



# Audit Committee

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| <b>Report for:</b>   | Audit Committee  |
| <b>Title of report:</b>  | Questions from the External Auditor to Audit Committee – risk of fraud                           |
| <b>Date:</b>   | 20 <sup>th</sup> March 2024  |
| <b>Report on behalf of:</b>  | Councillor Michela Capozzi, Portfolio Holder for Corporate and Commercial Services               |
| <b>Part:</b>   | I  |
| <b>If Part II, reason:</b>   | N/A  |
| <b>Appendices:</b>   | Appendix A Response to External Auditor’s Questions to Those Charged with Governance             |
| <b>Background papers:</b>  | None.  |
| <b>Glossary of acronyms and any other abbreviations used in this report:</b> | TWCG- Those Charged with Governance. For Dacorum Borough Council this refers to Audit Committee. |

## Report Author / Responsible Officer

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| <b>Corporate Priorities</b> | <p>A clean, safe and enjoyable environment</p> <p>Building strong and vibrant communities</p> <p>Ensuring economic growth and prosperity</p> <p>Providing good quality affordable homes, in particular for those most in need</p> <p>Ensuring efficient, effective and modern service delivery</p> <p>Climate and ecological emergency</p> |
| <b>Wards affected</b>       | All  |

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| <b>Purpose of the report:</b>                        | 1. To present the proposed response to questions posed to Audit Committee from the External Audit concerning risk of fraud. |
| <b>Recommendation (s) to the decision maker (s):</b> | 1. To approved the proposed responses to the External Auditor's questions at Appendix A                                     |
| <b>Period for post policy/project review:</b>        | N/A   |

## **1 Background:**

The Council's External Auditor, KPMG poses a series of question around fraud risk to Audit Committee for response. Within the Council, Audit Committee are considered 'Those Charged with Governance' (TCWG) under the requirements of International Standards on Auditing (ISA) 260. Under ISA 260 KPMG must document certain enquiries made of Audit Committee as part of their audit work.

Similar and separate enquiries are made by KPMG to Council officers (management).

Appendix A sets out a response prepared by officers on behalf of Audit Committee to inquiries made by KPMG to Audit Committee.

## **2 Financial and value for money implications:**

There are no direct financial implication arising from this report.

## **3 Legal Implications**

KPMG are required to document Audit Committee responses to the inquiries at Appendix A in order to comply with relevant legislation and auditing standards that apply to local authority audit.

## **4 Risk implications:**

External audit review is a key means of mitigation against the potential weakening of the Council's financial resilience and value for money arrangements.

## **5 Equalities, Community Impact and Human Rights**

A Community Impact Assessment is not required for this report. There are no Human Rights Implications arising from this report.

## **6 Sustainability implications (including climate change, health and wellbeing, community safety)**

There are no direct sustainability implications arising from this report.

## **7 Council infrastructure (including Health and Safety, HR/OD, assets and other resources)**

There are no direct Council infrastructure implications arising from this report

## **8 Conclusion**

International Standards on Auditing, ISAs, require the auditor to make inquiries of Those Charged with Governance to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity. The inquiries and proposed responses are set out at Appendix A.