
STATEMENT OF INTERNAL CONTROL (SIC) FRAMEWORK

Purpose of Report

1. To outline the framework for the SIC.

Information and Analysis

2. Regulation 4 of the Accounts and Audit (Amendment) Regulations 2006 requires local authorities to publish, each year, a SIC. The SIC forms part of the overall Statement of Accounts and must be signed by the Leader of the Council and the Chief Executive.
3. The purpose of the SIC process is to provide a continuous review of the effectiveness of the Council's internal control systems, so as to give assurance on their effectiveness and/or to produce a management action plan to address identified areas for improvement. At the most effective, the process of preparing the SIC will add value to the corporate governance and internal control framework of the Council.
4. The SIC is a corporate document involving, in addition to the most senior member and officer as signatories, a variety of people charged with delivering governance :-
 - (a) Directors and managers assigned with the ownership of risks and the delivery of services;
 - (b) The Director of Corporate Services as the financial officer responsible for the accounting control systems and records and the preparation of the statement of accounts;
 - (c) The Monitoring Officer in meeting his/her statutory responsibilities;
 - (d) Members e.g. through this Committee; and
 - (e) Others responsible for providing assurance.
5. The framework behind production of the SIC is detailed in the **Appendix** to the report. The framework outlines the internal control environment and specifies the sources that provide assurance on its adequacy and effectiveness. Such sources include Internal and External Audit and Inspectorates.
6. At the centre of the SIC framework is a management group who have ultimate responsibility for drafting the SIC, evaluating assurances and the supporting evidence. This group consists of the :-
 - (a) Director of Corporate Services (S151 Officer)
 - (b) Borough Solicitor (Monitoring Officer)
 - (c) Assistant Chief Executive
 - (d) Assistant Director – Accounting Services and Local Taxation
 - (e) Assistant Director – Financial Services
 - (f) Chief Internal Auditor

7. The process includes a review body to critically review the SIC and supporting documentation. This task is to be undertaken by this Committee

Legal Implications

8. This report has been considered by the Legal Services Manager for legal implications in accordance with the Council's approved procedures. There are no issues which the Legal Services Manager considers need to be brought to the specific attention of Members, other than those highlighted in the report.

Section 17 of the Crime and Disorder Act 1998

9. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

Recommendation

10. It is recommended that the SIC framework as detailed in the Appendix be noted.

**Brian James
Chief Internal Auditor**

Background Papers

None

Brian James: Extension 2140

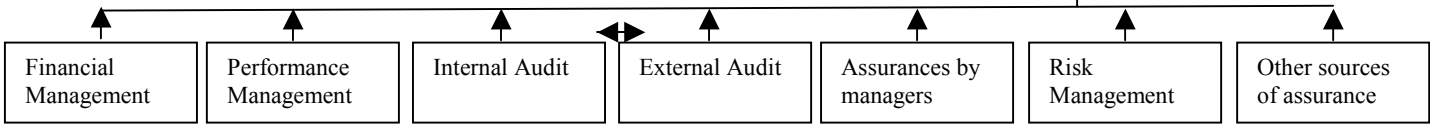
- Internal Control Framework**
- Community Strategy
 - Corporate and Best Value Performance Plans
 - Service Planning Framework
 - Code of Conduct for Members
 - Code of Conduct for Employees
 - Financial Procedure Rules
 - Performance Management Framework
 - Consultation Framework
 - Partnership Framework
 - Constitution
 - Council Procedure Rules
 - Scheme of Delegation to Officers
 - Risk Management Strategy
 - Local code of Corporate Governance Reporting Framework
 - Internal Audit
 - Confidential Reporting Policy
 - Communications Framework
 - Complaints Procedure
 - Standards Committee
 - Protocol for Councillors and Officers dealing with planning matters
 - Standard Committee Report Format
 - Fundamental Service Reviews
 - Financial Management and Reporting Framework
 - Procurement Framework
 - Contract Procedure Rules
 - Medium Term Financial Plan/Budgets
 - Annual Statement of Accounts
 - Treasury Management Framework
 - People Management Framework
 - Project Management Methodology
 - Information Management
 - Anti-Fraud and Corruption Arrangements
 - Legislation
 - Scrutiny/Review Groups

Statement of Internal Control published with the statement of accounts

Independent review by Audit Committee who examine draft SIC and supporting evidence and recommend approval

Council and Directorate Policies, Plans and Risk Registers

Management Group with responsibility for drafting SIC, evaluate assurances and supporting evidence



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| <p>Financial Management</p> <ul style="list-style-type: none"> ➤ Medium Term Financial Plans ➤ Revenue Budget and Capital Programme ➤ Revenue and Capital Management reports ➤ Statements of Accounts ➤ Statutory Returns ➤ Grant Claims | <p>Performance Management</p> <ul style="list-style-type: none"> ➤ Embedded system ➤ Operates throughout organisation ➤ Internal and external reviews ➤ Action orientated ➤ National/local KPI's ➤ Period progress | <p>Internal Audit</p> <ul style="list-style-type: none"> ➤ Head of Internal Audits opinion expressed in period and annual reports to Committee ➤ Operates under terms of reference ➤ Rolling strategic and annual plans, Member approved ➤ Risk-based plan | <p>External Audit</p> <ul style="list-style-type: none"> ➤ Annual plan ➤ Management letter ➤ Audit opinion ➤ CPA/PPAF/BVPP ➤ Ad hoc projects | <p>Assurances by managers</p> <ul style="list-style-type: none"> ➤ Annual management assurances statements ➤ Periodic reports | <p>Risk Management</p> <ul style="list-style-type: none"> ➤ Risk Management Strategy ➤ Embedded in planning processes and project methodology ➤ Effectiveness evaluated ➤ Outcomes reports to Committee ➤ Cascaded through all employees | <p>Other sources of assurance</p> <ul style="list-style-type: none"> ➤ Reports by inspectors ➤ Post implementation reviews of projects ➤ Fraud reports and investigations ➤ Ombudsman reports |
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- People Management**
- Performance Development Reviews
 - Investors in People
 - 1 to 1 Meetings
 - Team Meetings
 - Internal Communications
 - Policy Dissemination