



<b>Report To:</b>	<b>OVERVIEW (AUDIT) PANEL</b>
<b>Date:</b>	18 July 2016
<b>Reporting Officer:</b>	Ian Duncan – Assistant Executive Director (Finance) Wendy Poole – Head of Risk Management and Audit Services
<b>Subject:</b>	<b>GRANT THORNTON – ASSURANCE FROM OVERVIEW (AUDIT) PANEL CHAIR AND MANAGEMENT 2015/2016</b>
<b>Report Summary:</b>	Grant Thornton as part of their risk assessment procedures are required to obtain an understanding of management processes in relation to fraud risk assessment, laws and regulations and going concern considerations as part of their annual audit. The report presents the response to the letters and questionnaires received from Grant Thornton for consideration by the Panel ahead of the document being signed by the Chair of the Panel and the Assistant Executive Director (Finance).
<b>Recommendations:</b>	That Members comment and challenge the responses detailed in Appendices A and B, so that the schedule can be signed by both the Chair of the Overview (Audit) Panel and the Assistant Executive Director (Resources) ahead of it being provided to Grant Thornton.
<b>Links to Community Strategy:</b>	Demonstrates proper Corporate Governance.
<b>Policy Implications:</b>	External audit of the Council supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance.
<b>Financial Implications:</b> (Authorised by the Section 151 Officer)	There are no direct financial implications.
<b>Legal Implications:</b> (Authorised by the Borough Solicitor)	Demonstrates compliance with the Accounts and Audit Regulations 2015.
<b>Risk Management:</b>	Ensuring that the Council meets the required standards in terms of management assurance in relation to fraud risk assessment, laws and regulations and going concern considerations supports corporate governance objectives and ensures risk is minimised.
<b>Access to Information:</b>	The background papers can be obtained from the author of the report, Wendy Poole, Head of Risk Management and Audit Services by:  Telephone: 0161 342 3846  e-mail: <a href="mailto:wendy.poole@tameside.gov.uk">wendy.poole@tameside.gov.uk</a>

## 1. INTRODUCTION

- 1.1 To comply with International Auditing Standards, Grant Thornton need to establish an understanding of the management processes in place to prevent and detect fraud and to ensure compliance with the law and regulation. They are also required to make inquiries of both management and the Governing Body as to their knowledge of any actual, suspected or alleged fraud.
- 1.2 International Auditing Standards also place certain obligations on auditors to document management's view on some key areas affecting the financial statements.
- 1.3 The three specific areas covered are Fraud Risk Assessment, Law and Regulation and Going Concern Considerations.

## 2. ASSURANCE FROM OVERVIEW (AUDIT) PANEL CHAIR AND MANAGEMENT

- 2.1 A letter was sent to the Chair of the Overview (Audit) Panel requesting responses to a number of questions as follows:
  - How does the Council oversee management's processes in relation to:
    - carrying out an assessment of the risk the financial statements may be materially misstated due to fraud or error
    - identifying and responding to the risk of breaches of internal control
    - identifying and responding to risks of fraud in the Council (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 views on appropriate business practice and ethical behaviour (for example by updating, communicating and monitoring against the codes of conduct)?
  - Do you have knowledge of any actual, suspected or alleged frauds? If so, please provide details.
  - How does the Council gain assurance that all relevant laws and regulations have been complied with?
  - Are you aware of any actual or potential litigation or claims that would affect the financial statements?
  - How does the Council gain assurance over its ability to continue as a going concern?
- 2.2 A letter was also sent to the Assistant Executive Director (Finance) requesting responses to a number of questions.
- 2.3 A detailed schedule of questions was provided with each letter which explores the areas above in more detail and these have been completed and are attached at **Appendices A** and **B**.
- 2.4 Grant Thornton have requested that the responses to the questions shown in the appendices are discussed at this meeting.

## 3. RECOMMENDATION

- 3.1 That Members comment and challenge the responses detailed in **Appendices A** and **B**, so that the schedule can be signed by both the Chair of the Overview (Audit) Panel and the Assistant Executive Director (Finance) ahead of it being provided to Grant Thornton.

