

Responses from Management:

Auditor question	Response
What do you regard as the key events or issues that will have a significant impact on the financial statements for 2014/15?	Strata Service Solutions trading
Have you considered the appropriateness of the accounting policies adopted by the Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies?	Yes There have been no significant changes other than in respect of Strata (joint operation)
Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements?	No – other than above
How would you assess the quality of the Council's internal control processes?	Internal audit have given an opinion that it is operating soundly with no fundamental breakdown.
How would you assess the process for reviewing the effectiveness of internal control?	The audit plan is risk based and reported to and approved by the Audit and Governance Committee so therefore meets the needs of the Council.
How do the Council's risk management processes link to financial reporting?	Risk management is reported quarterly to Audit and Governance. Significant areas of risk requiring financial intervention would be included within the medium term financial plan.
How would you assess the Council's arrangements for identifying and responding to the risk of fraud?	Adequate for the needs of the Council
What has been the outcome of these arrangements so far this year?	No significant frauds identified, although a number of allegations have been made and investigated – 1 member of staff and 1 agency worker have been dismissed.
What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?	Housing Benefits, Council Tax, Grants
Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?	Yes – all allegations were either reported directly to Internal Audit or passed to Internal Audit and Legal to investigate.
Have any reports been made under the Bribery Act?	No
As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	Via quarterly and annual reports to the A&G Committee
As a management team, how do you communicate to staff and employees your views on business practices and ethical behaviour?	Regular email reminders of relevant policies.
What are your policies and procedures for identifying, assessing and accounting for litigation and claims?	Via insurance or legal services depending on the nature of the issue.

Is there any use of financial instruments, including derivatives?	Some forward trades have been undertaken although none exist at year end. Some soft loans are provided.
Are you aware of any significant transaction outside the normal course of business?	No
Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	No
Are you aware of any guarantee contracts?	No
Are you aware of allegations of fraud, errors, or other irregularities during the period?	No
Are you aware of any instances of non-compliance with laws or regulations or is the Council on notice of any such possible instances of non-compliance?	No
Have there been any examinations, investigations or inquiries by any licensing or authorising bodies or the tax and customs authorities?	No
Are you aware of any transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement?	No
Where the financial statements include amounts based on significant estimates, how have the accounting estimates been made, what is the nature of the data used, and the degree of estimate uncertainty inherent in the estimate?	As disclosed in the Accounts
Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	No
Although the public sector interpretation of IAS1 means that the financial services should be prepared on a going concern basis, management are required to consider whether there are any material uncertainties that cast doubt on the Council's ability to continue as a business. What is the process for undertaking a rigorous assessment of going concern? Is the process carried out proportionate in nature and depth to the level of financial risk and complexity of the organisation and its operations? How will you ensure that all available information is considered when concluding the organisation is a going concern at the date the financial statements are approved?	The MTFP looks at future funding models. The Council has set a minimum reserve level which is considered annually along with levels of insurance protection. Full risk assessments are carried out for all major projects. Monthly reporting of financial management to SMT.
Can you provide details of those solicitors utilised by the Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	Ashfords – Bus station site acquisition, RAMM claim against contractors, Leisure Complex
Can you provide details of other advisors consulted during the year and the issue(s) on which they were consulted?	GT – VAT and Strata Bevan Brittan – Strata Arlingclose – Treasury Management

Have any of the Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?	No

Dave Hodgson

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