

APPENDIX

Response from Audit Committee Chair

Fraud risk assessment

Auditor Question	Response
Has the Council assessed the risk of material misstatement in the financial statements due to fraud?	The Board Director: Resources (section 151 Officer) ensures that there are adequate controls in place to mitigate the key risks within the Council's financial processes. Internal Audit provides assurance regarding the adequacy and effectiveness of these controls.
What are the results of this process?	The Council has in place a set of Financial regulations, documented procedures and processes. Internal Audit's reviews of the Council's key financial systems have provided assurance that these are operating effectively.
What processes does the Council have in place to identify and respond to risks of fraud?	<p>The annual Internal Audit plan, approved by Audit Committee, includes proactive fraud work.</p> <p>The Council has in place an Anti-Fraud and Bribery Strategy that is supported by a Whistleblowing policy and a Fraud Response plan.</p> <p>Internal Audit also issues a Fraud Bulletin that makes staff aware of the types of fraud being committed elsewhere.</p> <p>The Council has a Fraud Awareness e-learning training package on the Learning Zone.</p> <p>A Corporate Fraud Team, initially funded through Government grant, focuses its work on high risk areas such as right to buy, tenancy fraud and Council Tax discounts/exemptions.</p>

Chartered Accountants

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Have any specific fraud risks, or areas with a high risk of fraud, been identified and what has been done to mitigate these risks?	Areas identified as high risk by Internal Audit either through their work on NFI, review of relevant documents such as Protecting the Public Purse, previous audit experience, investigations and the experience of colleagues from other authorities and issues raised through the West of England Fraud Group have been included in the annual audit plan. Also, the work of the Corporate Fraud team is focussed on these areas.
Are internal controls, including segregation of duties, in place and operating effectively?	Internal Audit has provided assurance, for the areas and items tested, that there have been adequate internal control arrangements in place. Recommendations are made where there are missing or failing controls.
If not, where are the risk areas and what mitigating actions have been taken?	A summary of all Internal Audit reports issued are presented at each Audit Committee meeting. Internal Audit carries out follow-up audits and where significant issues are identified the Audit Committee calls in the full report and requires relevant officers/Members to attend.
Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?	I am not aware of any such areas.
Are there any areas where there is a potential for misreporting?	The governance arrangements and internal controls currently in place reduce the potential for misreporting.
How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud?	Fraud update report produced by the Head of Internal Audit which includes reference to investigations, work of the Corporate Fraud Team, output from NFI etc., sight of the Council's Anti-Fraud and Bribery Strategy, Whistleblowing policy and Fraud Response plan. Results of any Whistleblowing investigations are also reported to Standards Committee.
What arrangements are in place to report fraud issues and risks to the Audit Committee?	Any specific issues would be reported to Audit Committee by the Head of Internal Audit. Fraud investigations are discussed with the Chair of Audit Committee. As mentioned above outcomes of Whistleblowing cases are reported to Standards Committee.

How does the Council communicate and encourage ethical behaviour of its staff and contractors?	Staff are reminded on a regular basis of the Code of Conduct, Gifts and Hospitality, and Declarations of Interest on a regular basis through the use of the Core Brief etc. The Whistleblowing Policy applies to staff, Members, suppliers and contractors, volunteers and anyone acting on behalf of the Council.
How does the Audit Committee encourage staff to report their concerns about fraud? Have any significant issues been reported?	The Fraud Bulletin has been endorsed by the Chair of the Audit Committee in the past (by providing an introduction to the bulletin). Fraud Update provided by the Head of Internal Audit at least annually. Whistleblowing posters, with relevant contact details, are up in Council sites. Two cases of fraud exceeding £10,000 have been investigated in 2015/16.
Are you aware of any related party relationships or transactions that could give rise to risks of fraud?	I am not aware of any such relationships or transactions. Staff and Members are required to declare any such relationships. Also, all Chief Officers and Statutory Officers are required to make such declarations regarding such issues as part of the closure of the accounts.
Are you aware of any instances of actual, suspected or alleged, fraud, either within the Council as a whole or within specific departments since 1 April 2013? Are you aware of any instances of actual, suspected or alleged fraud at the Council's subsidiaries since 1 April 2013?	The Head of Internal Audit's Fraud Update provides such details. I am aware of instances of fraud and I have discussed with the Head of Internal Audit. As mentioned above the outcome of Whistleblowing cases are reported to Standards Committee.

Law and regulation

Auditor Question	Response
What arrangements does the Council have in place to prevent and detect non-compliance with laws and regulations?	Decision reports require legal and financial implications to be signed off by the Council's Monitoring Officer and Section 151 Officer. The work of Internal Audit includes compliance with law and regulation.
How does management gain assurance that all relevant laws and regulations have been complied with?	Monitoring Officer attends Corporate Board. All decision reports require legal sign off. The Council's Whistleblowing Policy encourages staff to report any wrong doing. Annual Governance Statement process, Internal Audit and

	Inspection reports would identify any non-compliance found.
How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?	Annual Governance Statement. Internal Audit reports. Fraud Update report.
Have there been any instances of non-compliance or suspected non-compliance with law and regulation since 1 April 2013?	The Head of Internal Audit keeps me informed of on-going fraud investigations. External Audit has been notified of two investigations that have found fraud exceeding £10,000 this financial year. The Corporate Fraud team has helped to recover nine housing properties to date and stopped a further Stopped five right to but applications (£302,418 discount); Identified four Council Tax discount frauds (£1,037) and one parking permit fraud (£2,825). Outcomes of Whistleblowing cases are reported through Standards Committee.
What arrangements does the Council have in place to identify, evaluate and account for litigation or claims?	Monitoring Officer attends Corporate Board. All decision reports require legal sign off. The Council's Whistleblowing Policy encourages staff to report any wrong doing. Annual Governance statement process and Internal Audit and Inspection reports would look to identify any non-compliance in areas examined.
Is there any actual or potential litigation or claims that would affect the financial statements?	The Council lost the Judicial review of the CIL liability charge decision. The claimant, Orbital Shopping Park Swindon Ltd will expect to be paid their legal costs.
Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance?	None