# APPENDIX A

## GOVERNING BODY UNDERSTANDING OF HOW THE COUNCIL GAINS ASSURANCE IN RELATION TO FRAUD RISK ASSESSMENTS, LAW AND REGULATION AND GOING CONCERN CONSIDERATIONS

### FRAUD RISK ASSESSMENTS

Question	Management response
<p>Has the Authority assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>What are the results of this process?</p>	<p>The Council has assessed the risk of material misstatement in the financial accounts and to mitigate the risks has put in place:-</p> <p>Systems of internal control which are tested by Internal Audit on a cyclical basis. Acceptable controls were in place in the majority of the systems reviewed.</p> <p>The Council has an experienced Resource Management Team in place and the financial statements are prepared in accordance with an agreed action plan and checks and balances are incorporated into the process. Regular monitoring is undertaken quarterly for both revenue and capital which highlights any deviations from budget. Cost Centre Managers have to comment on all under/overspends.</p> <p>A report was presented to the Audit Panel on 31 May 2016 setting out the accounting policies and estimates for 2015/16 accounts, covering; the proposed accounting policies, the critical judgements made in applying the accounting policies and assumptions made about the future and other major sources of estimated uncertainty within the accounts.</p>
<p>What processes does the Authority have in place to identify and respond to risks of fraud?</p>	<p>Within Internal Audit a dedicated resource is available to respond to all fraud referrals.</p> <p>The Council also has a risk based audit plan which covers key systems and risks and gives assurance to members and officers that the controls in place are operating effectively.</p> <p>Attendance at seminars and fraud groups to ensure that learning is shared. The Head of Risk Management and Audit Services is the chair of the AGMA/North West Chief Internal Auditors Fraud Group.</p> <p>Participation in Webinars.</p> <p>Protecting the Public Purse and other key fraud reports are reviewed. Fraud Alerts/Bulletins are received from NAFN Data and Intelligence Services and various online resources including CIPFA's TIS Online and the Better Governance Forum.</p> <p>All fraud cases are reported to the Standards Panel.</p>

