

Councillor Michael Dickinson

Dear Michael

Compliance with International Auditing Standards

This is a request for your assistance as Chair of the Audit Committee with our current work on the Council's accounts for 2008/09.

In order to comply with International Standard on Auditing (UK&I)240 we are required to obtain an understanding of how those charged with governance exercise oversight of management's processes for identifying and reporting the risk of fraud and possible breaches of internal control in the Council. I should be grateful if you would confirm:

- (i) how the Audit Committee oversees management processes to identify and respond to such risks ,
- (ii) whether you have knowledge of any actual, suspected or alleged frauds affecting the Council.

Management's processes include:

- Undertaking an assessment of the risk that the financial statements may be materially mis-stated due to fraud;
- Identifying and responding to risks of fraud in the organisation;
- Communication to employees of views on business practice and ethical behavior; and
- Communication to those charged with governance the processes for identifying and responding to fraud.

A second International Standard on Auditing (ISA(UK&I)250) requires that auditors understand how those charged with governance gain assurance that all relevant laws and regulations have been complied with.

A brief response by letter (or email), will suffice. Although if you feel that the response should come from the Audit Committee as a whole this would be fine. If this is the case it would be helpful to have this on the September agenda i.e. before we give our audit opinion. Please email me on p-smith@audit-commission.gov.uk or call me on 0778095675 if you wish to discuss anything in relation to this request.

Yours sincerely

Peter Smith
Audit Manager