

**REPORT TO:** Business Efficiency Board  
**DATE:** 22 May 2013  
**REPORTING OFFICER:** Strategic Director - Policy & Resources  
**PORTFOLIO:** Resources  
**SUBJECT:** External Audit Letter To Those Charged With Governance  
**WARD(S):** Borough-wide

## **1.0 PURPOSE OF REPORT**

1.1 To inform the Board of the proposed responses to the annual letter from Grant Thornton, the Council's external auditors, as part of their year-end audit of accounts work.

**2.0 RECOMMENDATION: That proposed responses presented in the appendix, be approved.**

## **3.0 SUPPORTING INFORMATION**

3.1 International Auditing Standards require the Council's external auditors, Grant Thornton, to raise with those charged with governance (i.e. the Business Efficiency Board) matters that may affect the Council's financial statements and to document the Board's response.

3.2 Appendix 1 presents proposed responses to a number of questions contained in a letter from Grant Thornton to the Chair of the Board. Mike Thomas from Grant Thornton attend the meeting and will be able to discuss the questions further with the Board if required.

## **4.0 POLICY AND OTHER IMPLICATIONS**

4.1 None.

## **5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

5.1 None.

## **6.0 RISK ANALYSIS**

6.1 None.

## **7.0 EQUALITY AND DIVERSITY ISSUES**

7.1 None.

## **8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

8.1 There are no background papers under the meaning of the Act.

## APPENDIX 1

### Matters relating to the Financial Statements 31 March 2013

Ref	Auditor Question	Response
gtcl18	Are you aware of any instances of non-compliance with laws or regulations or on notice of any such possible instances of non-compliance?	No
gtcl7	In relation to the specific risk of fraud:  How would you assess the Council's arrangements for identifying and responding to the risk of fraud?	<p>The Council has robust arrangements for identifying and responding to the risk of fraud.</p> <p>There is an established risk management process and the risk of fraud to the organisation is considered as part of the Council's planning processes. The Business Efficiency Board receives regular reports on the Council's corporate risk management arrangements and reviews the corporate risk register. The risk of fraud is specifically acknowledged in the Council's Corporate Risk Register, which also details the measures that the Council has in place to deter fraud. The Business Efficiency Board regularly reviews the robustness of the Council's risk management arrangements.</p> <p>The Business Efficiency Board also has specific responsibilities in regard to monitoring and reviewing the Council's anti-fraud and corruption policies and arrangements. The Board receives an annual report on the measures the Council has established to counter the risk of fraud.</p> <p>The Council has an established Anti-Fraud &amp; Corruption Strategy, Fraud Response Plan and Confidential Reporting Code. These documents form part of the Council Constitution.</p> <p>Internal audit considers the risk of fraud in each audit assignment. Internal audit also undertakes periodic initiatives to raise fraud awareness amongst employees and members.</p>

	What has been the outcome of these arrangements so far this year?	As far as the Board is aware, these arrangements have been effective in mitigating the risk of fraud and corruption.
	What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?	<p>Housing benefit and council tax benefit claims are considered to be most susceptible to fraud. This is a national issue and not unique to Halton.</p> <p>Other key areas at risk of fraud include:</p> <ul style="list-style-type: none"> <li>• Housing Tenancy Fraud</li> <li>• Council Tax (Single Person Discounts, Student exemptions, non-occupancy)</li> <li>• Procurement</li> <li>• Grant Fraud</li> <li>• Employee Fraud</li> <li>• Schools</li> <li>• Personal Budgets</li> </ul>
gtcl14	Are you aware of any significant transaction outside the normal course of business?	Disposal of Wade Deacon School Site – Following transfer to Academy status.
gtcl17	Are you aware of allegations of fraud, errors, or other irregularities during the period?	No
gtcl19	Have there been any examinations, investigations or inquiries by any licensing or authorising bodies or the tax and customs authorities?	No