

## **APPROVAL OF THE COUNCIL'S STATEMENT OF INTERNAL CONTROL FOR 2005-2006**

**Report By: Principal Audit Manager**

### **Wards affected**

County-wide

### **Purpose**

To note the work and process followed in relation to the completion of the Council's Statement of Internal Control.

### **Financial Implications**

None

### **Reasons**

1. The CPA Uses of Resources highlights the Criteria for judgement in relation to the Statement of Internal Control as follows:
  - An appropriate member group has responsibility for review and approval of the Statement of 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 of 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 of 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 of Internal Control (Level 3);
  - The assurance framework is fully embedded in the Council's business process (Level 4); and
  - The Council can demonstrate corporate involvement in/ownership of the process for preparing the Statement of Internal Control (Level 4);

2. The Council currently scores a 2 for the Internal Control element of the Use of Resources Assessment and is aiming to score at least a 3 at the next assessment.

## Considerations

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 2006/07.
4. The Interim Assurance Report was presented to the Audit Committee on 20th February 2006 and there were no issues of concern.
5. The Audit Commission has carried out a stock-take of outstanding recommendations it wishes to see pursued. The current position is set out in a separate report to the Audit Committee.
6. The Principal Audit Manager has reminded Directors and Heads of Service of their obligations by meeting with Directors and the Council's Senior Management Team.
7. Written end of year assurances have been received from all Directors and Heads of Service.
8. The review of the Council's Register of Gifts and Hospitality for Officers has been completed and written assurances have been received from the Chief Executive, all Directors and Heads of Service confirming or updating their declarations.
9. The Monitoring Officer's report has been presented to the Corporate Management Board for consideration as part of the process.
10. Current status on key action/improvement plans:
  - a. Joint Area Review – The revised action plan was presented to Cabinet on 25<sup>th</sup> May 2006. Regular progress reports will be made to Cabinet, with Audit Services carrying out an independent check on progress at the request of the Director.
  - b. CPA Use of Resources- a draft action plan was presented to the Audit Committee on 7<sup>th</sup> April, consultation with other members of the Corporate Management has been completed. Progress on the plan will be reported to the Audit Committee.
  - c. CPA Corporate Assessment – improvement plan is being integrated into the Council's overall Improvement Programme.
11. Risk Management is embedded at Corporate and Directorate levels and the Council has well defined procedures for recording and reporting financial and non-financial risks. There is now a need to embed risk management at Key Manager level to ensure a consistent approach across the Council.
12. The final Integrated Performance Report for the year was presented to Cabinet on 15<sup>th</sup> June 2006. The report summarised progress including action being taken to address under performance.

13. The Principal Audit Manager has completed his work on the CIPFA Assurance Checklist. The Council's procedures and protocols compared favourably with the checklist and over all were found to be satisfactory.
14. Comments have been sort from the Audit Commission on the Council's Statement of Internal Control.
15. The Corporate Management Board at their meeting on 19<sup>th</sup> June 2006 reviewed and commented on the evidence used to support the Council's Statement of Internal Control, their comments have been included in the Statement attached in Appendix 1.
16. Following the Corpororate Management Board's review of the Council's Statement of Internal Control there were four areas identified for improvement:
  - a. The Council does not have a Code of Corporate Governance in line with best practice;
  - b. There is now a need to embed risk management at Key Manager Level to ensure consistency across the Council;
  - c. 'Staying Safe' improvements within the Children and Young People Directorate raised as part of the Joint Area Review; and
  - d. There is a need to ensure that the Council's Performance Management Framework is robustly and consistently followed across the Council.

## **Risk Management**

16. 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 it's CPA Use of Resources Judgement Assessment score.

## **RECOMMENDATIONS**

**THAT the Committee approve the Statement of Internal Control.**

### **BACKGROUND PAPERS**

- CIPFA guidance on the Statement of Internal Control.