

## **PROGRESS ON THE COUNCIL'S 2006/07 STATEMENT OF INTERNAL CONTROL**

**Report By: Audit Services Manager**

### **Wards affected**

County-wide

### **Purpose**

To update Members on the progress being made in relation to the completion of the Council's Statement of Internal Control.

### **Financial Implications**

None

### **Recommendation**

**THAT the report be noted.**

### **Reasons**

1. The CPA Uses of Resources highlights the Criteria for judgement in relation to the Statement on Internal Control as follows:
  - An appropriate member group has responsibility for review and approval of the Statement on Internal Control (SIC) and considers it separately from the accounts. (Level 2)
  - The Council has conducted an annual review of the effectiveness of the system of internal control and reported on this in the Statement on Internal Control. (Level 2)
  - The sources of assurance to support the Statement of Internal Control have been identified and are reviewed by senior officers and members. (Level 2)
  - There are action plans in place to address any significant internal control issues reported in the Statement on Internal Control. (Level 2)
  - The Council has put in place an assurance framework that maps the council's strategic objectives to risks, controls and assurances. (Level 3)
  - The assurance framework provides members with information to support the Statement on Internal Control. (Level 3)
  - The assurance framework is fully embedded in the Council's business process. (Level 4)

- The Council can demonstrate corporate involvement in/ownership of the process for preparing the Statement on Internal Control. (Level 4)

## Considerations

2. The 2006/07 Use of Resources review by the Audit Commission identified that the Council had a much improved process for preparing the Statement on Internal Control, but that there was the need for the process to be embedded. This progress report forms part of the embedding process identifying the issues that are likely to inform the opinion contained in the Statement on Internal Control for the 2006/07 financial year.
3. Audit Services has reviewed the corporate and all directorate risk registers as part of the process to prepare the risk based Audit Plan for 2007/08.
4. The Interim Assurance Report was presented to the Audit and Corporate Governance Committee on 8<sup>th</sup> December 2006, with an up date on 19<sup>th</sup> January 2007.
5. The second update of the Interim Assurance Report presented elsewhere on the agenda highlights the comments of the Audit Commission in relation to the unsatisfactory audit opinion on the ICT FMS and Procurement fundamental system. This is however being addressed and progress will be reviewed during April 2007.
6. The Audit Service Manager has asked the Audit Commission to provide a list of all their completed reviews for 2006/7 to ensure that their recommendations can be tracked and any outcomes used to inform the Council's Statement on Internal Control.
7. Good progress is being made with regards to the receipt of the required written assurances from Directors and Heads of Services to 31st December 2006. Requests covering the quarter to 31<sup>st</sup> March 2007 have been sent out.
8. The review of the Council's Register of Gifts and Hospitality is in progress; the outcome will be reported in the end of year Assurance Report.
9. The Monitoring Officer's report is being drafted and good progress is being made.
10. Current status on key action/improvement plans:
  - Joint Area Review – the progress report to Cabinet on 12<sup>th</sup> April 2007 on Improvement in Children and Young People's Services;
  - CPA Use of Resources- the progress report elsewhere on this agenda refers; and
  - CPA Corporate Assessment – the overall improvement plan has come to the end of its first year and the Overall Improvement Project Board is in the process of transferring responsibility to the appropriate board within the Council's transformation programme, once it is satisfied that robust governance arrangements are in place. Exception reports are presented

to the Chief Executive and form part of the Integrated Performance Report to Cabinet.

- 10 The latest Integrated Performance Report covering the period to January 2007 was presented to Cabinet on 22<sup>nd</sup> February 2007. The report summarises progress including action being taken to address areas of under performance.
11. The Audit Services Manager will start work on the CIPFA Assurance Checklist in early April 2007.

### **Risk Management**

12. If the Council does not make satisfactory progress on embedding the assurance framework it could have an adverse effect on the Council's target to improve its CPA Use of Resources score.

### **BACKGROUND PAPERS**

- CIPFA guidance on the Statement on Internal Control.