<p>Have any specific fraud risks, or areas with a high risk of fraud, been identified and what has been done to mitigate these risks?</p>	<p>Financial systems are reviewed on a regular basis.</p> <p>The high risk areas highlighted in the latest Protecting the Public Purse report and from other sources are built into the audit planning process.</p> <p>The learning from frauds is also built into audit programmes so that the checks undertaken are responsive to issues identified.</p> <p>Where financial irregularities are identified and investigated a control report is produced for management highlighting recommendations for improving the control environment.</p>																		
<p>Are internal controls, including segregation of duties, in place and operating effectively?</p> <p>If not, where are the risk areas and what mitigating actions have been taken?</p>	<p>Managers are responsible of implementing systems of internal control and this is confirmed annually in the Assurance Statement and Self- Assessment completed by each Executive Director as part of the Annual Governance Statement and budget setting process.</p> <p>Internal controls are reviewed by Internal Audit using a risk based audit plan and a standardised system of internal audit. Each audit is concluded by the production of a Final Report which details the recommendations made in terms of any system weaknesses and includes the management response together with a named responsible officer and deadline date.</p> <p>At the conclusion of a fraud/irregularity investigation a control report is produced making recommendations to systems and again the report includes management responses, a named officer and a deadline date.</p> <p>As the organisation moves to flatter structures and smaller teams; the audit team has to be responsive to the effects of these changes on the traditional controls like segregation of duties and look for compensating controls/automatic system controls to ensure that the control environment is not adversely affected and the Council put at risk.</p> <p>27 irregularities were investigated during 2015/16 and can be summarised as follows:-</p> <table border="1" data-bbox="643 1507 1406 1832"> <tr> <td>Direct Payments</td><td>13</td></tr> <tr> <td>Staff Conduct (Time/Mileage/HB Fraud)</td><td>3</td></tr> <tr> <td>Misappropriation of Grant Monies</td><td>1</td></tr> <tr> <td>Abuse of Sickness Scheme</td><td>1</td></tr> <tr> <td>Identity Fraud</td><td>1</td></tr> <tr> <td>Misappropriation of Monies/Stock</td><td>6</td></tr> <tr> <td>Procurement</td><td>1</td></tr> <tr> <td>Foster Care Payments</td><td>1</td></tr> <tr> <td><b>Total</b></td><td><b>27</b></td></tr> </table>	Direct Payments	13	Staff Conduct (Time/Mileage/HB Fraud)	3	Misappropriation of Grant Monies	1	Abuse of Sickness Scheme	1	Identity Fraud	1	Misappropriation of Monies/Stock	6	Procurement	1	Foster Care Payments	1	<b>Total</b>	<b>27</b>
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<p>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)?</p>	<p>All financial reports are produced from the Council's ledger system Agresso. As part of the audit plan the key systems feeding into Agresso are reviewed to ensure adequate controls are in place.</p> <p>All reporting processes are timetabled and supported by an action plan.</p> <p>All users of Agresso have an individual login and password and a full audit log is maintained.</p> <p>The finance function is led and managed by professional officers who are members of professional bodies and as such are bound by codes of conduct/ethics. No one person has sole control.</p>
<p>Are there any areas where there is a potential for misreporting override of controls or inappropriate influence over the financial reporting process?</p>	<p>Manual intervention can take place throughout the year for reporting purposes where projected outturns are based on estimates of spend. However, at the year end the ledger is solely used and is checked by both internal and external audit.</p> <p>An element of judgement is required in estimating spending to the year end, but this is undertaken using professional insight and evidence.</p>
<p>How does the Authority exercise oversight over management's processes for identifying and responding to the risks of fraud?</p>	<p>The Head of Risk Management and Audit Services reports to every Audit Panel and the reports contain an update on fraud cases. The Panel receives and approves the Fraud Response Plan, Internal Audit Strategy and Charter.</p> <p>All fraud investigations are reported to the Standards Panel monthly.</p>
<p>What arrangements are in place to report fraud issues and risks to the Audit Panel/Overview (Audit) Panel?</p>	<p>The Head of Risk Management and Audit Services regularly reports to the Audit Panel. The Head of Internal Audit's Annual Report is presented in May and progress reports presented in November and January.</p>
<p>How does the Authority communicate and encourage ethical behaviour of its staff and contractors?</p>	<p>Contract Term and Conditions.</p> <p>Articles published in the Wire, Chief Executive's Brief and on the staff portal. Manager Team briefings. Code of Conduct in place and on the staff portal. Employment contracts, job descriptions and person specifications and induction.</p> <p>Anti-Fraud, Bribery and Corruption Strategy: Statement of Intent on the staff portal and the public website.</p> <p>Whistleblowing policy in place.</p>
<p>How do you encourage staff to report their concerns about fraud?</p> <p>Have any significant issues been reported?</p>	<p>Fraud Response Plan and Whistleblowing Policy in place.</p> <p>During 2015/16 a number of Direct Payment Frauds are currently being investigated which will be in excess of £10,000, and an AF70 will be completed and sent to the External Auditors once the values of the frauds have been confirmed.</p>

Are you aware of any related party relationships or transactions that could give rise to risks of fraud?	No.
Are you aware of any instances of actual, suspected or alleged, fraud, within the Authority since 1 April 2015?	Internal Audit has investigated several allegations of fraud and these are reported to both the Standards Panel monthly and the Audit Panel. Investigations are currently ongoing in respect of a number of serious direct payment frauds and a procurement fraud against the Council.

