

TONBRIDGE & MALLING BOROUGH COUNCIL

GENERAL PURPOSES COMMITTEE

28 June 2010

Report of the Chairman of General Purposes Committee

Part 1- Public

Delegated

1 COMPLIANCE WITH INTERNATIONAL STANDARDS ON AUDITING

Summary

This report summarises the evidence required in order to provide assurance to the District Auditor that those charged with governance ensure that the Council is compliant with International Standard on Auditing (UK & I) 240 and 260. The report recommends that this Committee considers the evidence provided and agrees the assurance given by the Audit Committee at the meeting of 13 April 2010.

1.1 Background

- 1.1.1 The International Standard on Auditing (UK & I) 240 and 260 requires the District Auditor to seek assurance from those charged with governance that they have an understanding of the internal control and risk monitoring systems. The specific areas identified for assurance are set out in a letter sent by the District Auditor to the Chairman of the General Purposes Committee dated 19 March 2010. **[Annex 1]**.
- 1.1.2 The areas identified are specific and the response to the District Auditor must contain sufficient details to demonstrate how those charged with governance can provide this response
- 1.1.3 The Council's Management Team are also required to give similar assurance.
- 1.1.4 The responsibilities for corporate governance at Tonbridge & Malling are split between the Audit Committee and the General Purposes Committee so this confirmation needs to be endorsed by both Committees.
- 1.1.5 The letter from the District Auditor recognised the split of Committee responsibility and this matter was considered by the Audit Committee at their meeting of 13 April 2010 where an initial response was given to the District Auditor confirming that this understanding was in place. (Please refer to Audit Committee minute reference AU10/019). This Audit Committee endorsed the responses required and provided the assurance to the District Auditor.

- 1.1.6 In addition it was resolved that the General Purposes Committee be requested to consider and agree this assurance at its next meeting on 28 June 2010.

1.2 Processes in place

- 1.2.1 The responses were prepared with input from the Chairman of the General Purposes Committee and the Chairman of the Audit Committee and are attached. **[Annex 2]**
- 1.2.2 Management Team are also required provide assurance that the Council complies with these standards. This assurance was presented to the Audit Committee on 13 April 2010, minute AU10/024 refers. A copy of the assurance provided by Management Team is attached. **[Annex 3]**

1.3 Legal Implications

- 1.3.1 Failure to comply with these standards could leave the Council open to a higher incidence rate of fraud resulting in additional legal costs to resolve.

1.4 Financial and Value for Money Considerations

- 1.4.1 Non-compliance with these standards could result in additional work being required by the Audit Commission to satisfy themselves that fraud and error were being prevented.
- 1.4.2 Any incidents of fraud require in depth investigation and use considerable resources to resolve. Any cost effective action to prevent instances of fraud will result in resources being diverted to deal with them.

1.5 Risk Assessment

- 1.5.1 It is considered that the risk management system in place supported by the policies and internal controls are sufficiently robust to minimise incidents of fraud and ensure compliance with the standards.

1.6 Recommendations

- 1.6.1 It is **RECOMMENDED** that the General Purposes Committee considers the evidence provided and agrees the assurance given by the Audit Committee at the meeting of 13 April 2010.

Background papers:

contact: David Buckley

Nil

Councillor Brian Luker
Chairman of the General Purposes Committee