

# TONBRIDGE & MALLING BOROUGH COUNCIL

## AUDIT COMMITTEE

07 April 2015

### Report of the Chairman of the Audit Committee

#### Part 1- Public

#### Delegated

## 1 COMPLIANCE WITH INTERNATIONAL STANDARDS ON AUDITING

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.

### 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 of:

- 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 A set of specific questions were received from the External Auditor. Responses are given to these questions to give assurance that there is compliance with the standards.

1.1.3 The responsibilities for corporate governance at Tonbridge & Malling now rest with the Audit Committee.

### 1.2 Assurance Evidence

1.2.1 The questions and responses are attached at **[Annex 1]**. The responses to the questions have been prepared and agreed with the Chairman 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 Internal Auditor during 2014/15.

### **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 It is **RECOMMENDED** that the Audit Committee consider the attached answers in **[Annex 1]** and agree this assurance.

Background papers:

contact: David Buckley

Council policies and records

Councillor Vivian Branson  
Chairman of the Audit Committee