## **LAWS AND REGULATIONS**

<b>Question</b>	<b>Management Response</b>
What arrangements does the Authority have in place to prevent and detect non-compliance with laws and regulations?	<p>Qualified officers in place.</p> <p>Executive Director of Governance and Resources (Borough Solicitor) reviews all reports presented to Panels, Working Groups, Board, Cabinet and Council to ensure the legal implications have been fully considered.</p> <p>Legal briefings are also circulated weekly to inform Service Unit Managers and above of changes.</p> <p>Internal/External Audit Reviews.</p> <p>External Inspections.</p>
How does management gain assurance that all relevant laws and regulations have been complied with?	<p>Feedback from Borough Solicitor when reviewing reports.</p> <p>Internal Audit/Inspection Reports.</p> <p>Annual Governance Statement Self-Assessment and Assurance Statements.</p> <p>Appointment of professional and qualified staff.</p>
How are those charged with governance (Overview (Audit) Panel/Audit Panel) provided with assurance that all relevant laws and regulations have been complied with?	The Annual Governance Statement (AGS) and the associated assurance framework is presented to the Audit Panel. All reports are reviewed by Legal to ensure the legal implications have been fully considered. Significant issues identified by Internal Audit would be highlighted in progress reports by the Head of Risk Management and Audit Services.
Have there been any instances of non-compliance or suspected non-compliance with law and regulation since 1 April 2015?	No.
What arrangements does the Authority have in place to identify, evaluate and account for litigation or claims?	<p>The Council holds an internal fund which is actuarially valued every year for Insurance claims. An insurance portfolio is in place for all major insurance covers, which is reviewed annually.</p> <p>We have procured Insurance Brokers to provide independent advice and the Insurance team receive regular industry bulletins keeping them up to date with new claim</p>

Question	Management Response
	<p>trends, litigation judgements and risk mitigation strategies.</p> <p>We have always had a strong stance on fighting claims and work in partnership with departments, legal representatives and our insurers to put forward a strong and robust defence for all litigated claims.</p> <p>Regular liaison between Legal and Finance on potential and current claims/litigation</p>
Is there any actual or potential litigation or claims that would affect the financial statements?	An assessment of litigation and claims is made and included in the Statement of Accounts. Internal funds and reserves mitigate the effect on the financial statements. Note included in the statements about contingent liabilities.
Have there been any reports from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	None received.

### **GOING CONCERN CONSIDERATIONS**

Question	Management Response
Does the Authority have procedures in place to assess the Council's ability to continue as a going concern?	<p>The Council has a Corporate Plan and Medium Term Financial Strategy in place. Regular monitoring reports for both revenue and capital are taken to the Executive Team, Board and Cabinet. Due to the government austerity measures in place the Council's has put in place a detailed system for ensuring that savings targets are managed and achieved. This includes presentations at Board Development Days by all Executive Members on the financial health of the areas within their portfolios and reporting to Board and the Corporate Performance Group. The Section 151 Officer is responsible for ensuring that a balanced budget is set and this is closely monitored throughout the year.</p> <p>The Financial Resilience Report produced by Grant Thornton provides an independent assessment of the Council and in their Audit Letter to the Executive Cabinet/Audit Panel on 16 December 2015 concluded that the Council continues to show strong financial resilience and good financial planning and management arrangements.</p>
Is management aware of the existence of other events or conditions that may cast doubt on the Authority's ability to continue as a going concern?	As a local authority reliant on central government funding further cuts in grants will impact on Tameside. However, strong financial management processes and the programme of service redesign and transformation managed by Executive Members and Directors has one objective that Tameside can continue to deliver services to the people of Tameside in line with its vision detailed in the Corporate Plan within specific cost envelopes. The offer from the Government of a fixed four year grant settlement will bring greater certainty to the Council's medium term financial

