

By: John Simmonds, Cabinet Member for Finance  
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To: Governance and Audit Committee – 24 April 2018

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

Classification: Unrestricted

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**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**

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### **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 agree the management responses provided to Grant Thornton.

**Andy Wood**  
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