

Mr A O'Sullivan
Chair of the Audit Committee
New Forest District Council
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Beaulieu Road
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Dear Mr O'Sullivan

Understanding how the Audit Committee gains assurance from management

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

1) How does the Audit Committee, as 'those charged with governance' at the Authority, 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 in the Authority, 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 Authority 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 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 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 Committee aware of any actual or potential litigation or claims that would affect the financial statements?

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

Please would you provide a response by email or letter either on behalf of the Audit Committee or from yourself in your capacity as Chair of the Committee.

Please contact me if you wish to discuss anything in relation to this request.

Yours sincerely

Karen Lee
Manager
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United Kingdom