

## EXTERNAL AUDIT - INFORMING THE AUDIT RISK ASSESSMENT 2019/20

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### 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.
- 1.2 The report attached at Appendix 1 identifies the queries and proposed management responses for consideration by Members to ensure they are consistent with Members' understanding and provide opportunity for any further comments.

### 2. Recommendations

It is recommended that the Joint Committee:

- 2.1 having considered the proposed management responses contained in the report at Appendix 1, approve the submission of these management responses to the queries raised by Grant Thornton.

## 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 report attached as Appendix 1 is sectioned by the five categories detailed above and details the questions raised by Grant Thornton and the corresponding management responses proposed.

5.4 The proposed responses have been drafted on behalf of the Joint Committee by the WME Director. This has been conducted by a review of the assessment report from 2018/19, the responses made at that time and consideration if the response is still valid or needs amendment. Furthermore the WME Director clarified some areas of the report with Grant Thornton before drafting the management responses.

<b>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</b> Joint Committee 26 February 2019 – Informing the audit risk assessment for West Mercia Energy 2018/19
<b>Member</b> Councillor P Nutting of Shropshire Council (Chair of the Joint Committee)
<b>Appendices</b> Appendix 1 - Informing the audit risk assessment for West Mercia Energy 2019/20