

A meeting of the **CORPORATE GOVERNANCE PANEL** will be held in **MEETING ROOM 1, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, PE29 3TN** on **TUESDAY, 25 SEPTEMBER 2007** at **6:00 PM** and you are requested to attend for the transaction of the following business:-

**Contact  
(01480)**

## **APOLOGIES**

**1. MINUTES** (Pages 1 - 4)

To approve as a correct record the Minutes of the meeting of the Panel held on 26th June 2007.

**A Roberts  
388009**

**2. MEMBERS' INTERESTS**

To receive from Members declarations as to personal and/or prejudicial interests and the nature of those interests in relation to any Agenda Item. Please see Notes 1 and 2 below.

**3. INTERNAL AUDIT SERVICE ANNUAL REPORT** (Pages 5 - 14)

To receive a report by the Internal Audit Manager to which is attached the Internal Audit Annual Report.

**D Harwood  
388115**

**4. RISK MANAGEMENT UPDATE** (Pages 15 - 32)

To receive and note a report by the Internal Audit Manager.

**D Harwood  
388115**

**5. CODE OF GOVERNANCE** (Pages 33 - 44)

To consider a report by the Head of Policy and Strategic Services recommending changes to the Code of Governance.

**H Thackray  
388035**

**6. GOVERNANCE STATEMENT** (Pages 45 - 98)

To consider a report by the Head of Policy and Strategic Services to which is attached the Statement of Assurance for 2005/06.

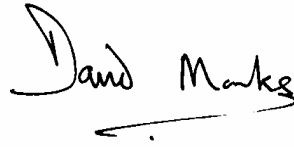
**H Thackray  
388035**

**7. PUBLICATION OF 2006/07 ACCOUNTS** (Pages 99 - 104)

To consider a report by the Head of Financial Services setting out the processes to be completed before the Council's accounts for 2006/07 can be published.

**S Couper  
388103**

Dated this 14th day of September 2007



Chief Executive

**Notes**

1. *A personal interest exists where a decision on a matter would affect to a greater extent than other people in the District –*
  - (a) *the well-being, financial position, employment or business of the Councillor, their family or any person with whom they had a close association;*
  - (b) *a body employing those persons, any firm in which they are a partner and any company of which they are directors;*
  - (c) *any corporate body in which those persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or*
  - (d) *the Councillor's registerable financial and other interests.*
2. *A personal interest becomes a prejudicial interest where a member of the public (who has knowledge of the circumstances) would reasonably regard the Member's personal interest as being so significant that it is likely to prejudice the Councillor's judgement of the public interest.*

**Please contact A Roberts, Democratic Services Officer, Tel No 01480 388009/e-mail: Anthony.Roberts@huntsdc.gov.uk if you have a general query on any Agenda Item, wish to tender your apologies for absence from the meeting, or would like information on any decision taken by the Committee/Panel.**

**Specific enquiries with regard to items on the Agenda should be directed towards the Contact Officer.**

**Members of the public are welcome to attend this meeting as observers except during consideration of confidential or exempt items of business.**

*Agenda and enclosures can be viewed on the District Council's website – [www.huntingdonshire.gov.uk](http://www.huntingdonshire.gov.uk) (under Councils and Democracy).*

**If you would like a translation of Agenda/Minutes/Reports or would like a large text version or an audio version please contact the Democratic Services Manager and we will try to accommodate your needs.**

***Emergency Procedure***

*In the event of the fire alarm being sounded and on the instruction of the Meeting Administrator, all attendees are requested to vacate the building via the closest emergency exit and to make their way to the car park adjacent to the Methodist Church on the High Street (opposite Prima's Italian Restaurant).*

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# Agenda Item 1

## HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE PANEL held in The Council Chamber, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN on Tuesday, 26th June 2007.

PRESENT: Councillor C J Stephens – Chairman.  
Councillors K J Churchill, P J Downes,  
J A Gray and L M Simpson.

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors T V Rogers and G S E Thorpe.

IN ATTENDANCE: Mr P Winrow of RSM Robson Rhodes, the Council's external auditors.

### **5. MINUTES**

The Minutes of the meeting of the Panel held on 16th May 2007 were approved as a correct record and signed by the Chairman.

### **6. MEMBERS' INTERESTS**

Councillor P J Downes declared a personal interest in Minute No. 8 by virtue of being a Trustee of the Cambridgeshire County Council Pension Fund.

### **7. USE OF RESOURCES**

The Panel gave consideration to the Council's Use of Resources Judgements 2006 (a copy of which is appended in the Minute Book). In introducing the judgements, Mr Winrow of the Council's external auditors, informed Members that the Council had consistently performed above minimum requirements against the Audit Commission's scoring system. He went on to draw their attention to the action plan annexed to the report.

RESOLVED

that the report be received and noted.

### **8. FINAL ACCOUNTS 2006/07**

The Panel considered the draft Statement of Accounts for the year ended 31st March 2007 (a copy of which is appended in the Minute Book). Members' attention was drawn to a number of key aspects of the accounts and to changes to the way they were compiled.

