

Councillor Mike Clayden  
Chair, Audit and Governance Committee  
Arun District Council  
Arun Civic Centre  
1 Maltravers Road  
Littlehampton  
BN17 5LF

23 June 2022

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Dear Cllr Clayden

### **Understanding how the Audit and Governance Committee gains assurance from management – Arun District Council**

Auditing standards require us to formally update our understanding of your arrangements for oversight of management processes and arrangements annually. Therefore, we are writing to ask that you please provide a response to the following questions.

- 1) How does the Audit and Governance Committee, as 'those charged with governance' at the Authority, exercise oversight of management's processes in relation to:
  - undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
  - communicating to employees its view on business practice and ethical behaviour (for example by updating, communicating and monitoring against the Authority code of conduct);
  - encouraging employees to report their concerns about fraud; and
  - communicating to you the processes for identifying and responding to fraud or error?
- 2) How does the Audit and Governance Committee oversee management processes for identifying and responding to the risk of fraud and the controls established by management to address specific risks of fraud the Authority has identified, or that otherwise help prevent, deter and detect fraud?
- 3) Is the Committee aware of any:
  - breaches of, or deficiencies in, internal control;
  - any instances of management override of controls and the nature and circumstances of such overrides; and
  - actual, suspected or alleged frauds during 2021/22?
- 4) Is the Committee aware allegations regarding the Authority's financial reporting (including those received through a whistleblower program)? If so, what are the Committee's responses to such allegations

5) Is the Committee aware of any matters arising from the procedures implemented for the receipt, retention and treatment of allegations (including whistleblowers) regarding accounting, internal accounting controls or auditing matters? Such procedures include those for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, and the response to such allegations.

6) Is the Audit and Governance Committee aware any organisational or management pressure to meet financial or operating targets?

7) How does the Audit and Governance Committee gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2021/22?

8) Is the Audit and Governance Committee aware of any actual or potential litigation or claims that would affect the financial statements?

9) How does the Audit and Governance Committee satisfy itself that it is appropriate to adopt the going concern basis in preparing the financial statements?

10) What does the Audit and Governance Committee consider to be the related parties that are significant to the Authority and what is its understanding of the relationships and transactions with those related parties?

11) Does the Audit and Governance Committee have concerns regarding relationships or transactions with related parties and, if so, what is the substance of those concerns?

12) Is the Audit and Governance Committee aware if the Authority has entered into any significant unusual transaction? If so, please provide details.

Please would you provide a response, covering the whole of 2021/22, by email or letter either on behalf of those charged with governance or from yourself in your capacity as Chair of the Audit and Governance Committee. If possible, please could we have your response by 31 August 2022.

If you have any queries in respect of this letter please contact James Stuttaford at [jstuttaford@uk.ey.com](mailto:jstuttaford@uk.ey.com).

Yours sincerely



Kevin Suter  
Associate Partner  
For and on behalf of Ernst & Young LLP