Question	Management Response
	position.
Are arrangements in place to report the going concern assessment to the Audit Panel?	The annual budget report and MTFS ensures that the Council keeps within its budget and is approved at Full Council.
Are the financial assumptions in that report (e.g., future levels of income and expenditure) consistent with the Business Plan and the financial information provided throughout the year?	<p>Yes.</p> <p>Due to the austerity measures in place, the Council has further strengthened comprehensive budget planning and monitoring processes to ensure that the identified savings are achieved and that services are delivered within their allocated funding.</p>
Are the implications of statutory or policy changes appropriately reflected in the Business Plans, financial forecasts and report on going concern?	<p>Reductions in funding has resulted in a major programme of service reviews/redesigns whereby all aspects of the service are reviewed and future plans for delivery link up purpose, requirements, funding and customer needs.</p> <p>Changes in responsibility e.g. public health are included in plans as are changes in financing arrangements e.g. business rates.</p>
Have there been any significant issues raised with those charged with governance (Overview (Audit) Panel/Audit Panel) during the year which could cast doubts on the assumptions made? (Examples include adverse comments raised by internal and external audit regarding financial performance or significant weaknesses in systems of financial control).	<p>No significant issues have been reported to the Audit Panel. Any significant weaknesses highlighted by Internal Audit will have been addressed in an action plan. In relation to financial systems any low level assurance reports are discussed with the Assistant Executive Director (Finance) and the relevant managers to ensure that the improvements needed are implemented.</p> <p>Where a low level of assurance is given a follow up post audit review is undertaken three months after the issue of the final report.</p>
<p>Does a review of available financial information identify any adverse financial indicators including negative cash flow?</p> <p>If so, what action is being taken to improve financial performance?</p>	<p>No.</p> <p>Cash flow is monitored on a daily basis with funds invested on a short term and medium term basis.</p> <p>Collection targets are set for council tax and business rates and monitored on a monthly basis. Majority is collected over 10 months and is therefore ahead of spending need.</p>
<p>Does the Authority have sufficient staff in post, with the appropriate skills and experience, particularly at senior manager level, to ensure the delivery of the Authority's objectives?</p> <p>If not, what action is being taken to obtain those skills?</p>	<p>The Council has recently reviewed its management structure to ensure that senior management posts are aligned to the new service delivery models to take the organisation forward and meet the objectives of the Community Strategy.</p> <p>Further service reviews/redesigns may create more change at operational levels.</p>



<p>Have those charged with governance (Overview (Audit) Panel/Audit Panel) assessed the process Management has followed in forming a view on going concern and the assumptions on which the view is based?</p>	<p>Audit Panel members are aware of the Medium Term Financial Strategy and budget strategy as part of their wider role as a councillor. Detailed presentations on the final accounts are undertaken for the Audit Panel and other members.</p> <p>Joint meeting of Overview (Audit) Panel and Cabinet in February to review the budget.</p> <p>Joint meeting of Audit Panel and Cabinet in December to receive External Auditor Audit letter.</p> <p>Revenue and capital monitoring reported to Overview (Audit) Panel.</p>
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Signed:

Ian Duncan  
Assistant Executive Director (Finance)

Dated: 18 July 2016

Signed:

Councillor Vincent Ricci  
Chair – Overview (Audit) Panel

Dated: 18 July 2016

## APPENDIX B

### QUESTIONS FOR MANAGEMENT NS ASSURANCE IN RELATION TO FRAUD RISK ASSESSMENTS, LAW AND REGULATION AND GOING CONCERN CONSIDERATIONS

