

Compliance with International Auditing Standards

AUDIT COMMITTEE

Date: 22nd September 2009

Author: Head of Internal Audit

Wards Affected: None

Purpose

In order to comply with International Standard on Auditing (UK&I) 240 External Audit are required to obtain an understanding of how those charged with governance exercise oversight of management's processes for identifying and reporting the risk of fraud and possible breaches of internal control in the Council.

Recommendation

- It is recommended that Members consider the questions from External Audit and provide the relevant answers.

1 Reasons

- 1.1 The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating properly.
- 1.2 In order to comply with International Standard on Auditing (UK&I) 240 External Audit are required to obtain an understanding of how those charged with governance exercise oversight of management's processes for identifying and reporting the risk of fraud and possible breaches of internal control in the Council.

2 Detail

- 2.1 This is a request for your assistance from the Audit Committee from the Council's External Auditor regarding their work on the Council's accounts for 2008/09.
- 2.2 External Audit are required to confirm with the Audit Committee the following questions:
 - how the Audit Committee oversees management processes to identify and respond to such risks
 - whether you have knowledge of any actual, suspected or alleged frauds affecting the Council.
- 2.3 Management's processes include:
 - Undertaking an assessment of the risk that the financial statements may be materially mis-stated due to fraud;

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- Identifying and responding to risks of fraud in the organisation;
- Communication to employees of views on business practice and ethical behavior; and
- Communication to those charged with governance the processes for identifying and responding to fraud.

- 2.4 A second International Standard on Auditing (ISA (UK&I) 250) requires that auditors understand how those charged with governance gain assurance that all relevant laws and regulations have been complied with.

Alternative Options

Not Applicable

Risk Management

Financial and Procurement Implications

There are no direct financial implications arising from this report however the detailed audit report address the suitability of internal controls within the systems examined.

Legal/Human Rights Implications

Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2006. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.

Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)

Internal Control, Audit Committee and the Statement on Internal Control all feature significantly in the CPA Use of Resources Assessment. Effective systems of internal control within the Council will help to ensure that the objectives set out in the Corporate Plan and Swindon 2010 are achieved.

Consultees

The Director of Finance (Section 151 Officer) and the Director of Law and Democratic Services (Monitoring Officer) are consulted on all reports.

Appendices / Background papers

None

Key Decision/Decision in Forward Plan

Not Applicable

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