In response to a question on the Council's return on investments, the Panel was informed that the figure in the accounts represented a particular point in time and the termination of arrangements with one

of the external fund managers.

Following a question on the cost of collecting Council Tax, the Head of Financial Services explained this was a District Council function and that other agencies for whom the Council collected precepts did not reimburse their element of these costs.

Arising from a discussion on the assumptions for Council Tax income each year, the Panel suggested that all Members should be informed of the procedure for reporting cases where they had reasonable grounds for suspecting fraudulent claims for Council Tax discounts and also for assisting those entitled to benefits to claim them.

The Panel then discussed the Council's level of reserves. The current level was regarded as substantial and it was planned to use part of them to fund services over a period of time.

Finally, after a rigorous discussion and having also addressed issues on the Council's liabilities, on an increase in earmarked reserves for Section 106 Agreements and on the meaning of "government grants deferred amortisation", it was

RESOLVED

that the draft Statement of Accounts for the year ended 31st March 2007 be approved to enable the audit to commence.

## **9. RISK MANAGEMENT STRATEGY**

With the aid of a report by the Internal Audit and Risk Manager (a copy of which is appended in the Minute Book) the Panel gave consideration to a revised Risk Management Strategy. Having discussed the principle underlying the "political" category of risk, it was

RESOLVED

that the revised Risk Management Strategy be approved.

## **10. REVIEW OF THE INTERNAL AUDIT SERVICE**

The Panel received and noted a report by the Director of Commerce and Technology (a copy of which is appended in the Minute Book) on the outcome of a review of the effectiveness of the system of internal audit, which was required by the Accounts and Audit Regulations 2006. Having noted the external auditor's positive endorsement of the service and identified areas for improvement, it was

RESOLVED

- (a) that the finding to the effect that the Council's Internal Audit Service meets the requirements of the CIPFA Code of Audit Practice be noted; and
- (b) that the action plan prepared to address the areas for improvement identified also be noted.

## **11. COMPLAINTS**

The Panel received and noted a report by the Director of Central Services (a copy of which is appended in the Minute Book) containing an analysis of the Council's internal complaints and a summary of complaints concerning the District Council which had been determined by the Local Government Ombudsman in 2006/07.

RESOLVED

that the report be received and noted.

Chairman

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**INTERNAL AUDIT SERVICE  
ANNUAL REPORT  
(Report by the Internal Audit Manager)**

**1. Purpose**

- 1.1 To receive the annual report on the internal audit service.

**2. Introduction**

- 2.1 This report provides an audit opinion for the 12 month period ending August 2007 and provides performance information on relevant matters.

**3. Audit Opinion**

- 3.1 The levels of assurance identified in each audit review together with a sample check to see that reported actions have been delivered are taken into account to form an overall opinion on the adequacy and effectiveness of the Council's internal control environment. This is shown below

It is my opinion, based upon the audit work completed in the 12 month period ending 31 August 2007, that Huntingdonshire District Council's internal control environment and systems of internal control provide limited assurance over the effective exercise of its functions.

In respect of those systems that refer to, or are substantially related to, internal financial control, it is my opinion that the controls operated by management are currently adequate.

Any system of internal control can only provide reasonable, rather than absolute, assurance that assets are safeguarded, transactions are authorised and properly recorded and material errors or irregularities are either prevented or would be detected within a reasonable period of time.

