

Councillor D Shelbrooke
Chair of Finance and Audit Committee
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29 May 2015

Dear Councillor Shelbrooke

Gravesham Borough Council
Financial Statements for the year end 31 March 2015
Understanding how the Finance and Audit Committee gains
assurance from management

To comply with International Auditing Standards, we need to refresh our understanding of how the Finance and Audit Committee, those charged with governance, gains assurance over management processes and arrangements.

I would be grateful, therefore, if you could write to me in your role as Chair of the Finance and Audit Committee with your responses to the following questions.

- 1 How does the Finance and Audit Committee oversee management's processes in relation to:
 - carrying out an assessment of the risk the financial statements may be materially misstated due to fraud or error
 - identifying and responding to the risk of breaches of internal control
 - identifying and responding to risks of fraud in the organisation (including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist)
 - communicating to employees its views on appropriate business practice and ethical behavior (for example by updating, communicating and monitoring against the codes of conduct)?
- 2 Do you have knowledge of any actual, suspected or alleged frauds? If so, please provide details.
- 3 How does the Finance and Audit Committee gain assurance that all relevant laws and regulations have been complied with?
- 4 Are you aware of any actual or potential litigation or claims that would affect the financial statements?

I have attached a separate schedule which explores these areas in more detail. Could you please complete this schedule and return it to me at your earliest convenience.



I understand that responses to the questions set out in this letter will be presented and discussed at the June meeting of the Finance and Audit Committee. Please contact me if you wish to discuss anything in relation to this request.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Vaughan Matthews', written in a cursive style.

Vaughan Matthews
Manager
For Grant Thornton UK LLP

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