Item 3(e) **8th August 2023**

Glasgow City Region Cabinet

Report by Director of Regional Economic Growth, Glasgow City Region

Contact: Jon Allen, jon.allen@glasgow.gov.uk

Ernst and Young Letter to Cabinet re Assurances from Management

Purpose of Report:

To present to the Cabinet for review the letter sent to the Cabinet Chair by Ernst and Young auditors and to consider the proposed response, both letters attached.

Recommendations:

The Cabinet is invited to:

(i) note the letter; and
(ii) approve the proposed response.

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13 June 2023

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Councillor Susan Aitken
Chair - Glasgow City Region City Deal Joint Committee
45 John St
Glasgow
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Dear Chair

Understanding how the Glasgow City Region City Deal Cabinet ("the Cabinet") gains assurance from management

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

1) How does the Cabinet as 'those charged with governance' at the Glasgow City Region City Deal, 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 Glasgow City Region City Deal, 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 Glasgow City Region City Deal 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 Cabinet 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 2022/23?

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

5) How does the Cabinet gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2022/23?

6) Is the Cabinet aware of any actual or potential litigation or claims that would affect the financial statements?

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

8) What does the Cabinet consider to be the related parties that are significant to the Glasgow City Region City Deal and what is its understanding of the relationships and transactions with those related parties?

9) Does the Cabinet have concerns regarding relationships or transactions with related parties and, if so, what is the substance of those concerns?

Thank you for your assistance. If you have any queries in respect of this letter please contact Olga Potapova at opotapova@uk.ey.com.

Yours sincerely

[redacted]

Rob Jones

Partner
For and on behalf of Ernst & Young LLP