

TONBRIDGE & MALLING BOROUGH COUNCIL

GENERAL PURPOSES COMMITTEE

09 April 2013

Report of the Chairman of the General Purposes Committee

Part 1- Public

Delegated

1 COMPLIANCE WITH INTERNATIONAL STANDARDS ON AUDITING

Summary

This report explains how those charged with Governance are required to assure the external auditor that the Council has complied with the requirements of the International Standards on Auditing. The report has an annex attached giving details of compliance and seeks Members approval of the responses given and recommends that approval is given by the General Purposes Committee to these responses.

1.1 Background

1.1.1 The above standards require an assurance for the External Auditor that the body charged with corporate governance is fulfilling its role in relation to management processes for identifying the risk of fraud and breaches of internal control. Specifically this requires confirmation: -

- How the body charged with corporate governance oversees management processes to identify and respond to such risks, and
- Whether the body charged with corporate governance has knowledge of any actual , suspected or alleged frauds affecting the Council

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 External Auditor.

1.1.4 The route for confirming compliance s through the Audit Committee and then by General Purposes Committee. The Audit Committee will have considered compliance at their meeting of 8 April 2013 and a verbal update will be given at this meeting of their comments and decision.

1.1.5 This process allows confirmation of compliance to be given to the External Auditor at an early stage of the audit process.

1.2 Assurance Evidence

- 1.2.1 The responses to the questions have been prepared with input from the Chairman of the General Purposes Committee and the Chairman of the Audit Committee and 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. The External Auditor will use this assurance when planning the scope of their audit work.
- 1.2.3 Management Team are also required provide assurance that the Council complies with these standards in a separate questionnaire. Also contained within the report to this Committee for information is the management response to the questions asked of them. **[Annex 2]** This will provide Members with additional support for their consideration.
- 1.2.4 There have not been any reported incidents of significant fraud or error to the Chief Internal Auditor during 2012/13.

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 and additional external audit fees.

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 External Auditors to satisfy themselves that fraud and error were being prevented and to ensure future compliance with the standards.
- 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 Recommendation

1.7.1 It is **RECOMMENDED** that the General Purposes Committee consider the attached answers in Annex 1 and agree this assurance.

Background papers:

contact: David Buckley

Nil

Councillor Howard Rogers

Chairman of the 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 compliance with international standards of auditing and is not affected by equality issues.
b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?	No	As above
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.