

Cllr Duncan Smith
South Bucks District Council
Capswood
Oxford Road
Denham
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UB9 4LH

13 March 2018

Ref: SBDC/TWCG
Your ref:

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Dear Councillor Smith,

Understanding how the Audit Committee gains assurance from management

Auditing standards require us every year to update our understanding of your arrangements for overseeing management processes and arrangements formally. I therefore ask for a response to the following questions.

1) How does the Audit Committee, as 'those charged with governance' at the Authority, exercise oversight of management's processes for:

- Undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
- Identifying and responding to risks of fraud in the Authority, 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;
- Communicating to employees its view on business practice and ethical behaviour (for example by updating, communicating and monitoring against the Authority code of conduct);
- Encouraging employees to report their concerns about fraud; and
- Communicating to you the processes for identifying and responding to fraud or error?

2) How does the Audit Committee oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control?

3) Is the Committee aware of any:

- Breaches of, or deficiencies in, internal control; and
- Actual, suspected or alleged frauds during 2017/18?

4) Is the Committee aware of any organisational or management pressure to meet financial or operating targets?

5) How does the Audit Committee gain assurance that the Authority has complied with all relevant laws and regulations? Are you aware of any instances of non-compliance during 2017/18?

6) Is the Committee aware of any actual or potential litigation or claims that would affect the financial statements?

7) How does the Committee satisfy itself that it is appropriate to adopt the going concern basis in preparing the financial statements?

Thank you for your assistance. We would appreciate your response by 30 April 2018 if possible. If you have any queries about this letter please contact Susan Gill, Manager, at SGill4@uk.ey.com

Thank you for your assistance.

Yours sincerely



Andrew Brittain
Associated Partner
For and on behalf of Ernst & Young LLP
United Kingdom