



TO: Audit & Governance Committee

FROM: Director of Finance & IT

DATE: 11 April 2017

PORTFOLIOS AFFECTED: All

WARDS AFFECTED: All

TITLE OF REPORT	Response to the External Auditor's request for information on how the Audit & Governance Committee gains assurance from management
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1. PURPOSE

To summarise how the Audit & Governance Committee gains assurance, as 'those charged with governance', from management in order to fulfil its responsibilities in relation to the financial reporting process.

2. RECOMMENDATIONS

The Committee is asked:

- to consider and approve the response attached at Appendix A.

3. BACKGROUND

The Council's external auditor, Grant Thornton, is obliged to comply with the International Standards on Auditing (UK and Ireland) (ISAs).

Grant Thornton has specific responsibilities, under these ISAs, to communicate with the Audit & Governance Committee and the matters which should be communicated. To support their work, the Audit & Governance Committee has been asked to provide information on how it gains assurance from management in order to fulfil its responsibilities in respect of the financial reporting process

Grant Thornton is required to obtain an understanding of the management processes and the Committee's oversight of the following areas in respect of the year ended 31 March 2017.

- Fraud;
- Laws and regulations;
- Going concern; and
- Contingent liabilities.

4. RATIONALE

Increasingly, local authorities are required to comply with international standards and external audit are, in turn, required to gain an understanding and review the arrangements in place. The ISAs set out steps that any organisation with robust governance arrangements will follow routinely. The Audit & Governance Committee is responsible for providing independent assurance on the adequacy of the Council's governance arrangements.

5. KEY ISSUES

The attached Appendix A sets out a series of questions from Grant Thornton in respect of each of the above areas and provides the source of assurance and management response in each case, for consideration by the Audit & Governance Committee.

The responses demonstrate that the Audit & Governance Committee can gain assurance from management in order for it to fulfil its responsibilities in respect of the financial reporting process.

6. POLICY IMPLICATIONS

There are no policy implications flowing from complying with the ISAs.

7. FINANCIAL IMPLICATIONS

There are no financial implications arising as a result of this report.

8. LEGAL IMPLICATIONS

There are no legal implications arising as a result of this report.

9. RESOURCE IMPLICATIONS

There are no resource implications arising as a result of this report.

10. EQUALITY AND HEALTH IMPLICATIONS

The decisions to be taken do not change policy and do not require any further consideration in respect of equality or health issues.

11. CONSULTATIONS

Director of Finance & IT, Head of Financial Services (Resources & Place) and the Deputy Council Solicitor.

Contact Officer:	Colin Ferguson, Head of Audit & Assurance— Ext: 5326
Date:	31 March 2017
Background Papers:	None