

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

03 April 2018

Report of the Chair of the Audit Committee

Part 1- Public

Delegated

1 MEMBERS ASSURANCE ON COMPLIANCE WITH INTERNATIONAL STANDARDS ON AUDITING

Under International Standards on Auditing our external auditor asks those charged with governance, which for this purpose is the Audit Committee, to consider and formally respond to a set of questions.

1.1 Introduction

1.1.1 The International Standards on Auditing require the external auditor to be assured that those charged with governance (TCWG) which for this purpose is the Audit Committee, are fulfilling their role in relation to management processes for identifying the risk of fraud and breaches of internal control. Specifically this requires confirmation of:

- How TCWG oversee management processes to identify and respond to such risks.
- Whether TCWG have knowledge of any actual, suspected or alleged frauds affecting the Council.

1.1.2 Accordingly, our external auditor asks those charged with governance to consider and formally respond to a set of questions.

1.2 Assurance Evidence

1.2.1 The questions and the accompanying responses to the questions are attached at **[Annex 1]**. The responses to the questions have been prepared and agreed with the Chair of the Audit Committee.

1.2.2 Members of the Audit Committee are required to consider these responses and, in so doing, to be satisfied that the Council is complying with International Standards on Auditing.

1.2.3 Management Team are also required to provide assurance of compliance with International Standards on Auditing in a separate questionnaire which can be

found elsewhere on this agenda. This will provide the Audit Committee with additional evidence for their consideration.

- 1.2.4 There have not been any reported incidents of significant fraud or error to the Chief Audit Executive during 2017/18.

1.3 Legal Implications

- 1.3.1 Failure to comply with these Standards could leave the Council open to a higher incidence of fraud and error 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 external auditor to satisfy them 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 better use of resources.

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 error to ensure compliance with the Standards.

1.6 Equality Impact Assessment

- 1.6.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

1.7 Recommendations

- 1.7.1 Members are asked to **endorse** the responses to the questions set out at **[Annex1]** by way of giving assurance to the external auditor of compliance with International Standards on Auditing.

Background papers:

contact: Samantha Buckland

Council policies and records

Councillor Vivian Branson
Chair of the Audit Committee