

## APPENDIX 2 – PROPOSED RESPONSE

Item	Question	Proposed Response
1	<p>How does the Audit and Governance Committee oversee management's processes in relation to:</p> <ul style="list-style-type: none"> <li>- carrying out an assessment of the risk the financial statements may be materially misstated due to fraud or error</li> <li>- identifying and responding to the risk of breaches of internal control</li> <li>- identifying and responding to risks of fraud in the organisation (including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist)</li> <li>- communicating to employees its views on appropriate business practice and ethical behaviour (for example by updating, communicating and monitoring against the codes of conduct)?</li> </ul>	<p>Reports on fraud, bribery and corruption issues are presented to this Committee on a regular basis and the next report is due in September 2017. The Anti-Fraud, Bribery And Corruption Policy sets out the Council position in relation to those matters.</p> <p>The Council continues to follow the Acknowledge, Prevent and Pursue principles set out in the Local Government Fighting Fraud Locally strategy.</p> <p>Benefits continues to be the main risk area for fraud. No fraud issues have been identified that would have a significant impact on the financial statements.</p> <p>The Internal Audit Annual Report 2016-17 presented to this Committee concludes that there is an effective system of internal control in place.</p> <p>This system of internal control is designed to minimise risk to a reasonable level but cannot eliminate all risk.</p> <p>The statement of accounts is produced by qualified and experienced accountancy staff in accordance with professional standards, and consequently the risk of override of controls or misreporting is low.</p> <p>The Council has an Officer Code of Conduct in place that is used to encourage ethical behaviour in staff. This Code is periodically reviewed and updated and an annual reminder of its importance is sent to all staff.</p>
2	<p>What are the Audit and Governance Committee's views about the risks of fraud? Do you have knowledge of any actual, suspected or alleged frauds? If so, please provide details.</p>	
3	<p>Does the Audit and Governance Committee have any knowledge of whistleblower tips or complaints? If so, please provide details.</p>	<p>The Council has a Whistleblowing Code in place, and staff are encouraged to report any concerns through these arrangements. These documents are periodically reviewed and updated and re-issued to staff.</p> <p>There are no current Whistleblower tips or complaints.</p>

4	How does the Audit and Governance Committee gain assurance that all relevant laws and regulations have been complied with?	<p>The Council has Monitoring Officer arrangements in place to meet the obligations imposed by the Local Government and Housing Act 1989. The Monitoring Officer protocol securing the delivery of this requirement is embedded as an Article in the Council's Constitution.</p> <p>Fulfilment of requirements is further assisted by the other reports, policies and codes referred to elsewhere in this response. An annual reminder is issued to officers by the Monitoring Officer highlighting the role and gaining assistance in reporting relevant matters.</p> <p>Internal audit review compliance with legislation in relation to areas subject to audit. This can be explicit and targeted specifically in a brief or part of the general requirement under Public Sector Internal Audit Standards for audit evaluation of risks to include consideration of compliance with laws and regulations.</p>
5	Are you aware of any actual or potential litigation or claims that would affect the financial statements?	This area is subject to a specific review by the Borough Solicitor and Borough Treasurer as part of the process for producing the statement of accounts and no significant claims were identified.
6	How has the Audit and Governance Committee satisfied itself that it is appropriate to adopt the going concern basis in the preparation of the financial statements?	<p>A strong financial performance was delivered in the 2016/17 financial year with favourable budget variances being achieved on both the GRA and the HRA.</p> <p>The Policy Options process will continue to be used to manage the financial challenges facing the Council over the medium term.</p>
7	How does the Audit and Governance Committee provide oversight of the council's risk management processes?	Reports on the risk management framework and its operation are presented to the Audit and Governance Committee on a periodic basis. The latest report to the Committee was in January 2017.