

By: John Simmonds, Deputy Leader and Cabinet Member for Finance and Procurement
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To: Governance and Audit Committee – 27th April 2016

Subject: **Fraud, Law and Regulations and Going Concern Considerations**

Classification: Unrestricted

Summary: The attached questionnaire from Grant Thornton summarises management's responses to questions on the Council's processes in relation to fraud, law and regulations and going concern risks.

FOR DECISION

Introduction

1. Under International Standards on Auditing (UK and Ireland) (ISA(UK&I)) auditors have specific responsibilities to communicate with the Governance and Audit Committee (G&AC). ISA (UK&I) emphasise the importance of two-way communication between the auditor and the G&AC and also specify matters that should be communicated.
2. This two way communication enables the auditor to obtain information relevant to the audit from the G&AC and supports the G&AC in fulfilling its responsibilities in relation to the financial reporting process.

Purpose of Report

3. As part of Grant Thornton's risk assessment procedures they are required to obtain an understanding of management processes and the G&AC oversight of the following areas:
 - Fraud
 - Laws and regulations
 - Going concern
4. The attached report includes a series of questions on each of these areas and the response we have provided to Grant Thornton. Although incorporated into a Grant Thornton report and layout, these are responses from KCC management.
5. The G&AC should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

Recommendation

6. Members are asked to approve the management responses provided to Grant Thornton.

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