

**Meeting:**                   **Audit Committee**

Portfolio Area:           Resources

**Date:**                   **27th September 2007**

**INTERIM REVIEW OF STATEMENT OF INTERNAL CONTROL (SIC) 2007/08**  
(Corporate)

Author – Pauline Coletta Ext.No. 2933  
Lead Officer – Scott Crudgington Ext.No. 2185  
Contact Officer – Pauline Coletta Ext. No. 2933

**1       PURPOSE**

1.1     To present the Statement of Internal Control to the Audit Committee for interim review during 2007/08.

**2       RECOMMENDATIONS**

2.1     That the interim review of the 2007/08 Statement of Internal Control be noted.

**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. Best Practice also dictates that the SIC should be reviewed by the Audit Committee on an interim basis during the year.

**4       REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS**

4.1     Summary of Review of Internal Control & SIC Assurance Gathering Processes (Appendix A).

4.1.1   Attached at Appendix A is a flowchart summary of the methodology adopted to review the Council's Internal Control and SIC assurance gathering processes. It is proposed that this flowchart be considered by the Audit Committee and be used to facilitate the Committee's interim review of 2007/08 SIC. Officer will be prepared to explain this document to the Committee and answer questions.

4.2     Statement of Internal Control 2006/07 (Appendix B)

4.2.1   The 2006/07 Statement of Internal Control is attached at Appendix B. The 2006/07 SIC was reviewed and endorsed by the Strategic Management Board (SMB). The SIC was formally signed by the Strategic Director (Chief Financial Officer), the Chief Executive and the Leader of the Council and as such formed part of the Council's

2006/07 Statement of Accounts which were approved by the Statement of Accounts Committee on 28<sup>th</sup> June 2007.

4.2.2 With the establishment of the Audit Committee it is recommended good practice that the Committee seek to satisfy themselves that the Council'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)*". The Audit Committee reviewed the 2006/07 SIC at its meeting on 26<sup>th</sup> June 2007 and recommended it for adoption by the Statement of Accounts Committee.

4.2.3 The 2006/07 SIC is attached at Appendix B for information as the starting point for the interim review of the 2007/08 SIC. Officers will update the Committee regarding progress against the 2006/07 Action Plan.

## **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.

## **APPENDICES**

- Appendix A - Summary of Review of Internal Control & SIC Assurance Gathering Processes.
- Appendix B - Statement of Internal Control 2006/07