

Meeting: **Audit Committee**

Portfolio Area: Resources

Date: **26th June 2007**

REVIEW OF STATEMENT OF INTERNAL CONTROL (SIC) 2006/07
(Strategic Management Board – Strategic Director (Chief Financial Officer))

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1 PURPOSE

- 1.1 To present the 2006/07 Statement of Internal Control to the Audit Committee for review before confirming its inclusion in the 2006/07 Statement of Accounts.

2 RECOMMENDATIONS

- 2.1 That the 2006/07 Statement of Internal Control be noted and any comments from the Audit Committee be presented to the Statement of Accounts Committee at its meeting on 28th June 2007.

3 BACKGROUND

- 3.1 Regulation 4 of the Accounts and Audit Regulations 2003, which came into force on 1 April 2003, requires the Council to publish a statement on internal control (SIC) with its financial statements in accordance with proper practice. The 2006/07 Statement of Internal Control therefore forms a section of the Council's 2006/07 Statement of Accounts.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

- 4.1 Statement of Internal Control 2006/07 (Appendix A)

- 4.1.1 The Statement of Internal Control is attached at Appendix A. It explains the background to the overall control environment within the Council, reviews the effectiveness of the controls that operated during the 2006/07 financial year and recommends areas of improvement for further strengthening the overall control.
- 4.1.2 The 2006/07 SIC has been reviewed and endorsed by the Strategic Management Board (SMB). The SIC is required to be formally signed by the Strategic Director (Chief Financial Officer), the Chief Executive and the Leader of the Council and as

such it will form part of the Council 2006/07 Statement of Accounts to be approved by the Statement of Accounts Committee on 28th June 2007.

- 4.1.3 With the establishment of the Audit Committee it is recommended good practice that the Committee seek to satisfy themselves that the authority's SIC properly reflects the risk environment and any actions required to improve it. As such, the terms of reference for the Audit Committee include the requirement to *"advise and comment on, as appropriate, the Council's Statement of Internal Control (SIC)"*.

5 IMPLICATIONS

5.1 Financial Implications

- 5.1.1 None arising directly from this report.
- 5.1.2 A strong Internal Control environment contributes to the overall effective management of the Council and will minimise the risks of the Council failing to achieve its policies, aims and objectives.

5.2 Legal Implications

It is a requirement for the Council publish a annual Statement of Internal Control.

5.3 Other Implications

No Policy, Planning, Environmental, Staffing and Accommodation, Human Rights, Equal Opportunities, Service Delivery, Community Safety, Information Technology or other Corporate Implications.

BACKGROUND DOCUMENTS

- The Review of the Adequacy of Internal Audit Report

APPENDICES

- Appendix A - Statement of Internal Control 2006/07