

## APPENDIX 1 - RESPONSE FROM AUDIT COMMITTEE CHAIR

Auditor Question	Response
<b>FRAUD RISK ASSESSMENT</b>	
Has the Audit Committee assessed the risk of material misstatement in the financial statements due to fraud?	The Audit Committee takes assurance from reports presented by both the internal and external auditors as well as updates on the work undertaken as part of the National Fraud Initiative (NFI). The Anti-fraud policy is also periodically reviewed and approved by the Audit Committee.
What are the results of this process?	Historically financial management has been effective with no reason to suspect failing controls.
What processes does the Council have in place to identify and respond to risks of fraud?	Ongoing risk monitoring takes place within Corporate Finance with measures taken to mitigate any new or emerging risks.
Have any specific fraud risks, or areas of high risk of fraud, been identified and what has been done to mitigate these risks?	Four investigations are ongoing in relation to irregularities and potential fraud. The lessons learnt from these investigations will inform any changes that will be required to help mitigate risks moving forward.
Are internal controls, including segregation of duties, in place and operating effectively?	Internal controls in place and no reason to doubt effectiveness.
If not, where are the risk areas and what mitigating actions have been taken?	N/A.
Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?	None previously identified.
Are there any areas where there is a potential for misreporting?	None previously identified.
How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud?	See the response to question 1.
What arrangements are in place to report fraud issues and risks to the Audit Committee?	The Internal Audit Manager is able to report investigations undertaken at any stage as appropriate.
How does the Council communicate and encourage ethical behaviour of its staff and contractors?	Codes of conduct are in place for members and officers. Contractors are governed by specific terms and conditions within the contract of engagement.
How do you encourage staff to report their concerns about fraud? Have any significant issues been reported?	Various channels are available including direct reporting to Line Managers, Heads of Service or Internal Audit staff. The council also has a whistleblowing policy and a process for dealing with anonymous letters etc.
Are you aware of any related party relationships or transactions that could give rise to risks of fraud?	None known.
Are you aware of any instances of actual, suspected or alleged, fraud, either within the Council since the 1 <sup>st</sup> April 2019?	There are 2 ongoing investigations that commenced since the 1 <sup>st</sup> April 2019.

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<b>LAWS &amp; REGULATIONS</b>	
What arrangements does the Council have in place to prevent and detect non-compliance with laws and regulations?	Annual Governance Statement (AGS), Council Constitution, Statutory Monitoring Officer, Audit Committee, Internal and External Audit, judicial review, whistle-blowing policy etc.
How does management gain assurance that all relevant laws and regulations have been complied with?	As above.
How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?	As above.
Have there been any instances of non-compliance or suspected non-compliance with law and regulation since the 1 <sup>st</sup> April 2019?	The council was successfully judicially reviewed over its Equality Impact Assessment (EIA) on the decision to close one of its Leisure Centres.
What arrangements does the Council have in place to identify, evaluate and account for litigation or claims?	The council's internal legal department and its insurers. Provision is made in the council's annual accounts if required.
Is there any actual or potential litigation or claims that would affect the financial statements?	None at the level of the materiality threshold for accounting purposes.
Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance?	None known.

**Cllr Margaret Sargent**

**Audit Committee Chair**

**5<sup>th</sup> August 2020**