

19 March 2010

Mr B J Luker
Chair of the General Purposes Committee
Tonbridge & Malling Borough Council
Gibson Building
Gibson Drive
Kings Hill
West Malling
Kent
ME19 4LZ

Dear Councillor Luker

2009/10 accounts: Compliance with International Standards on Auditing

This is a request for your assistance as Chair of the General Purposes Committee with the planning of our work on the Council's accounts for 2009/10.

In order to comply with International Standards on Auditing we are now required each year to obtain from those charged with governance an understanding of;

(1) How they exercise oversight of management's processes in relation to:

- undertaking an assessment of the risk that the financial statements may be materially mis-stated due to fraud;
- identifying and responding to risks of fraud in the organisation;
- communication to employees of views on business practice and ethical behavior; and
- communication to those charged with governance the processes for identifying and responding to fraud.

(2) Whether they have knowledge of any actual, suspected or alleged frauds.

(3) Whether they have identified any specific fraud risks within the organisation, particular locations where fraud is more likely to occur, or areas that are at risk of fraud.

(4) How staff are encouraged to report their concerns about fraud, and the types of concerns they are expected to report.

(5) How they satisfy themselves that internal controls, including segregation of duties, exist and work effectively.

(6) How they gain assurance that all relevant laws and regulations have been complied with.

(7) How they satisfy themselves that it is appropriate to adopt the going concern basis in preparing the financial statements.

Under ISA 260 there is also a specific requirement on auditors to obtain from those charged with governance;

(8) Their views on the nature and extent of any significant internal and external operational, financial, compliance or other risks facing the Council which might have an effect on the financial statements; and, where there are such risks, the likelihood of those risks materialising.

I am aware that next meeting of the General Purposes Committee is on 28 June 2010. In practice for audit planning purposes I would want to receive an initial response prior to that date. I am also aware that at Tonbridge & Malling some of the areas referred to may more easily fall to be considered by the Audit Committee. Therefore can I suggest that an initial response is considered by the Audit Committee on 13 April, with this response being formally agreed at the General Purposes Committee in June?

Please do not hesitate to contact Trevor Greenlee, Audit Manager or myself if there is anything here which it would be helpful to discuss further.

Yours faithfully,

Andy Mack,
District Auditor