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18 February 2019

Dear Dave

Exeter City Council
Financial Statements for the year end 31 March 2019

To comply with International Auditing Standards, we need to establish an understanding of the management processes in place to prevent and detect fraud and to ensure compliance with law and regulation. We are also required to make inquiries of both management and those charged with governance as to their knowledge of any actual, suspected or alleged fraud. International Auditing Standards also place certain obligations on auditors to document Management's view on some key areas affecting the financial statements.

To assist us in meeting these requirements, I would be grateful if you would consider and formally respond to the matters set out in the attached schedule. In completing this task, you may wish to take into account the views of other directors where you think appropriate. The schedule relates to operational issues as well as the financial statements.

In addition to our request to management, we will also need to contact the Chair of the Audit and Governance Committee, your Internal Auditors and the monitoring officer. For ease of responding, the question to the Chair of the Audit and Governance Committee is at the foot of the questions to management.

In preparing your responses, it would assist me greatly if you could include a summary of evidence that you have relied on to inform your responses, and the sources of assurance that you have that the relevant management controls have operated effectively through the financial year to date and will operate up to the date the accounts are approved.

It would be useful to coordinate both the Chair of the Audit and Governance Committee and management responses and for a response to be provided by 30 April 2019.

Please contact David Bray if you wish to discuss anything in relation to this request

Yours sincerely,

A handwritten signature in grey ink that reads "Geraldine Daly". The signature is written in a cursive style with a large initial 'G' and a long, sweeping tail on the 'y'.

Geraldine Daly
Associate Director
Grant Thornton UK LLP

Questions to management – Exeter City Council

Auditor question	Response
Fraud	
Please provide your assessment of how your financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments.	
What are your processes for identifying and responding to the risks of fraud? Have you identified any specific risks of fraud and/ or areas where the risks of fraud likely to exist?	
How do you communicate with those charged with governance regarding your processes for identifying and responding to the risks of fraud?	
How do you communicate with your employee regarding business practices and ethical behaviour?	
Do you have knowledge of any actual, suspected or alleged fraud affecting the entity?	
Related Parties	
Please list your related parties, highlighting any changes from the prior period	
Please provide a summary of the nature of the relationships between the entity and these related parties	
Has the entity entered into any transactions with these related parties during the 2018/19 period, if so, what was the type and purpose of the transaction(s)?	
Going Concern	
Is the going concern basis of accounting a fundamental principle in the preparation of your financial statements?	
Has a preliminary assessment of the entity's ability to continue as a going concern been performed?	

Have you identified events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern? If so, what are your plans to address them?	
What is your basis for the intended use of the going concern assumption? Do events or conditions exist that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern?	
If applicable, please document your basis for concluding that the going concern basis of accounting is not a fundamental principle in the preparation of the financial statements	
Litigation and claims	
Are you aware of possible litigation and/ or =claims which may give rise to a risk of material misstatement?	
Accounting estimates	
How do you identify transactions, events, and conditions that may give rise to the need for accounting estimates to be recognised or disclosed in your financial statements?	
Are there any changes in circumstances that may give rise to new, or the need to revise existing, accounting estimates?	
Laws and Regulations	
Are you aware of any non-compliance with any laws and regulations?	

Question to Those Charged with Governance – Exeter City Council

Auditor question	Response
Do you have knowledge of any actual, suspected, or alleged fraud affecting the entity?	