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## COMPLIANCE WITH INTERNATIONAL AUDITING STANDARDS

To: **Governance and Audit Committee – 25 September 2012**

Main Portfolio Area: **Financial Services**

By: **Financial Services Manager**

Classification: **Unrestricted**

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**Summary:** The purpose of this report is to seek Members' approval to a draft response from the Chair of the Audit Committee to the Audit Commission regarding compliance with International Auditing Standards.

### **For Decision**

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#### **1.0 Introduction and Background**

- 1.1 As part of the 2011/12 final accounts audit process, the external auditor is required to comply with a number of International Standards on Auditing and needs to obtain an understanding from 'those charged with governance' of the processes regarding fraud and internal control, laws and regulations and potential for litigation and claims affecting the financial statements. This covers the opinion on the Council's 2011/12 accounts.
- 1.2 The proposed draft response from the Governance and Audit Committee is attached at Appendix 1.

#### **2.0 Options**

- 2.1 That Members approve the response to be provided by the Governance and Audit Committee.
- 2.2 That Members do not approve the response to be provided by the Governance and Audit Committee. This is not recommended as this letter is required as part of the audit process and could result in the council attaining qualified accounts.

#### **3.0 Corporate Implications**

##### **3.1 Financial**

- 3.1.1 There are no financial implications arising directly from this report.

##### **3.2 Legal**

- 3.2.1 The International Auditing Standards requires those charged with governance to provide assurance on the processes regarding fraud and internal control which may affect the financial statements.

##### **3.3 Corporate**

- 3.3.1 The council needs to ensure that it receives unqualified accounts and this letter contributes to this process.

### **3.4 Equity and Equalities**

3.4.1 There are no equity or equalities issues arising from this report.

### **3.5 Risks**

3.5.1 Failure to approve will result in qualified accounts.

### **4.0 Recommendation(s)**

**4.1 That Members approve the response to be provided by the Governance and Audit Committee.**

### **5.0 Decision Making Process**

5.1 This recommendation does not involve the making of a key decision.

5.2 This recommendation is within the Council's Budgetary and Policy Framework and the decision may be taken by the Governance and Audit Committee.

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Reporting to:	Philip Hamberger, Director of Corporate Services and Transformation

#### ***Annex List***

Annex 1	Draft letter of response
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