

Cllr David Wilmshurst
Chair of the Audit and Governance Committee
Oxfordshire County Council
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Dear Councillor Wilmshurst

Understanding how the Audit and Governance Committee gains assurance from management - Oxfordshire County Council and Oxfordshire County Council Pension Fund

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

The Audit and Governance Committee have been identified as 'those charged with governance' for both the County Council and the Pension Fund. Therefore please could you clarify where your responses refer to both audits and where they differ.

1) How does the Audit and Governance Committee, as 'those charged with governance' at the Council and Pension Fund, 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, 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 Council 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 and Governance 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 2012/13?

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

5) How does the Audit and Governance Committee gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2012/13?

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

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'M Grindley'.

Maria Grindley, Audit Director
For and on behalf of Ernst & Young LLP