

Subject: 2006/07 Statement on Internal Control

Status: For Publication

Report to: Accounts Committee

Date: 28th June 2007

Report of: Head of Financial Services

Portfolio

Holder: A Well Managed Council

Key Decision: No

Forward Plan

General Exception

Special Urgency

1. PURPOSE OF REPORT

1.1 The purpose of the report is to present and seek approval from Members for the annual Statement on Internal Control for 2006/07.

2. CORPORATE PRIORITIES

2.1 The matters discussed in this report are linked to and support the following corporate priorities:

- *A Well Managed Council – in particular the continuing development of strong financial management, risk management and the delivery of value for money*

3. RISK ASSESSMENT IMPLICATIONS

3.1 All the issues raised and the recommendations in this report involve risk considerations as set out below:

- The statement on Internal Control is in itself a review of, amongst other things, the Councils approach to and degree of success in the area of risk management

4. BACKGROUND AND OPTIONS

4.1 The council has a statutory duty to produce as part of its Annual Report and Statement of accounts to produce an annual Statement on Internal Control, signed jointly by The Leader of Council and The Chief Executive Office.

4.2 The report is an opportunity for Members to make comment and to recommend any changes to the Statement on Internal Control for 2006/07.

4.3 The draft report is attached and has can be seen 5 sections:

- Scope of responsibility
- Purpose of the system of internal control
- Internal control environment
- Review of effectiveness
- Significant internal control issues

4.4 A key piece of evidence in completing the review on the effectiveness of the system of internal control has been the Internal Auditors Annual Report. With regard to the Internal Auditors Annual Report, Members should note the continuing improvement made by Council in matters of internal control. This was also seen in the recent Use of Resources Auditor Judgments (March 2007) where the scoring on previous years increased overall in the area of Internal Control. Whilst recognising that there is still room for improvement, progress has been made in the last period and recent years.

4.5 The statement has previously been considered by the Audit Scrutiny Committee (14th June 2007).

5. COMMENTS OF THE HEAD OF FINANCIAL SERVICES

5.1 The Statement on Internal control deals with amongst other things financial matters

6. COMMENTS OF THE HEAD OF LEGAL AND DEMOCRATIC SERVICES

6.1 The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

7. COMMENTS OF THE HEAD OF HUMAN RESOURCES

7.1 The statement on Internal Control will indirectly have regard to Council policies, service performance and the Council effective management and implementation of Human Resources policies.

8. CONCLUSION

8.1 The report on Statement on Internal control is Members opportunity to comment and recommend any changes to the report prior to final approval.

9. RECOMMENDATION

9.1 That Members consider the report and following that consideration make any necessary final recommendations for change to the 06/07 Statement.

10. CONSULTATION CARRIED OUT

- 10.1 Portfolio Holder for A Well Managed Council
- 10.2 The Executive Director for Resources
- 10.3 Internal Audit
- 10.4 Audit Scrutiny

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Background Papers:

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|----------------|---|
| External Audit | Annual Audit & Inspection Letter (March 2007) |
| Internal Audit | Annual Report 2006/07 |
| Audit Scrutiny | Committee Minutes (June 2007) |