
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 18
DATE OF MEETING:	22nd JUNE 2006	CATEGORY: RECOMMENDED
REPORT FROM:	DIRECTOR OF CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (595811)	DOC: u/ks/sic/covering report
SUBJECT:	STATEMENT ON INTERNAL CONTROL 2005/06	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 14

1.0 Recommendations

- 1.1 That the Council's Statement on Internal Control for the year ended 31 March 2006 be approved.
- 1.2 That the Committee authorises the Leader of the Council and Chief Executive to sign the Statement on Internal Control.

2.0 Purpose of Report

- 2.1 To submit the Council's Statement on Internal Control for 2005/06 in accordance with the Accounts and Audit Regulations 2003 (Regulation 4).

3.0 Detail

- 3.1 Regulation 4 requires the council to conduct at least once a year, a review of the effectiveness of its system of internal control and to publish the relevant statement (SIC). This will be published within the Council's annual financial statements.
- 3.2 The purpose of the SIC process is to provide a continuous review of the effectiveness of an organisation's internal control and risk management systems. This is to provide assurance on their effectiveness and/or to produce a management action plan to address identified weaknesses in either process.
- 3.3 The SIC is designed to help demonstrate good corporate governance by setting out and reporting on how the Council conducts its overall business. The Council's **SIC for 2005/06 is attached to this report.**
- 3.4 Essentially it sets out the overall framework that the council has in place to ensure that:
 - Business is conducted in accordance with the law and proper standards.
 - Accountability is maintained
 - Public resources are safeguarded and properly accounted for.

- Functions are exercised as effectively as possible.
 - Arrangements are in place to manage risk.
- 3.5 All members of senior management (Management Team and Heads of Department) have been consulted and made aware of its contents. The Statement must be signed by the Council's Leader and most senior officer (the Chief Executive). This emphasises that the document is about all corporate controls and is not confined to financial issues.
- 3.6 The Council operates within a fast changing environment. Consequently, the system needs to be subject to constant review and there will always be room to strengthen and increase the effectiveness of internal control.
- 3.7 Indeed, issues identified in the corresponding statement for 2004/05, highlighted several areas to be developed. Many of these were acted upon during 2005/06 such as:
- Adopting a local code of corporate governance
 - Embedding risk management
 - Adopting a new performance management framework
 - Greater focus being placed upon procurement
 - Extensive consultation undertaken on a new corporate plan
 - Adopting a People Strategy to build capacity and skills of employees
- 3.8 Whilst these will continue to be embedded in the day-to-day business of the Council, there are other areas that have been identified that are considered **key** in further strengthening the internal control environment.
- 3.9 These are set out in Section 5 of the SIC and primarily, are those that have been highlighted from a review of the Local Code of Corporate Governance and through work undertaken by the Audit Commission during the last year.

4.0 Financial Implications

4.1 None directly.

5.0 Corporate Implications

5.1 None directly.

6.0 Community Implications

6.1 None directly.

7.0 Background Papers

- Account and Audit Regulations 2003
- CIPFA – The Statement on Internal Control – A Rough Guide for Practitioners