

### Norwich City Council - Enquiries of the Audit Committee (those charged with governance)

Those charged with Governance of an entity have an oversight responsibility for systems of monitoring risk, financial control and compliance with the law.

ISA 240 requires auditors to

"obtain an understanding of how those charged with governance exercise oversight of management's process for identifying and responding to the risk of fraud in the entity and the internal control that management has established to mitigate these risks."

In addition, "the auditor should make enquiries of those charged with governance to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity".

In order to assist the audit team in gaining these understanding, the Audit Committee is asked to consider the following questions:

- Are you satisfied that internal controls, including segregation of duties, exist and work effectively? If you have concerns then please identify the particular areas you consider to be at risk and your view as to whether any other controls are in place to help prevent, deter or detect fraud.
- How do you encourage staff to report their concerns about fraud? What concerns about fraud are staff expected to report?
- Are you aware of any instances of fraud, either within the organisation as a whole or within any departments during the period 1 April 2008 – 31 March 2009?
- Do you suspect fraud may be occurring, either within the organisation or within your department? If so please provide details of any specific fraud risks identified, the particular areas of the Council impacted and any particular locations considered to be at risk.
- From a fraud and corruption perspective, what do you consider to be the high risk posts? If you consider there to be high risk posts, how are the risks relating to these posts identified, assessed and managed?
- Are you aware of any entries made in the accounting records of the organisation that you believe or suspect are false or intentionally misleading? If you consider this to be the case then are there particular balances where fraud is more likely to occur? Are you aware of any assets, liabilities or transactions that you believe were improperly included or omitted from the accounts of the organisation? Do you consider that a false accounting entry escape detection, and, if so, how?
- Are you aware of any organisational, or management pressure to meet financial or operating targets? Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to meet financial or operating targets?