

## EXTERNAL AUDIT - INFORMING THE AUDIT RISK ASSESSMENT 2017/18

**Responsible Officer** Nigel Evans

e-mail: [nevans@westmerciaenergy.co.uk](mailto:nevans@westmerciaenergy.co.uk) Tel: 0333 1014353

### 1. Summary

- 1.1 The purpose of this report is to contribute towards the effective two-way communication between the Joint Committee's external auditors (Grant Thornton) and the Joint Committee, as those charged with governance.

### 2. Recommendations

- 2.1 The Joint Committee are asked to consider whether the management responses contained in the attached report are consistent with its understanding and whether there are any further comments it wishes to make.

## REPORT

### 3. Risk Assessment and Opportunities Appraisal

- 3.1 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.
- 3.2 There are no direct environmental, equalities or climate change consequences arising from this report.
- 3.3 Grant Thornton's audit work is conducted in accordance with the International Standards on Auditing (ISAs) (UK).

### 4. Financial Implications

- 4.1 There are no direct financial implications arising from this report.

## 5. Background

- 5.1 The report attached from Grant Thornton covers some important areas of the auditors' risk assessment where they are required to make inquiries of the Joint Committee under auditing standards.
- 5.2 As part of their risk assessment procedures Grant Thornton are required to obtain an understanding of management processes and the Joint Committee's oversight of the following areas:
- fraud
  - laws and regulations
  - going concern
  - related parties
  - accounting estimates
- 5.3 The attached report is sectioned by the five categories detailed above and details the questions raised and the corresponding management response.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

None

**Member**

Councillor P Price of Herefordshire Council (chair of the Joint Committee)

**Appendices**

Appendix A - Informing the audit risk assessment for West Mercia Energy 2017/18