

TONBRIDGE & MALLING BOROUGH COUNCIL

GENERAL PURPOSES COMMITTEE

2 July 2012

Report of the Former Chairman of the General Purposes Committee

Part 1- Public

Delegated

1 COMPLIANCE WITH INTERNATIONAL STANDARDS ON AUDITING

Summary

This report summarises how the Audit Committee exercise oversight of management's processes for identifying and reporting on the risk of fraud in order to comply with International Standards on Auditing (UK & I).

1.1 Background

1.1.1 The above mentioned standards require an assurance for the District Auditor that the body charged with corporate governance is fulfilling its role in relation management processes for identifying the risk of fraud and breaches of internal control. Specifically the District Auditor required confirmation of compliance in the following areas: -

- Steps taken to identify and report the risk of fraud
- Compliance with laws and regulations
- The "going concern" concept
- Assessing the risk of material misstatement

1.1.2 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.

1.1.3 A set of specific questions were received from the District Auditor for which he sought assurance.

1.1.4 The District Auditor has previously suggested that the Audit Committee should initially consider this assurance and recommend to the General Purposes Committee agreement with this assurance at their next meeting in June so that an early opinion can be given to the District Auditor.

- 1.1.5 The attached assurances were presented to the Audit Committee on 10 April 2012 where they were agreed; and it was recommended that the General Purposes Committee consider and agree the assurances at their next meeting.

1.2 Processes in place

- 1.2.1 The responses to the questions were prepared by the Chief Internal Auditor and presented to the Audit Committee. The assurances were agreed and the responses are attached. **[Annex 1]**
- 1.2.2 Members of this Committee are required to consider this response and satisfy themselves that the Council is compliant with the International Auditing Standards.
- 1.2.3 Management Team are also required to provide assurance that the Council complies with these standards. Their responses are attached **[Annex 2]** and this will provide Members of the General Purposes Committee with additional support for their consideration.
- 1.2.4 There were two incidents that require Members attention during the period and these are reported to this Committee elsewhere in this Committee agenda. Neither of these incidents resulted in a material effect to the accounts.

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. It could also indicate a failure to comply with the Accounts & Audit Regulations that require the Council to have a satisfactory system of internal control.

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 Equality Impact Assessment

- 1.6.1 This report is demonstrating how the Council complies with International Standards. These standards are based upon factors outside of equality issues

1.7 Recommendations

1.7.1 It is **RECOMMENDED** that the General Purposes Committee consider and agree this assurance.

Background papers:

contact: David Buckley

Council Constitution

Financial Services working papers

Councillor Mrs S M Murray

Former Chairman of General Purposes Committee

Screening for equality impacts:		
Question	Answer	Explanation of impacts
a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community?	No	This report sets out the Council comply with international standards of auditing and not affected by equality issues.
b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?	No	This report sets out the Council comply with international standards of auditing and not affected by equality issues.
c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above?		

In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above.