Question	Management response
What do you regard as the key events or issues that have a significant impact on the financial statements for 2015/16?	No events have impacted on the substance of transactions or their presentation in the 2015/16 financial statements. The key corporate issue remains our response to funding reductions, which does not affect the statements.
Have you considered the appropriateness of the accounting policies adopted by the Authority?  Have there been any events or transactions that may cause you to change or adopt new accounting policies?	<p>The policies are considered each year by the Audit Panel. No changes have been made to previous policies with the exception of the treatment of Minimum Revenue Provision as outlined below and no events have occurred that would require that to have happened.</p> <p>The Council has adopted the following policy in relation to calculating the Minimum Revenue Provision:</p> <ul style="list-style-type: none"> <li>• Borrowing taken up prior to 01/04/2015 will be provided for using a straight-line method of calculating MRP. It will be provided for in equal instalments over 50 years. The debt will be extinguished in full by 31 March 2065. If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.</li> <li>• The following will be required in relation to borrowing taken up on or after 01/04/2015. 'MRP is to be provided for based upon the average expected useful life of the assets funded by borrowing in the previous year. The debt will be repaid on a straight-line basis over the average useful life calculated; the debt will be fully extinguished at the end of period.</li> </ul>
Are you aware of any changes to the Authority's regulatory environment that may have a significant impact on the Authority's financial statements?	There may be a change in 2016/17 statements arising from the s75 pooled budget arrangements for health and social care (Better Care Fund), where monies are being hosted by the Council on behalf of the Council and Tameside and Glossop CCG. Advice will be taken from the External Auditors on the appropriate treatment of these funds in the financial statements.
How would you assess the quality of the Authority's internal control processes?	<p>From the work undertaken by Internal Audit during 2015/16 it was concluded by the Head of Risk Management and Audit that the Council's governance, risk and control framework is generally sound and operated reasonably consistently in her Annual Report presented to the Audit Panel on 31 May 2016.</p> <p>Senior Management are responsible for the control environment and work with Internal Audit throughout the year to ensure that any proposed changes to systems and processes do not adversely affect the control environment.</p>

Question	Management response
	<p>With a reducing work force more reliance is being placed on technological controls rather than on conventional controls like segregation of duties.</p> <p>All Executive Directors sign Assurance Statements annually for the Annual Governance Statement to confirm that internal controls have been in place in their Directorate during the year.</p>
How would you assess the process for reviewing the effectiveness of internal control?	<p>The effectiveness of internal control is reviewed during the mature process in place to compile the Annual Governance Statement, which involves the Head of Risk Management and Audit, Senior Management Team, Audit Panel and Executive Members.</p> <p>Internal Audit is also reviewed annually to ensure compliance with the Public Sector Internal Audit Standards.</p>
How do the Authority's risk management processes link to financial reporting?	<p>The Council is risk aware and financial risks and challenges facing the Council are detailed in the MTFS and the budget report.</p>
How would you assess the Authority's arrangements for identifying and responding to the risk of fraud?	<p>The Council has a corporate fraud team in place, which responds to all reported fraud. The arrangements in place have been measured against CIPFA's Code of Practice - Managing the Risk of Fraud and Corruption and are compliant.</p> <p>Intelligence is obtained from numerous fraud websites, from NAFN Data and Intelligence Services which is hosted by Tameside MBC and the North West Chief Audit Executives Fraud Sub Group.</p>
What has been the outcome of these arrangements so far this year?	<p>All reported frauds have been investigated and several prosecutions are being prepared.</p> <p>Monthly reports are prepared for the Standards Panel giving the Councils Monitoring Officers the opportunity to input into the process by providing advice and guidance.</p>
What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?	<p>Financial systems are reviewed on a cyclical basis to ensure that they are fit for purpose and the controls are operating effectively. No major issues have been identified in any of the systems.</p> <p>Payment systems are considered to present more risks as they are open to external risk factors like the bank mandate fraud.</p>
Are you aware of any whistleblowing potential or complaints by potential whistle blowers? If so, what has been your response?	<p>Several whistleblowing complaints were received during the year and investigated by Internal Audit in accordance with the published policy.</p>
Have any reports been made under the Bribery Act?	<p>No.</p>
As a management team, how do	<p>Through presenting the Risk Management Policy and</p>

