

Chorley Borough Council

Responses from Governance Committee Chair:

Fraud risk assessment

Auditor Question	Response
Has the Council assessed the risk of material misstatement in the financial statements due to fraud?	Fraud risks are considered as part of the Council's risk management arrangements and high risk areas are considered in the Internal Audit risk assessment and Internal Audit plan.
What are the results of this process?	Assurance ratings are awarded to the Internal Audit review of key financial systems and management actions are agreed to address any area of weakness identified. Management actions are monitored by Internal Audit and reported to the Corporate Governance Group and Governance Committee.
What processes do the Council have in place to identify and respond to risks of fraud?	<p>The Grace Risk Management System is in place, risks and associated controls are updated on a regular basis by responsible Officers. Internal Audit review the risks and controls during the course of the year. Advice and guidance is provided to responsible officers by Internal Audit.</p> <p>The Internal Audit six month plan is risk based and approved by Leadership Team and Governance Committee.</p> <p>Monitoring of management actions by Internal Audit and reporting to Corporate Governance Group and Governance Committee.</p> <p>A range of probity policies are in place including:</p> <p>Whistle Blowing, Anti-Fraud & Corruption, Anti Money Laundering, & Anti Bribery Policy.</p> <p>Arrangements for responding to fraud are in place and are detailed in the Fraud Response Plan. (available on the Loop).</p>
Have any specific fraud risks, or areas with a high risk of fraud, been identified and what has been done to mitigate these risks?	<p>As above</p> <p>Those areas most at risk of fraud are where cash transactions can be manipulated and corrupted, and the awarding of contracts.</p>

	<p>High risk areas are considered in the Internal Audit risk assessment and six month plan.</p> <p>Key financial systems are reviewed routinely by Internal Audit on a cyclical basis.</p>
Are internal controls, including segregation of duties, in place and operating effectively?	<p>The Grace Risk Management System is in operation and by using this system internal controls are clearly identified and recorded. Controls are examined and tested by Internal Audit based on the inherent and residual risks. Where control weaknesses are identified, management actions are agreed to help strengthen those controls.</p>
If not, where are the risk areas and what mitigating actions have been taken?	<p>Any control weaknesses are identified and reported to the Governance Committee. Mitigating actions are agreed and monitored for implementation by the Internal Audit service.</p>
Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?	<p>No – All finance department services and records are available for audit inspection.</p>
Are there any areas where there is a potential for misreporting?	<p>All services and internal processes can potentially be subject to Internal Audit Review.</p>
How do the Governance Committee exercise oversight over management's processes for identifying and responding to risks of fraud?	<p>Quarterly reporting by Internal audit.</p> <p>Approval of the six month risk based Internal Audit Plan.</p> <p>Monitoring of management actions by Internal Audit and reporting to Governance Committee.</p> <p>Management attendance at Governance Committee to provide progress reports on agreed management actions.</p>
What arrangements are in place to report fraud issues and risks to the Governance Committee?	<p>There is a direct line of communication between Internal Audit and Governance Committee.</p>
How do the Council communicate and encourage ethical behaviour of its staff and contractors?	<p>Through communicating Council values with employees, the community and partners through publication of the Corporate Strategy.</p> <p>Employee code of conduct (and supporting disciplinary procedures for breaches), Member and Officer Protocol.</p> <p>A range of probity policies are in place including:</p>

	<p>Whistle Blowing, Anti-Fraud & Corruption, Anti Money Laundering, & Anti Bribery Policy.</p> <p>The wording of Council contracts that Legal produce include relevant clauses on ethical behaviour.</p> <p>Mandatory fraud awareness training for all staff repeated at regular intervals.</p>
<p>How do you encourage staff to report their concerns about fraud? Have any significant issues been reported?</p>	<p>A range of probity policies are in place including:</p> <p>Whistle Blowing, Anti-Fraud & Corruption, Anti Money Laundering, & Anti Bribery Policy.</p> <p>Mandatory fraud awareness training for all staff repeated at regular intervals.</p> <p>Arrangements for responding to fraud are in place and are detailed in the Fraud Response Plan. (available on the Loop).</p> <p>No significant issues have been reported to Internal Audit.</p> <p>No reports have been made under the Bribery Act.</p>
<p>Are you aware of any related party relationships or transactions that could give rise to risks of fraud?</p>	None
<p>Are you aware of any instances of actual, suspected or alleged, fraud within the Council since 1 April 2023?</p>	None

Law and regulation

Auditor Question	Response
<p>What arrangements do the Council have in place to prevent and detect non-compliance with laws and regulations?</p>	<p>Role of Monitoring Officer and team of qualified lawyers to advise officers.</p> <p>Work of internal audit, Corporate Governance Group, Governance Committee, Standing Orders, Financial Regulations and Contract Procedure Rules within the Constitution.</p>

	<p>All committee reports contain comments from the Monitoring Officer & CFO.</p> <p>Internal controls and risk management processes.</p>
How do management gain assurance that all relevant laws and regulations have been complied with?	<p>It is a requirement of the Monitoring Officer to receive and comment on all Council and executive decisions.</p> <p>Annual and interim Internal Audit reports to Governance Committee.</p> <p>External Audit assurance.</p> <p>On-going monitoring and reporting of the Strategic Risk Register to Governance Committee.</p> <p>Legal Services advise and comment on legal implications e.g. in Committee Reports.</p>
How is the Governance Committee provided with assurance that all relevant laws and regulations have been complied with?	<p>The Monitoring Officer attends all Governance Committee meetings. Furthermore, the Monitoring Officer comments on all reports presented to the Governance Committee. Any issues would be brought to the attention of Committee.</p>
Have there been any instances of non-compliance or suspected non-compliance with law and regulation since 1 April 2023?	None
What arrangements do the Council have in place to identify, evaluate and account for litigation or claims?	<p>Claims are initially served on the Council's Monitoring Officer who will then advise relevant other officers / members depending on the size and nature of the claim.</p> <p>The Council has a number of qualified legal staff who are trained and experienced to identify any possible legal liability. In situations where potential legal liability is identified then the Council's Legal team will refer the matter to the Assurance team for liaison with our insurers as appropriate.</p>
Is there any actual or potential litigation or claims that would affect the financial statements?	None
Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance?	None

Litigation and claims

Whether yourselves as those charged with governance have any knowledge of potential litigation or claims affecting the entity?

None
