

Emily Hill,
Appointed Auditor,
Audit Commission,
16 South Park Road,
Sevenoaks, Kent,
TN13 1AN

Date: 2nd June 2009
My Ref: BP/pjb

Dear Ms Hill

Compliance with International Audit Standards (UK and Ireland)

Thank you for your letter of the 30 March 2009.

I have set out below the Audit Committee's views in relation to the specific areas that you have raised.

In relation to ISA (UK&I)240 and ISA (UK&I)250:

The Committee is satisfied that:

- The financial statements are not materially mis-stated due to fraud
- There are adequate arrangements for identifying and responding to risks of fraud in the organisation
- There are adequate arrangements in place to communicate to employees the Council's views on business practice and ethical behaviour, and that
- There are adequate arrangements in place to ensure communication to those charged with governance the processes for identifying and responding to fraud.

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At six monthly intervals, the Audit Committee require reports on:

- Progress against the approved internal audit work programme
- Outcomes of internal audit activity, which cover internal control issues. These reports include the main risks identified, recommendations to improve control and management actions to improve control
- Investigations of fraud/corruption allegations. The committee receive these as EXEMPT reports, which show the outcome of the investigation and the remedial action taken.

At annual intervals, the audit committee require officers to report on:

- The annual internal audit work programme for approval
- Internal Audit's annual report, including the Head of Internal Audit's opinion on the adequacy of the Council's control environment
- Summary reports on allegations of fraud or corruption investigated by Internal Audit. For 2008/09 the only significant issue concerned an attempt by a housing landlord to claim a landlord grant for housing improvement using forged documents.
- The Strategic Risk Register
- Annual Governance Statement
- The Annual Audit and Inspection letter from the Audit Commission/External Audit

The committee is also able to request reports on any other relevant subject area where required.

All reports to the Audit Committee are shown on the Council's website (other than EXEMPT reports).

Investigations are reported to the committee when the investigation is complete to preserve confidentiality during the investigation. However, arrangements are in place for the Head of Internal Audit and Risk Strategy to make me aware of significant investigations or irregularities.

The Committee does not have any knowledge of any actual, suspected or alleged frauds affecting the Council which have not already been reported to the Committee.

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The Committee gains assurance that all relevant laws and regulations have been complied with, through the work of Internal Audit, the Annual Audit and Inspection letter from the Audit Commission and the Council's Annual Governance Statement.

The Committee is not aware of any significant risks facing the Council which might have an effect on the 2008/09 financial statements or of the likelihood of those risks occurring. The Committee considered the Council's Strategic Risk Register during 2008/09 and is satisfied that key risks are included within the Register.

Yours sincerely

John Horne
Chairman
Maidstone Borough Council Audit Committee

Copy to: Steve Golding, Audit Manager