

Appendix A

The International Standards on Auditing (ISA), specifically ISA 240 “The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements” and ISA 250 “Consideration of Laws and Regulations in an Audit of Financial Statements”, requires auditors to perform certain procedures to obtain an understanding of the entity and its environment, including the entity’s internal control. These procedures include making appropriate inquiries of management and others within the organisation, for the purpose of obtaining information for use in identifying the risks of material misstatement due to fraud and other issues.

The purpose of this document is to record Those Charged With Governance’s assessment against these requirements.

NAME OF INTERVIEWEE : AUDIT COMMITTEE

DATE OF INTERVIEW :

| Inquiry Area | Description | Response |
|-----------------------|---|---|
| Fraud [ISA 240.20] | How do those charged with governance (TCWG) exercise oversight of management's processes for identifying and responding to the risk of fraud in the Council and the internal control that management has established to mitigate these risks? | Management and the Audit Committee receive 6 monthly updates on counter fraud activity and fraud outcomes (through a fraud and error update report). The audit committee have received a training presentation on counter fraud/fraud awareness (December 17) and further training guidance in late 2018 followed up in March 2019 Fraud e-learning has been rolled out across Directors, AD’s and service managers. There is a corporate fraud risk register presented to management and the Audit Committee in December 2019 Periodic reporting and review by the Audit Committee of counter fraud policies. Regular updates on the Internal Audit Plan and reports are provided to management and the Audit Committee. There is a clear reporting mechanism for any suspected fraud to be reported to the Council. |

| Inquiry Area | Description | Response |
|-----------------------|--|---|
| Fraud [ISA 240.21] | <p>Are TCWG aware of or have they identified any instances of actual, suspected or alleged fraud within the Council? This includes instances of misconduct or unethical behaviour related to financial reporting or misappropriation of assets.</p> <p>Where TCWG are aware of such instances how have these been addressed?</p> | <p>No – not financial reporting or misappropriation of assets. Instances of fraud have been identified, primarily in the following areas:</p> <ul style="list-style-type: none"> - Tenancy Council Tax single persons discount - Housing benefit <p>These have been investigated and actioned as appropriate (e.g. penalty, discounts removed, DWP referral, police referral etc.)</p> |
| Fraud [ISA 240.21] | <p>What are the views of TCWG about fraud risks at the Council?</p> | <p>As with any large and complex organisation there are a range of fraud risks and emphasis on reducing fraud risk is continuous. The results of the NFI, internal audit work and reported fraud show some low value frauds. Management and the Audit Committee is kept up to date with fraud risks through updates on the fraud risk register, counter fraud, internal audit and other ad hoc reports. Fraud risks are acknowledged in key areas. Members and officers are aware of these and the risks are managed through established processes.</p> |

| Inquiry Area | Description | Response |
|--|--|---|
| <p>Laws and Regulations [ISA 250.15]</p> | <p>How do you gain assurance that all relevant laws and regulations have been complied with?</p> | <p>The Council is governed by all national legislation, regulation and EU law.</p> <p>The Council’s core functions are set out in the Constitution and associated policies and procedures, which reflect the legal and regulatory framework within which it operates.</p> <p>Directorates and Managers are responsible for identifying and complying with the legal and regularity framework.</p> <p>Advice is obtained from the Council’s legal service as required</p> <p>All Committee reports have legal implications assessed, reported and these are reviewed by Legal</p> <p>All the necessary training for members and officers completed so all are aware.</p> <p>Internal audit have undertaken an “emerging legislation” audit/review in the past.</p> |