

Councillor David Hammock  
Chair of the Audit Board  
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29 January 2019

Dear David,

## **Audit of Dartford Borough Council financial statements for the year end 31 March 2019**

### **Understanding how the Audit Board gains assurance from management**

To comply with International Auditing Standards, we need to establish an understanding of how the Audit Board 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 Audit Board with your responses to the following questions in respect of the Council's and the Pension Fund's financial statements.

- 1 How does the Audit Board 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 Audit Board 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, and this is included as an Appendix. Could you please complete this schedule and return it to me at your earliest convenience.

#### **Chartered Accountants**

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A list of members is available from our registered office.

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For information, we are also required to make enquiries of management and have sent a letter and schedule of questions to Tim Sams. Please could you provide a response in advance of the 12th of April 2019 and please contact me if you wish to discuss anything in relation to this request, either via telephone on 020 7383 5100 or by the following e-mail address: [keyasha.pillay@uk.gt.com](mailto:keyasha.pillay@uk.gt.com).

Yours sincerely

Keyasha Pillay  
Audit Manager

For Grant Thornton UK LLP

## **Appendix**

### **Response from Audit and Board Chair**

### Fraud risk assessment

Auditor Question	Response
How does the Audit Board exercise oversight over management's processes for identifying and responding to risks of fraud?	
What arrangements are in place to report fraud issues and risks to the Audit Board?	
Are you aware of any related party relationships or transactions that could give rise to risks of fraud?	
Are you aware of any instances of actual, suspected or alleged, fraud, within either the Council or the Pension Fund as a whole or within specific departments since 1 April 2018?	

### Laws and regulations

Auditor Question	Response
How is the Audit Board provided with assurance that all relevant laws and regulations have been complied with?	
Have there been any instances of non-compliance or suspected non-compliance with law and regulation since 1 April 2018 that the Audit Board are aware of?	