

26 August 2009

Cllr Hazell
Chair Audit and Governance Committee
Oxford city Council
Town Hall
St Aldate's
Oxford
OX1 1BX

Direct line 0844 798 8954

— Dear Cllr Hazell

Compliance with International Auditing Standards – Enquiries of those charged with governance

This is a request for your assistance as Chair of the Audit and Governance Committee with our current work on the Council's accounts for 2008/09.

In order to comply with International Standard on Auditing (UK&I)240 we are required to obtain an understanding of how those charged with governance exercise oversight of management's processes for identifying and reporting the risk of fraud and possible breaches of internal control in the Council. I should be grateful if you would confirm:

- how the Audit and Governance Committee oversees management processes to identify and respond to such risks, and
- whether you have knowledge of any actual, suspected or alleged frauds affecting the Council.

Management's processes include:

- undertaking an assessment of the risk that the financial statements may be materially mis-stated due to fraud;
- identifying and responding to risks of fraud in the organisation;
- communication to employees of views on business practice and ethical behavior; and
- communication to those charged with governance the processes for identifying and responding to fraud.

A second International Standard on Auditing (ISA(UK&I)250) requires that auditors understand how those charged with governance gain assurance that all relevant laws and regulations have been complied with.

It would be helpful to have a minuted discussion at the Audit and Governance Committee and in addition we will also be asking the Council to complete a letter of representation before we issue our opinion on the financial statements. Please call me if you wish to discuss anything in relation to this request.

Yours sincerely

Maria Grindley
District Auditor

cc Peter Sloman, Chief Executive
Jeremy Thomas, Monitoring Officer
Mathew Metcalfe, Democratic Services Officer
Penny Gardner/Sarah Fogden, Heads of Finance