

**Subject:** Statement on Internal Control 2005/06      **Status:** For Publication

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**Report to:** Accounts Committee      **Date:** 28<sup>th</sup> June 2006

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**Report of:** Head of Financial Services

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**Portfolio**

**Holder:** Finance & Risk Management

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**Key Decision:**

**NO** (Matter for approval by Accounts Committee)

Forward Plan     General Exception     Special Urgency     "X" In Relevant Box

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**1. PURPOSE OF REPORT**

1.1 The purpose of the report is to seek Member approval of The Statement on Internal Control (SIC) for the year ended 31<sup>st</sup> March 2006.

**2. CORPORATE PRIORITIES**

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

- *Financial Management:* In discharging the Councils responsibility for financial management, the Council is responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of its' functions and which includes arrangements for the management of risk.

**3. RISK ASSESSMENT IMPLICATIONS**

3.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- *External Audit:* The Councils accounts and SIC are still subject to final audit by the District Auditor. Final audited accounts will be approved by this same committee 28<sup>th</sup> September 2006.
- *The SIC:* is based on an ongoing process deigned to identify and priorities the risks to the achievement of the Councils polices.

#### **4. BACKGROUND AND OPTIONS**

4.1 The SIC is an annual statement signed by the Leader and Chief Executive

4.2 The statement covers the following areas:

- Scope of Responsibility
- Purpose of the system of internal control
- The internal control environment
- Review of effectiveness
- Significant internal control issues

4.3 A number of evidence sources are used on which conclusions are formed:

- Internal audits annual report
- Audit Commission reports during the course of the year
- Assurance statements by all heads of service

4.4 The recent Audit Commissions Progress Assessment Report (February 06) stated that "Rossendale Borough Council is progressing well." The SIC also demonstrates that, although recognizing that further work is required (as demonstrated by the Use of Resources score) the Council has made progress over the last year in its systems of internal control and has identified the areas for further improvement.

4.5 The SIC is attached at appendix 1 and is also contained in the Statement of Accounts for 2005/06 also included in this Committees agenda.

#### **5. COMMENTS OF THE HEAD OF FINANCIAL SERVICES**

5.1 The robustness of the SIC is an indication of the Councils effectiveness in Finance and Risk Management.

#### **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.

#### **7. COMMENTS OF THE HEAD OF HUMAN RESOURCES**

7.1 There are no direct Human Resources implications other than those areas specifically identified by internal and external reports and Human Resources assurance statements.

#### **8. CONCLUSION**

- 8.1 That the SIC as presented demonstrate progress by the Council and can be approved by Members
- 8.2 That the SIC can from part of the statement of accounts for 2005/06 to be presented to the external auditors

**9. RECOMMENDATIONS**

- 9.1 That Members consider the SIC and make any further recommendations following that consideration
- 9.2 That the draft SIC as presented is approved for submission to the District Auditor.

**10. CONSULTATION CARRIED OUT**

- 10.1 Executive Director of Resources
- 10.2 Heads of Service
- 10.3 Internal Audit

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Background Papers	
Document	Place of Inspection
Year end accounts working papers Internal Audit annual and periodic reports Audit Commission Reports Head of Service Assurance statements	Finance Department
Cabinet Report 29 <sup>th</sup> March 2006	Democratic Services <a href="http://www.rossendale.gov.uk">www.rossendale.gov.uk</a>