

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

15 April 2024

Report of the Management Team

Part 1- Public

Delegated

1 INFORMING THE AUDIT RISK ASSESSMENT FOR TONBRIDGE AND MALLING BOROUGH COUNCIL 2023/24

The purpose of this report is to contribute towards the effective two-way communication between Tonbridge and Malling Borough Council's external auditors and the Audit Committee, as 'those charged with governance' in respect of the audit of the financial statements.

1.1 Background

1.1.1 Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit Committee and specify matters that should be communicated.

1.1.2 This two-way communication assists both the auditor and the Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Committee and supports the Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

1.2 Communication

1.2.1 As part of their risk assessment procedures our external auditor is required to obtain an understanding of management processes and the Council's oversight of the following areas:

- General Enquiries of Management
- Fraud
- Laws and Regulations
- Related Parties
- Going Concern

- Accounting Estimates

1.2.2 This is by way of a series of questions on each of these areas for Management to consider and formally respond. The questions and responses can be found at **[Annex 1]** and there are no major issues to be raised by Management.

1.2.3 The Audit Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

1.3 Legal Implications

1.3.1 Under International Standards on Auditing (UK), auditors have specific responsibilities to communicate with the Audit Committee.

1.4 Financial and Value for Money Considerations

1.4.1 Failure to provide the requisite information could result in additional work being required to be undertaken by the external auditor and increased cost.

1.5 Risk Assessment

1.5.1 Failure to provide the requisite information could cast doubt on the internal control environment and the integrity of the financial reporting and governance arrangements.

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 **consider** and, subject to any amendments required, **endorse** the responses to the questions set out at **[Annex 1]**.

Background papers:

Council policies and records

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