

Councillor Colin Hay
Chair of the Audit Committee
Cheltenham Borough Council
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Dear Cllr Hay

**Cheltenham Borough Council Financial Statements for the year end 31
March 2018**
Understanding how the Audit Committee gains assurance from management

To comply with International Auditing Standards, each year we need to refresh our understanding of how 'Those Charged with Governance' (which for Cheltenham Borough Council is the Audit Committee) obtain assurance over management processes and arrangements.

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

- 1 How does the 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 Council (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 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 enclosed a separate schedule which explores these areas in more detail and also your response from 2016/17 as this may help to frame this year's response.

For information, we are also required to make enquiries of management and recently sent a letter and schedule of questions to Paul Jones.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Barrie Morris'.

Director
For Grant Thornton UK LLP

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