

ELWA MANAGEMENT BOARD

19th JUNE 2006

FINANCE DIRECTOR'S REPORT

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| 2005/06 DRAFT STATEMENT OF INTERNAL CONTROL | FOR APPROVAL |
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1 Purpose

- 1.1 To present to Members, for approval, the draft Statement of Internal Control for the financial year 2005/06.

2 Statement of Accounts

- 2.1 In accordance with the Accounts and Audit Regulations 2003, the Authority is required to annually review its system of internal control and gather assurance in order to produce a Statement of Internal Control (SIC).
- 2.2 The SIC is published with the Statement of Accounts, the draft of which follows elsewhere on this agenda. In approving the SIC, Members will need to consider that they have obtained sufficient, relevant and reliable evidence to support the disclosures made. Following approval, the SIC will need to be signed by both the Chair and the Managing Director of the Authority.
- 2.3 The guidance relating to the preparation of the SIC recognises that the practices described need to take place throughout the period under review. The task for ELWA has been somewhat simpler because most of the necessary steps have been put in place. Members will recall that the procurement of Integrated Waste Management Contract absorbed a huge amount of officer time leading up to Contract signature in December 2002. Since then officer time has been spent in establishing new and appropriate administrative practices and processes to reflect the new arrangements.

In addition there have been important external reviews conducted by the Audit Commission leading to clean Audit Certificates and satisfactory performance reports.

- 2.4 In response specifically to the SIC requirements the approach adopted by the Authority for 2005/06 has been as set out below:
- the review of arrangements already in place to support the Authority's governance and control arrangements including Internal Audit work and recommendations;
 - the receipt of Letters of Assurance from Management Board members setting out that they are not aware of any material issues that would affect the governance, or integrity of the Authority's management and internal control;

- In the context of the latter, the materiality threshold in respect of the accounts is £300,000, however the assurance is also considered in terms of other areas, for example, plans or policies not being achieved or the impact on reputation. The basis of enquiries of officers is in respect of their relevant knowledge, experience and responsibilities.
- the review of last year's action plan that will need to be monitored and developed over the coming year.

2.5 Following the undertaking of the above process the Statement of Internal Control has been produced and is incorporated on Appendix A for consideration and approval at this Meeting.

3 Recommendations

3.1 The Board is asked to:

- i) consider and approve the draft Statement of Internal Control for the financial year ended 31 March 2006 as set out in the Appendix.

Geoff Pearce
FINANCE DIRECTOR

Appendix
A Statement of Internal Control