

Report to: Audit Committee

Date: 25th June 2007

Report of: Director of Corporate Resources

Report No:

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Report Title: **Statement on Internal Control (SIC) 2006/07**

**Confidential /
Non Confidential:**

(**Non-Confidential**) This report does **not** contain information which warrants its consideration in the absence of the press or members of the public

Purpose:

To allow Audit Committee to consider the draft Statement on Internal Control (SIC) for 2006/07

Recommendations:

Audit Committee is asked to consider and approve the draft SIC for 2006/07

Decision:

Background Doc(s):

SIC 2005/06
CIPFA Guidance – SIC in Local Government

1. BACKGROUND:

At its meeting on 15th March 2007 Audit Committee received a report outlining the requirement to produce an annual Statement on Internal Control (SIC). This report detailed the legislative background to the SIC, its purpose, and also the proposed timetable for its production in Bolton for 2006/07

The SIC needs to be published as part of the annual accounts of the authority and as such needs to be approved by the end of June 2007.

2. PRODUCTION OF THE SIC – 2006/07:

In order to produce the statement authorities need to undertake an annual review of the effectiveness of the system of internal control and publish the results in the SIC.

The production of the SIC needs to follow a formal process which has been outline in guidance from The Chartered Institute of Public Finance and Accountancy (CIPFA). The guidance lists six areas where assurance on internal controls needs to be gathered:

- Performance Management
- Internal Audit
- External audit
- Management
- Risk Management
- Other

A process has been developed which brings together the assessment of all these areas and this is illustrated at Appendix A to this report.

Internal Control:

Using the process described above the system of internal control has generally found to be effective. This is to be expected in an authority that has a 4 star Comprehensive Performance Assessment score. There are, however two areas have been identified where work is ongoing in 2007/08:

- Sickness absence
- Workforce strategy and planning

Detailed plans are in place in both these areas to ensure improvements are made.

The draft Statement on Internal Control 2006/07 is attached at Appendix B to this report.

3. RECOMMENDATIONS:

Audit Committee is asked to consider and approve the draft Statement on Internal Control for 2006/07