

Mr M Hone
Director of Finance and Corporate Governance
Thurrock Council
Civic Offices
New Road
Grays
Essex RM17 6SL

6 March 2013

Ref: ISA letter
Your ref:

Mobile: 07974006715

Email: dhanson@uk.ey.com

Dear Martin

Understanding your management processes and arrangements – Thurrock Council

Auditing standards (ISA 240) require us to formally update our understanding of your management processes and arrangements annually in relation to each audit. Therefore, we are writing to ask that you please provide a response to the following questions.

1) What are the management processes at the Council 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 in the Council, 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 business practice and ethical behaviour (for example by updating, communicating and monitoring against the Council's code of conduct);
- encouraging employees to report their concerns about fraud; and
- communicating to the Audit Committee (i.e. those charged with governance) the processes for identifying and responding to fraud or error?

2) What are Management's views about whether there are areas within the organisation that are at risk of fraud?

3) Does Management have knowledge of any actual or suspected or alleged instances of fraud at the Council?

4) Is Management satisfied that internal controls to prevent and detect fraud, including segregation of duties, exist and work effectively at the Council?

5) Are there any deficiencies in internal control at the Council?

6) Are you aware of any instances where controls have been overridden at the Council?

7) Is there is any organisational or management pressure to meet financial or operating targets at the Council?

8) Are there any particular areas of the accounts that are more susceptible to false entries or omissions or other forms of manipulation? Are management aware of any such manipulation having occurred at the Council?

9) How does management gain assurance that all relevant laws and regulations have been complied with? Have there been any instances of non-compliance during 2012/13 at the Council?

10) Are there any actual or potential litigation or claims that would affect the financial statements at the Council

11) How does Management satisfy itself that it is appropriate to adopt the going concern basis in preparing the financial statements for the Council?

12) Have there been any relevant matters of non-compliance raised by any regulator or review agency in relation to the Council's operations?

Please would you provide a response by email or letter either on behalf of management or from yourself in your capacity as s151 officer for the Council. If possible, please could we have your response by 30 April 2013.

Please contact me if you wish to discuss anything in relation to this request. It may be sensible on reflection to have a response earlier and then we can take it to the 18 April Audit Committee as a paper for them to consider and provide the response of those charged with governance on the same ISA questions, as we did last year.

Yours sincerely

A handwritten signature in black ink that reads 'Debbie Hanna'.

Ernst & Young LLP
United Kingdom

cc Sean Clark, Head of Corporate Finance
Wendy Borgartz, Manager