

## Responses from Management:

Audit Query	Management Response
<p>Are you aware of any matters or events which occurred during the year that could impact the 2016/17 financial statements?</p>	<p>None to the best of our knowledge, other than the potential sale of Council owned assets in 2017/18.</p>
<p>Have you considered the appropriateness of the accounting policies to be used in the period? And whether any changes in the Council's activities that have occurred in the year that could require them to be updated?</p>	<p>Review of accounting policies recently undertaken with no major updates considered necessary.</p>
<p>Are you aware of any laws, accounting standards, corporate governance and regulatory requirements (including changes in or new items) that could affect the 2016/17 financial statements?</p>	<p>None to the best of our knowledge. Management Team is kept informed of changes in accounting standards and regulatory requirements that could have a significant impact on the financial statements.</p>
<p>What are your views on the Council's control environment, including the process of reviewing the effectiveness of the system of internal control and the results of any review?</p>	<p>Internal Audit reviews the effectiveness of internal controls and report accordingly to Management Team. Recommendations are made to Chief Officers, and at least once a year, a summary of recommendations is given to the whole Management Team. Management Team is satisfied as to the effectiveness of internal controls.</p>
<p>What are your views on the Council's risk assessment process as it relates to financial reporting?</p>	<p>Risks which relate to financial reporting are mitigated by a robust financial planning and control framework including budgetary control and ensuring that staff involved in the process have the requisite skills and experience to fulfil their responsibilities. We consider that the potential for material misstatement within the financial statements due to fraud is negligible. This assessment is based upon the use of budgetary control, risk management and significant peer review by senior officers as part of the closure of accounts process. No material risks have been identified for 2016/17.</p>
<p>What are your views on fraud risks, including:</p> <ul style="list-style-type: none"> <li>- The assessment process to identify and respond, including relevant controls and their monitoring of those controls</li> <li>- Results of this process</li> </ul>	<p>The zero-tolerance culture of the organisation towards fraud is reinforced by use of Anti-Fraud and Corruption Policies supported by a Whistleblowing Policy with outcomes being reported to Members. Any reported allegations of fraud will be investigated and dealt with according to the relevant policies. The Internal Audit planning process carries out a risk assessment in order to score against fraud and error and targets those areas where the risk is considered highest. The</p>

<p>- Accounts/Classes of transactions/disclosures where fraud risks were identified or are likely to exist</p>	<p>subsequent reviews result in an assurance level being given to Management and Members for each audit and this is used by the Chief Audit Executive to give an overall assurance level to Members in their Annual Report. In addition, all reports and recommendations are reported to relevant Chief Officers and management with comprehensive follow-up procedures that monitor improvement.</p> <p>There is a strong risk management culture within the organisation. Management is required to consider fraud and error within their services as part of the risk management process. Management have a duty to report any changes in movement towards higher risk and are also required to report any concerns of fraud for investigation.</p>
<p>Are you aware of any whistleblower tips or complaints? If yes, what has been management's response?</p>	<p>There was one issue raised during the year 2016/17, this is subject to investigation by management through the whistleblowing process and supporting HR Policies. Due to its recency no conclusion has been reached on whether further action is required.</p>
<p>How would you communicate with those charged with governance regarding business risks (including fraud)?</p>	<p>The Council's standard report template requires Officers and Members to carry out a risk assessment of the action recommended in the report ensuring risk is considered in all decision-making of the authority.</p> <p>Management when completing their operational risk registers are asked to consider those risks relevant to that service area including business risks.</p> <p>Anti-fraud and supporting policies are reviewed and agreed by Members on a regular basis. Any serious breaches are reported to Members with action taken to improve control weaknesses that were identified.</p>
<p>How do you tend to communicate with other staff regarding their views on business practices and ethical behaviour?</p>	<p>In order to make sure that all staff are fully aware of the zero tolerance culture of the organisation to fraud the Anti-Fraud and Corruption Policy and the Whistleblowing Policy are circulated to staff annually via "Netconsent". This is software that requires staff to read policies and acknowledge understanding of them before they can log on to the Council's computer systems. Other relevant policies are also circulated as appropriate.</p> <p>All staff are required to abide by the Officer's Code of Conduct and this is provided on appointment to the Council. Staff in some areas such as Housing Benefits and Internal Audit are also required to sign additional specific Codes of Conduct.</p>
<p>What policies and procedures are in place for identifying, evaluating and accounting for litigation claims and assessments?</p>	<p>Any claims received are reviewed by the Monitoring Officer and progressed according to the circumstances of the claim.</p>
<p>Has the Council made use of any financial instruments (including derivatives) in the year?</p>	<p>As part of its day to day treasury management activity the Council will hold financial instruments such as fixed term deposits and certificates of deposit during the year.</p>
<p>What is the status of contingencies from the prior</p>	<p>There has been no material change in the status of contingent assets/liabilities from the prior year. Provisions held are reviewed annually as part of the closure of accounts process</p>

