

REPORT ON 2003/2004 INTERNAL FINANCIAL CONTROL STATEMENT (IFCS)

1. SUMMARY

It is the responsibility of the Council's senior management to establish an appropriate and sound system of internal control and to monitor the continuing effectiveness of that system. For the Council's annual accounts for the financial year 2003-04 it is the responsibility of Internal Audit to provide an annual overall assessment of the robustness of the internal financial control system (IFCS) for the Chief Executive. (See Appendix 1).

2. RECOMMENDATION

2.1 The contents of this report are noted.

3. DETAILS

3.1 The main objectives of the Council's internal financial control systems are:

- To ensure adherence to management policies and directives in order to achieve the organisation's objectives;
- To safeguard assets;
- To secure the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records; and
- To ensure compliance with statutory requirements.

3.3 Evaluation of the control environment is informed by a number of sources:

- The work undertaken by internal audit during the year to 31 March 2004;
- The assessment of needs completed during the preparation of the strategic audit plan;
- Reports issued by the Council's external auditors, Audit Scotland.
- Internal Audit knowledge of the Council's governance, risk management and performance monitoring arrangements.

3.4 The statement has 2 sections in which Internal Audit is required to give an opinion on the Council control environment. The first is on matters brought forward from last year. The second is new matters arising in 2003/2004. Directors internal financial control statements are being prepared to support the overall statement of control prepared by the Head of Strategic Finance for the Council.

3.5 The attached statement is in Draft format and maybe updated further until Audit Scotland completes their review of the Council's Annual Accounts for 2003 – 04.

4. CONCLUSIONS

Except for the items listed in the IFCS in Appendix 1, it is the opinion of Internal Audit, based on the audit work carried out to date, that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's internal financial control systems in the year to 31 March 2004.

5. IMPLICATIONS

5.1	Policy:	None
5.2	Financial:	None
5.3	Personnel:	None
5.4	Legal:	None
5.5	Equal Opportunities:	None

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