

STATEMENT ON INTERNAL CONTROL

BACKGROUND

1. The Accounts and Audit Regulations (2003) require the Authority to conduct a review at least once a year of the effectiveness of its system of internal control and publish a statement on internal control (SIC) each year with the Authority's financial statements (Annual Accounts).
2. The purpose of the SIC process is to provide a continuous review of the effectiveness of the Authority's internal control and risk management systems, so as to give assurance on their effectiveness and/or to produce a management action plan to address identified weaknesses.
3. Transitional arrangements were put in place for 2003/04 in recognition that not all authorities would be in a position to obtain the necessary assurances required to support a full and comprehensive SIC. This Authority's interim SIC was agreed at Police Authority in August 2004 (minute 2102 refers).

SIC 2004/05

4. At the last meeting of the Police Authority, the Annual Accounts 2004/05 were agreed (minute 25 refers) with the exception of the Authority's SIC. The SIC is now attached in draft form (Appendix A) for this Committee's scrutiny before submission to the meeting of the Police Authority next week for its approval.
5. The draft of the SIC attached has been compiled from assurances including:
 - Her Majesty's Inspectorate of Constabulary;
 - the Audit Commission;
 - Internal Audit reports;
 - the performance management process;
 - Force Audit Board, the risk management process generally and the Force's Audit and Inspection programme;
 - other sources of assurance including Budget Monitoring procedure, Best Value reviews, the Efficiency Plan process and so on.
6. The significant internal control issues identified for 2004/05 are set out in section 5 of the SIC and include:
 - Issues arising out of the Bichard Inquiry and the Authority's response
 - Outstanding actions from the Corporate Governance audit and the need to enhance the overall governance arrangements of the Authority
 - A review of the governance responsibilities of this Committee

- The issues arising from disengagement from the Police Standards Unit
7. Internal Audit has already undertaken some evaluation of the assurances in the draft SIC, with the aim of identifying any gaps in the assurances or indeed the Authority's key internal controls at this stage. Their report is included at Appendix B.

FURTHER SIC DEVELOPMENTS

8. The production of the SIC is a year round process. Its publication is the final stage of an ongoing review into the internal control framework of the Authority. This Committee has an important role in this ongoing review, and further reports will be submitted to the Committee throughout the year to facilitate such a review for the 2005/05 SIC.

RECOMMENDATIONS

9. It is proposed that:
- i. Members scrutinise the Statement on Internal Control for 2004/05
 - ii. The Statement on Internal Control is submitted to the Police Authority for approval, before being published as part of the Authority's Statement of Accounts

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Background documents: Secretariat File 2.4.4