

Report to: Audit Governance and Improvement Review Committee
Date: 29th January 2009
Subject: Letter of Assurance
Report of: Executive Director of Business Support Services
Contact officer: Martyn Kenyon 2550

Purpose / summary: To advise members of the External Audit Requirement of a letter of assurance from members regarding the effectiveness of the organisations governance arrangements

Alternative options considered and reason for selecting the one recommended: None – this is an External Audit requirement

Recommendation / decision: Members contributions are requested to the draft response, once it is prepared.

Key Decision: This report does not involve a key decision.

Risks / Implications:

Financial: None directly but the process assists with demonstrating effective governance arrangements within the Council

Staffing:

Policy:

Equal Opportunities - Has a Diversity Impact Assessment been conducted? None required

Wards affected:

Property – Does the proposal involve a reduction, addition or change to the

Council's asset base or its occupation?

No

Does this proposal have significant implications for the Council and the local population?

A diversity impact assessment is not necessary at this stage, however, equality and diversity implications have been considered when producing this report.

Does this proposal involve a new policy or procedure or significant changes to an existing policy or procedure?

A diversity impact assessment is not necessary at this stage, however, equality and diversity implications have been considered when producing this report.

Has the Service Director - Legal Services confirmed that the recommendations within this report are lawful and comply with the Council's Constitution? **N/A**

Has the Service Director – Corporate Services confirmed that any expenditure referred to within this report is consistent with the Council's budget? **N/A**

Are any of the recommendations within this report contrary to the Policy Framework of the Council? **No**

* delete which applicable

For Cabinet reports only :

Categorisation of the report:	X
Discussion leading to a decision	
Monitoring	
Sharing for corporate understanding	

	X
Discussion	
Decision	
Information	

Tracking/Process:

	Consultation	Ward Members	Partners
Panel	Overview & Scrutiny	Cabinet	Council

There are no Background Papers to this Report within the meaning of Section 100D of the Local Government Act 1972.

Proper Officer

David Smith
19th January 2009

Date

Introduction.

The Council's external Auditors have advised that:

“A standard part of our audit approach this year requires us to seek information from the Members re their understanding of the risks of fraud and the Council's arrangements for mitigating the risks. We are able to do this through an exchange of correspondence between ourselves and the Chair of the Audit Committee rather than anything more onerous.”

They have therefore drafted a request as follows:

Compliance with International Auditing Standards

This is a request for your assistance as Chair of the Audit Governance and Improvement Review Committee with our current work on the Council's accounts for 2008/09.

In order to comply with International Standard on Auditing (UK&I)240 we are required to obtain an understanding of how those charged with governance exercise oversight of management's processes for identifying and reporting the risk of fraud and possible breaches of internal control in the Council. I should be grateful if you would confirm:

- (i) how the Audit Committee oversees management processes to identify and respond to such risks, and
- (ii) whether you have knowledge of any actual, suspected or alleged frauds affecting the Council.

Management's processes include:

- Undertaking an assessment of the risk that the financial statements may be materially mis-stated due to fraud;
- Identifying and responding to risks of fraud in the organisation;
- Communication to employees of views on business practice and ethical behavior; and
- Communication to those charged with governance the processes for identifying and responding to fraud.

A second International Standard on Auditing (ISA(UK&I)250) requires that auditors understand how those charged with governance gain assurance that all relevant laws and regulations have been complied with.

A brief response by letter (or email), by 11 February will suffice. Please call me if you wish to discuss anything in relation to this request. Thank you for your assistance in this matter.

Yours sincerely, Peter Williams, Audit manager

A response will be prepared in consultation with Senior Officers and signed by the Chair of the Audit, Governance and Improvement Review Committee, on behalf of the members of the Council.

Unfortunately, the request left insufficient time for the response to be prepared in time for the deadline for closing this agenda.

However, it will be made available to all members of this Committee prior the meeting so that any observations can be made and incorporated, where appropriate, into the response.

Recommendation:

Members contributions be requested to the draft response, once it is prepared.