

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

As Accountable Officer for the General Register Office for Scotland, I have the responsibility for maintaining a sound system of internal control that supports the achievement of our organisation's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am responsible.

The Registrar General for Scotland is a statutory office-holder within the Scottish Administration and, as such, cannot be the Accountable Officer for our Department. As Head of Corporate Services I have this role and I am personally answerable to the Scottish Parliament in accordance with Section 15 of the Public Finance and Accountability (Scotland) Act 2000.

I must ensure that our Department operates in accordance with the Scottish Public Finance Manual (SPFM) which is issued by the Scottish Ministers to provide guidance to the Scottish Executive and other relevant bodies on the proper handling of public funds. It is mainly designed to ensure compliance with statutory and parliamentary requirements; to promote value for money and high standards of propriety, and to secure effective accountability and a good system of internal control.

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of our policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically. This process is integral to our business planning and progress monitoring regime; is in accord with the SPFM; and has been in place for the year ended 31 March 2005 and up to the date of approval of the annual accounts. The supervision of the regime is undertaken by the executive managers of business areas within our organisation.

Control and Risk Framework

The Management and Business Plan (GROSPlan - 2004-05) is the key document used in our organisation for setting objectives and monitoring progress throughout the year. GROSPlan forms the basis for all subordinate planning and objective setting, and is available to all staff on our Intranet. Our business planning and review is based on:-

- setting objectives and targets at appropriate levels to measure performance, and identifying risks;
- agreeing an annual budget with our Departmental Strategy and Planning Group (DSPG – our senior management group) and regularly reviewing income and expenditure with business area managers;
- regularly reviewing progress, performance, risk and financial status at DSPG and subordinate business area board levels; and
- where appropriate, using formal project management disciplines, including risk management, to manage capital investments and other major areas of work.

All bodies subject to the requirements of the SPFM must operate a risk management strategy in accordance with relevant guidance issued by the Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM. Risk management is a fundamental part of our office-wide programme management regime and is also applied in stand-alone projects.

Our Audit Committee meets at least three times each year and considers reports from Corporate Services Division (on budgets and financial control), Internal Audit and External Audit. The Audit Committee also reviews key risks selected from our corporate risk register.

Our organisation is committed to a process of continuous development and improvement, revising systems in response to any relevant reviews and advances in best practice in this area. For example, in the period to 31

March 2005 we reviewed our project management approach, resulting in a new set of project management principles, and developed new procurement and contract management procedures.

Review of Effectiveness

As Accountable Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by:

- the executive managers within our organisation who have responsibility for the development and maintenance of the internal control framework;
- the work of the internal auditors, who submit to me and our organisation's Audit Committee regular reports on the adequacy and effectiveness of our organisation's systems of internal control, together with recommendations for improvement;
- the comments made by the external auditors in their management letters and other reports.

A programme has been in place to address any weaknesses that have been identified. For example, we have improved the monitoring of contracts; enhanced the budgeting process, rationalised the way we reclaim VAT; and reviewed our Fixed Asset Policy and related processes.

I am satisfied that during the year the system of internal control was effective in helping us meet our organisation's policies, aims and objectives.



Eddie Turnbull
Accountable Officer
28 November 2005