

**ACCOUNTS & AUDIT (AMENDMENT) REGULATIONS 2006
(Report by the Internal Audit Manager)**

1. INTRODUCTION

- 1.1 The Accounts & Audit Regulations 2003 have been amended by the Accounts and Audit (Amendment) Regulations 2006. They introduce some changes to strengthen governance and accountability which are explained below.

2. STATEMENT OF INTERNAL CONTROL

- 2.1 The statement of internal control is part of the annual Statement of Assurance on Corporate Governance that the Panel approves. The Regulations now require an annual review of the effectiveness of the Council's system of internal control to be conducted and considered by the Panel before approval of a statement on internal control prepared in accordance with proper practices.
- 2.2 The Panel already approves a statement on internal control by approving the Statement of Assurance but does not review the process or findings of the annual review. It is proposed that the next report on the subject should be split into two parts so that the Panel are seen to be considering the review first, before approving a Statement of Assurance.

3. INTERNAL AUDIT

- 3.1 The Regulations now require the Council to, at least once in each year, conduct a review of the effectiveness of its system of internal audit. The findings of the review should be considered as part of review of internal control referred to in paragraph 2 above.
- 3.2 Consideration is being given to the most effective way of undertaking this review. Options include self-assessment, a peer review, an opinion from the Council's external auditors or some combination of the three over a period of years. The views of the Council's external auditors will be sought before a decision is made.

4. STATEMENT OF ACCOUNTS AND APPROVAL

- 4.1 The Regulations require the statement of accounts to be prepared in accordance with proper practices and that they be considered and approved by 30 June. If this date is not met then Council has to approve the accounts or publish a statement explaining the reasons why they cannot be approved.

5. RECOMMENDATION

It is recommended that the Panel note this report.

BACKGROUND INFORMATION

The Accounts & Audit Regulations 2003 and Guidance thereon
The Accounts & Audit (Amendment) Regulations 2006

Contact Officer: David Harwood, Audit Manager ☎ **01480 388115**