the Joint Committee financial statements

We have audited the financial statements of West Mercia Energy Joint Committee for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

This report is made solely to the members of West Mercia Joint committee in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Joint Committee and the Joint Committee's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Treasurer and auditor

As explained more fully in the Statement of the Treasurer's Responsibilities, the Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Joint Committee's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the

knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of West Mercia Energy Joint Committee as at 31 March 2014 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and applicable law.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Joint Committee to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on Joint Committee's arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Joint Committee has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are also required by the Audit Commission's Code of Audit Practice to report any matters that prevent us being satisfied that the audited body has put in place such arrangements.

We have undertaken our audit in accordance with the Code of Audit Practice and, having regard to the guidance issued by the Audit Commission in October 2013, we have considered the results of the following:

- our review of the annual governance statement.

As a result, we have concluded that there are no matters to report.

Certificate

We certify that we have completed the audit of the financial statements of West Mercia Energy Joint Committee in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Grant Patterson

Director

for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Colmore Plaza
20 Colmore Circus
Birmingham
B4 6AT

September 2014



© 2014 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' means Grant Thornton UK LLP, a limited liability partnership.

Grant Thornton is a member firm of Grant Thornton International Ltd (Grant Thornton International). References to 'Grant Thornton' are to the brand under which the Grant Thornton member firms operate and refer to one or more member firms, as the context requires. Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by member firms, which are not responsible for the services or activities of one another. Grant Thornton International does not provide services to clients.

grant-thornton.co.uk