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CHILTERN  
District Council



SOUTH BUCKS  
District Council

Stronger in partnership

Andrew Brittain  
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Date 23 July 2018

Dear Andrew,

### **How the SBDC Audit & Standards Committee gains Assurance from Management**

In reply to your letter dated 13<sup>th</sup> March 2018, I would provide the following responses.

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

*1a) 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);*

When the annual Statement of Accounts is presented to the Audit & Standards Committee for approval, the accompanying report includes a section detailing Management's assessment of the risk of the Accounts being incorrect due to fraud or error, and the controls that mitigate against this risk.

The Audit & Standards Committee reviews the Accounts, and Members ask officers to explain items that are not clear or are unusual.

The Overview & Scrutiny Committee review quarterly performance information for the Council.

*1b) 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;*

The Audit & Standards Committee is aware that the Council has an Anti-Fraud, Bribery and Corruption Policy and has given the Director of Resources overall responsibility for investigation of fraud and corruption.

The Audit & Standards Committee receives an annual Corporate Fraud Report, as well as regular updates, and has the opportunity to question specific cases.

*1c) Communicating to employees its view on business practice and ethical behaviour (for example by updating, communicating and monitoring against the Authority's code of conduct);*

The Audit & Standards Committee is aware that the Council has the following policies for setting down its expectations of employees in their work

- Employee Code of Conduct
- Protected Disclosure (Whistleblowing) Policy
- Anti-Fraud, Bribery & Corruption Policy.

The Council also has a Value & Behaviours framework which was developed with significant input from staff.

Annually Internal Audit reviews the Council's Governance arrangements and Internal Audit have a professional duty to report any areas of concern to the Audit & Standards Committee.

*1d) Encouraging employees to report their concerns about fraud; and*

The Audit & Standards Committee is aware that the Council has a Protected Disclosure (Whistleblowing) Policy which allows employees to report concerns to their line manager, the Audit Fraud and Error Reduction Manager, the Chief Executive, the Director of Resources, or the Leader of the Council. Anonymous allegations will also be considered.

Internal Audit reviews the Council's Anti-Fraud and Protected Disclosure (Whistleblowing) procedures and Internal Audit have a professional duty to report any areas of concern to the Audit & Standards Committee.

*1e) Communicating to you the processes for identifying and responding to fraud or error?*

The Audit & Standards Committee receives regular updates on frauds, as well as at least an annual Corporate Fraud Report, including information on any fraud write offs.

The Audit & Standards Committee also receives all internal and external audit reports, and therefore would be made aware of any issues of fraud or material error highlighted from the work of audit.

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

The Audit & Standards Committee oversees the management process to identify and respond to such risks by:

- Overseeing the work of Internal Audit, including: approving the Audit Plan; receiving and reviewing Internal Audit Reports; and monitoring Management's progress with implementing audit recommendations.
- Receiving and reviewing External Audit reports.
- Carrying out an annual review of the effectiveness of the Authority's Governance Framework / system of internal control.

*3a) Is the Committee aware of any breaches of, or deficiencies in, internal control?*

Internal Audit provides regular update reports to the Audit & Standards Committee and Internal Audit have identified a number of areas where controls can be improved. However none of these is considered to be fundamental to the overall system of internal control.

*3b) Is the Committee aware of any actual, suspected or alleged fraud during 2017/18?*

Internal Audit provide regular update reports to the Audit & Standards Committee and apart from Benefit claimant fraud, there have been no known issues during 2017/18.

The Chair of the Audit & Standards Committee is notified of all frauds.

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

SBDC strives to meet performance and financial targets. However we do not consider there to be any undue pressure.

The Authority is willing to accept performance and financial targets being missed.

Internal Audit reviews the Council's performance management framework and Internal Audit have a professional duty to report any areas of concern to the Audit & Standards Committee.

*5a) How does the Audit & Standards Committee gain assurance that the Authority has complied with all relevant laws and regulations?*

The Audit & Standards Committee gains assurance that all relevant laws and regulations have been complied with as:

- The Authority has a suitably qualified Chief Executive who is supported by experienced Directors and Heads of Service.
- The Authority has a suitably qualified and experienced s151 Officer.
- The Authority has a suitably qualified and experienced Monitoring Officer.

And by:

- Overseeing the work of Internal Audit, including approving the Audit Plan and receiving and reviewing the Internal Audit Reports.
- Receiving and reviewing External Audit reports.
- Obtaining assurance as part of the annual review of the effectiveness of the Authority's Governance Framework / system of internal control.

*5b) Are you aware of any instances of non-compliance during 2017/18?*

I am not aware of any material instance 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?*

I am not aware of any material actual or potential litigation or claims that would materially affect the financial statements.

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

As a local authority, South Bucks District Council is required to set a balanced budget and the Chief Finance Officer is required to report to the Authority on the following matters:

- The robustness of the estimates it makes when calculating its budget requirement.
- The adequacy of the Authority's reserves, taking into account the experience of the previous financial year.

The Overview & Scrutiny Committee reviews the budget proposals and satisfies itself that there are sufficient resources to deliver the budget for the year in question, as well as future years.

The Audit & Standards Committee reviews the financial statements and the Annual Governance Statement for the year ended.

Furthermore as a local authority SBDC is effectively underwritten by central Government / taxpayers.

I hope this response covers all your questions, but if you require any further clarification please contact me.

Yours sincerely

**Cllr David Anthony**  
**Chairman of Audit & Standards Committee**