Question	Management response
you communicate risks issues (including fraud) to those charged with governance?	<p>Strategy to them together with the Corporate Risk Register.</p> <p>Regular progress reports from the Head of Risk Management and Audit to the Audit Panel.</p>
As a management team, how do you communicate to staff and employees your views on business practices and ethical behaviour?	<p>Articles in the Wire,</p> <p>Chief Executive's Brief</p> <p>Team Briefs</p> <p>Contracts of Employment/Codes of Conduct</p>
What are your policies and procedures for identifying, assessing and accounting for litigation and claims?	<p>The Council holds an internal fund, which is actuarially valued every year for Insurance claims. An insurance portfolio is in place for all major insurance covers, which is reviewed annually.</p> <p>We have procured Insurance Brokers to provide independent advice and the Insurance team receive regular industry bulletins keeping them up to date with new claim trends, litigation judgements and risk mitigation strategies.</p> <p>Litigation not covered by the Council's insurers is dealt with in-house by the Legal Team, who will assess cases on their merits, and ensure the appropriate level of expertise is employed, also ensuring that any potentially large claims are reflected appropriately in the Council's contingency arrangements.</p>
Is there any use of financial instruments, including derivatives?	No.
Are you aware of any significant transaction outside the normal course of business?	No.
Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	No.
Are you aware of any guarantee contracts?	The Council is guarantor for Tameside Sports Trust in respect of the Pulse Fitness Agreements.
Are you aware of allegations of fraud, errors, or other irregularities during the period?	Yes, twenty seven irregularities were investigated during the year but they did not present any risk to the compilation of the Council's accounts.
Are you aware of any instances of non-compliance with laws or regulations or is the Authority on notice of any such possible instances of non-compliance?	No.
Have there been any examinations, investigations or inquiries by any licensing or authorising bodies or the tax and	No.

Question	Management response
customs authorities?	
Are you aware of any transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement?	A report was presented to the Audit Panel on 31 May 2016 outlining Accounting Policies and Estimates for the 2015/16 Accounts.
<p>Where the financial statements include amounts based on significant estimates:</p> <ul style="list-style-type: none"> <li>• how have the accounting estimates been made?</li> <li>• what is the nature of the data used? and</li> <li>• the degree of estimate uncertainty inherent in the estimate?</li> </ul>	<p>Accounting estimates are made on the basis agreed by the Audit Panel at the meeting held on 31 May 2016. Estimates are made based on the best available data from the relevant financial year. This is amended in light of finalised information.</p> <p>Pension's information is estimated based on advice from the independent actuary.</p>
Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	No.
<p>Has the management team carried out an assessment of the going concern basis for preparing the financial statement?</p> <p>What was the outcome of that assessment?</p>	<p>This is undertaken through budget planning to ensure the ongoing sustainability of the Council. This is led by the Head of Paid Service (Chief Executive), Monitoring Officer and Section 151/Chief Finance Officer.</p> <p>The Council is assessed as being a going concern.</p>
Although the public sector interpretation of IAS1 means that unless services are being transferred out of the public sector then the financial statements should be prepared on a going concern basis, management is still required to consider whether there are any material uncertainties that cast doubt on the Authority's ability to continue as a business. What is the process for undertaking a rigorous assessment of going concern? Is the process carried out proportionate in nature and depth to the level of financial risk and complexity of the organisation and its operations? How will you ensure that all available information is considered when concluding the organisation is a going concern at the date the	The Budget Report and MTFS are prepared in full consultation with the Executive Team and Cabinet with best estimates of the likely expenditure requirements and the resources available. This allows the Council to rigorously assess that the Council continues to be a going concern. Both Capital and Revenue monitoring continue throughout the year to provide reassurance of this belief. Regular reappraisal of the MTFS takes place together with a daily review of the cash flow.

Question	Management response
financial statements are approved?	
<p>Can you provide details of those solicitors utilised by the Authority during the year?</p> <p>Please indicate where they are working on open litigation or contingencies from prior years?</p>	<p>Forbes Solicitors provide legal support to the council in relation to Insurance claims. Forbes will be working on both open cases and contingencies from prior years and are representing the authority on 38 open/contingency cases.</p>
<p>Can you provide details of other advisors consulted during the year and the issue on which they were consulted?</p>	<p>Hymans Robertson (Pensions fund actuarial advice).</p> <p>Meridian - Duplicate Payments.</p> <p>Other advice provided to or commissioned by service areas from time to time.</p>
<p>Have any of the Authority's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?</p>	<p>None reported to Internal Audit.</p> <p>None reported to Resource Management.</p>

Signed:

Ian Duncan  
Assistant Executive Director (Finance)

Dated: 18 July 2016