



## Brighton & Hove City Council

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Dear Helen

### **Assurances to Support the Financial Statements 2008/09**

I am writing with reference to your report to the Audit Committee on 19 May 2009, "Assurances to support the Financial Statements 2008/09", which sets out relevant assurances from those charged with governance required by external auditors under the International Standards on Auditing (ISA). These assurances are provided below, representing BHCC's formal response from those charged with governance, which, for the purposes of financial statements, is the Audit Committee.

As in previous years, the Audit Committee have considered the nature and extent of any significant internal and external operational, financial, compliance, fraud or other risks facing the council which might have an impact on the financial statements. These risks have been addressed in both the planning process for the audit of the financial statements (where officers and auditors have discussed key risks) and, to the extent that it is necessary, in the production of the financial statements. The process for the production of the Annual Governance Statement should also mean that all key risks which would relate to the financial statements have been considered. Specific assurances are given below as required by the ISAs.

### **Fraud Risk (ISA 240)**

External Auditors require a description from the Audit Committee of the way it exercises oversight of management's processes for identifying and responding to the risks of fraud and how the internal control framework established by management has mitigated those risks. The response to this is given below:

This responsibility is exercised through the effective functioning of the Audit Committee, the constitution and operation of which follows CIPFA guidelines. The CFO and Head of Audit & Business Risk (HABR) attend all meetings of the Audit Committee to discuss and review findings of Internal and External Audit reviews and the level of adequacy of management's response. The Audit Committee also consider the Annual Governance Statement and the actions taken and proposed in relation to improving governance and controls. The committee also reviews the Internal Audit Strategy and Annual Plan and is able to comment on areas proposed for review. The council's Corporate Risks are regularly reviewed by the committee and the council's Risk and Opportunity Management Framework ensures that fraud risk would be escalated through to the committee if appropriate. Ad-hoc meetings between the Chair and the HABR and/or CFO also take place where necessary.

Roles and responsibilities of members and officers are clearly set out in Codes of Conduct, the Scheme of Delegation, Anti Fraud and Corruption Strategy and in the Risk & Opportunity Management Strategy which also describe the relevant registers, declarations and escalation processes to be complied with.

Further, the Audit Committee declares that it has no knowledge of any actual, suspected or alleged fraud that could affect the council in relation to the 2008/09 financial statements.

### **Compliance with Laws and Regulations (ISA 250)**

External Auditors require an understanding as to whether the Audit Committee are on notice of any such possible instances of non-compliance with laws or regulations under which the council operates. The response to this is given below:

The Audit Committee declares that it has no knowledge of and is not on notice of any non-compliance with laws and regulations that could impact on the 2008/09 financial statements.

### **Going Concern (ISA 570)**

External Auditors require an explanation of the means by which the Audit Committee have satisfied themselves that:

- the going concern basis should be used in preparing the financial statements; and
- the financial statements contain such disclosures, if any, relating to going concern as are necessary for them to present fairly the financial position of the Council at its year end.

The response to this requirement is given below:

The Audit Committee have satisfied themselves in relation to the application of the going concern concept and related disclosures. The Audit Committee reviewed the unaudited accounts at their meeting on 30 June 2009 and received a covering report from the Director of Finance & Resources setting out the key risks, policies and concepts applicable to the accounts which are also set out in the explanatory foreword to the accounts. The Audit Committee approved the accounts and the applicable accounting policies and disclosures taking into account information about the council's financial standing, financial risks and advice from officers. The

committee has also reviewed various financial risks including the financial outlook and the associated risk assessment of the council's Medium Term Financial Strategy and considers that the council has appropriate risk management plans and actions in place to ensure its medium term financial health. It is therefore the view of the Audit Committee that the accounts should be prepared on a going concern basis.

Yours sincerely,

Leslie Hamilton  
Chair of the Audit Committee

