

**REPORT ON 2002/2003 INTERNAL FINANCIAL CONTROL STATEMENT (IFCS)**

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**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 2002-03 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 Director of Finance. (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 audit work undertaken by internal audit during the year to 31st March 2003;
- 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. Exceptions are also covered where Internal Audit has found reason to make a comment. The statement is in Final Draft format until Audit Scotland completes their review of the Council's Annual Accounts for 2002 – 03. If they have additional comments that they feel need to be included within the statement.

#### **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 31st March 2003.

#### **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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