

Councillor Josie Paszek
Sheffield City Council
Town Hall
Pinstone Street
Sheffield
S1 2HH

19 October 2018

Dear Councillor Paszek,

Understanding how the Audit & Standards Committee gains assurance from management

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

1) How does the Audit & Standards 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);
- identifying and responding to risks of fraud in the Authority, 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 view on business practice and ethical behavior (for example by updating, communicating and monitoring against the Authority's 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 & Standards Committee oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control?

3) Is the Committee aware of any:

- breaches of, or deficiencies in, internal control; and
- actual, suspected or alleged frauds during 2018/19?

4) Is the Committee aware any organisational or management pressure to meet financial or operating targets?

5) How does the Audit & Standards Committee gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2018/19?

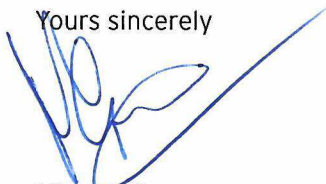
6) Is the Audit & Standards Committee aware of any actual or potential litigation or claims that would affect the financial statements?

7) How does the Audit & Standards Committee satisfy itself that it is appropriate to adopt the going concern basis in preparing the financial statements?

Thank you for your assistance. If you have any queries in respect of this letter please contact me at Mgreen11@uk.ey.com.

We would appreciate a response in advance of 31 March 2019.

Yours sincerely



Michael Green
Senior Manager