year?	and balances held updated accordingly.
Are you aware of any significant transactions which have taken place that are outside the normal trading activities of the Council?	None to the best of our knowledge.
Are you aware of any events or changes in circumstances that would cause an impairment of Non-current assets where applicable?	None to the best of our knowledge, other than as a result of the revaluation of Council owned assets as part of the closure of accounts process.
Are you aware of any guarantee contracts that the Council is party to?	The Council is acting as guarantor for the pension liability of Tonbridge and Malling Leisure Trust (TMLT) to permit its entry into the Kent County Council Superannuation Fund.
Are you aware of any allegations of fraud, errors, or other irregularities during the period?	None to the best of our knowledge. There have not been any allegations of fraud, errors or other irregularities reported to the Director of Finance and Transformation during the year.
Are you aware of any instances of non-compliance with laws or regulations or any possible instances of non-compliance?	None to the best of our knowledge. There have not been any instances of non-compliance with laws or regulations or any possible instances of non-compliance reported to the Monitoring Officer during the year.
Are you aware of any inquiries or examinations performed by licensing, tax or other authorities and other regulators?	There have been no such inquiries or examinations during the year which may give rise to a risk of material misstatement.
Are you aware of any transactions/events and conditions (or change in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement?	None to the best of our knowledge, other than those reported in prior years and ongoing (business rates appeals and embedded leases).
For significant accounting estimates, how are the accounting estimates made? What is the nature of the data used? What is the degree of estimate uncertainty inherent in the estimate?	External advice obtained on potential success of business rates appeals lodged and in respect of embedded leases make use of information as to purchase price of vehicles from a Kent district council with an in-house direct service organisation.
Are you aware of the existence of any loss contingencies	Loss of income claims from the TMLT were received and settled in year.

and/or claims?	
What are the results of the Council's preliminary going concern assessment, including awareness of the existence of other events or conditions that may cast doubt on the Council's ability to continue as a going concern?	<p>Going concern status is maintained through the use of the Medium Term Financial Strategy (MTFS). The aim of the Strategy is to give us a realistic and sustainable plan that reflects the Council's priorities.</p> <p>The Council currently holds adequate levels of reserves that could be used in the event of emerging financial difficulties in the short term, allowing for more detailed plans to be considered and put in place for the longer term.</p> <p>Alongside the MTFS sits a Savings and Transformation Strategy (STS). Its purpose to provide focus, structure and direction in addressing the significant financial challenge faced by the Council.</p> <p>Management Team receive regular reports on the financial position of the Council and, in turn, the impact on the Medium Term Financial Strategy (including a savings monitoring statement linked to the STS) and reserve balances.</p> <p>The assessment of going concern will also take into account the Council's status as a tax-raising body.</p>
If applicable, are there any areas where internal controls have been strengthened / implemented following external audit recommendations from prior year?	External audit recommendations following the audit of the 2015/16 accounts and certification of the Housing Benefit Subsidy Claim have been actioned.
Have there been any solicitors used by the Council during the year or who were working on open litigation or contingencies from prior years.	Blake Morgan. Bevan Brittan.
Were any other advisors consulted during the year? If yes, what was the purpose of this consultation?	Advisors used on other than what might be considered normal day to day business activities include Hartnell Taylor Cook, Blake Morgan and Oaks Consultancy to provide options appraisals or legal advice in respect of certain Council owned assets.
Are you aware of any reports which have been made under the Bribery Act?	No reports have been made during the year under the Bribery Act.
Are you aware of any instances where the Council's service providers have reported any of the following items that would affect the financial statements: <ul style="list-style-type: none"> <li>- Fraud</li> <li>- Non-compliance with laws and regulations</li> <li>- Uncorrected misstatements</li> </ul>	None to the best of our knowledge.