David Harwood  
Audit & Risk Manager

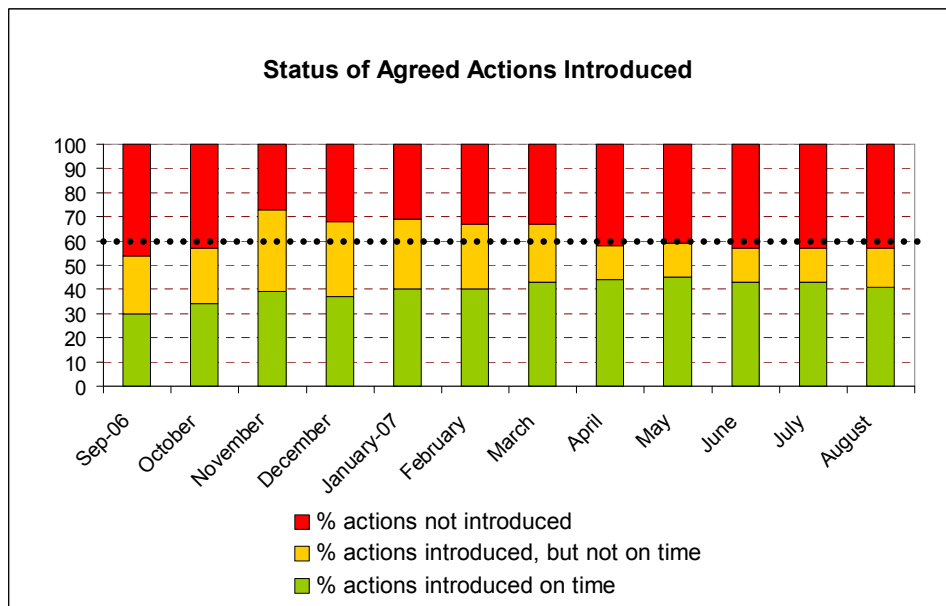
September 2007

**4. Delivery of 2006/07 Audit Plan**

- 4.1 The internal audit plan for the 2006/07 financial year, approved by the Director of Commerce & Technology, contained 42 audit reviews. The audit plan is not a static document but needs to be amended to reflect changing circumstances. The changes in 2006/07 resulted in a net reduction of three audits, giving a revised total of 39. In lieu of the planned audits, work was completed on reviewing information received from national fraud data matching initiative, the preparations for the delivery of services from the new Operations Centre, the management of maternity leave, the introduction of electronic signatures and fidelity guarantee insurance.
- 4.2 All but two of the 39 audits have been closed and details are shown in Annex A. Draft audit reports have been issued for the two outstanding audits, which relate to reviews of the network infrastructure and ICT facilities in the new accommodation.

## 5. Implementation of Agreed Actions

- 5.1 An on-line database is in place which holds details of all the actions that have been agreed by the service manager together with their intended introduction dates prior to the closure of an audit. Managers are required to update the database with the action they have taken and the date that the action was introduced. Each Director, Head of Service and Activity Manager is able to access the database and obtain reports that list actions outstanding, partially or fully completed.
- 5.2 A target has been included in the internal audit service plan, that 60% of agreed actions should be implemented on time. This is based on a rolling 12 month approach and the graph below illustrates performance from September 2006 to 31 August 2007.



- 5.3 In the 12 months to 31 August, 41% were implemented on time 16% were late and 43% have not been implemented. Whilst there will be occasions where service issues arise after the dates for introducing actions have been agreed, that quite properly take priority over the introduction of the action, this low level of performance has affected the overall assurance opinion. The table at Annex B shows the split between red and amber actions and by Directorate.
- 5.4 Of the actions not yet implemented the 8 detailed in Annex C were red actions that must be implemented to solve the more significant control weakness.

## 6. Internal Audit's Performance

- 6.1 Information in respect of the performance of the internal audit service is attached at Annex D.

## 7. Recommendation

- 7.1 It is recommended that the Panel note the report and annual opinion statement.

## ACCESS TO INFORMATION ACT 1985

Internal Audit Reports;  
Internal Audit Performance Management Information

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

**Summary of Internal Audit work undertaken during the period  
1 September 2006 to 31 August 2007**

Audit area	Level of assurance				Agreed action status		
	Substantial	Adequate	Limited	Little	Red	Amber	The risk identified has been accepted by the Manager <sup>1</sup>
<b>Key Financial Systems</b>							
Housing Benefits	✓✓					3	
Payroll/HR system	✓✓				---	---	
NNDR	✓✓				---	---	
Main Accounting System	✓✓				---	---	
Debtors		✓				5	
Creditors			✗		1	5	
<b>Other systems reviews</b>							
External fee income	✓✓				---	---	
Gershon Efficiency Savings	✓✓					4	
Management of Health and Safety		✓			1		
Data Protection		✓			1	3	
Call Centre: Speake House		✓				7	
Car Parking		✓				5	
Building Control Fees		✓				5	
Overview & Scrutiny		✓				4	
Insurance		✓				3	
Gifts & Hospitality		✓				3	
Section 106 Agreements		✓				3	
Contracts - Selection, Opening of Tenders		✓				3	
Retention of key IT staff		✓				3	
Corporate Communications		✓				1	
Implementation of Management & Member Decisions		✓				1	
Corporate Subscriptions		✓				1	
Personnel - Staff Recruitment			✗		4	8	
Leisure Centres			✗		3	11	
Staff Capacity and Performance			✗		2	3	1
Newspaper Advertising			✗		2	1	
Uniform Application Audit			✗		1	8	2
Overtime			✗		1	5	
Asset Register			✗		1	4	
Mobile phones & PDAs				✗✗	4	2	
<b>Computer Audit</b>							
ICT Facilities Move: Eastfield House <sup>2</sup>		✓				4	
Network Infrastructure <sup>2</sup>			✗		1	7	
Change Management			✗		2		1
Data Consistency				✗✗	4	5	

<sup>1</sup> There are occasions when a risk identified during an audit is acknowledged and accepted by a Manager and they decide that no further action is required. The right hand column of this table records all those instances.

<sup>2</sup> Draft report issued as at 31 August 2007.

All audit reports can be accessed by Members via the Internal Audit intranet site.

The fraud and corruption plan identified supplier invoice fraud as a high risk area. A review has been undertaken that examined the operation of key controls with the aim of identifying potentially fraudulent or unusual transactions.

### Issues outstanding from previous years

Audits that have previously affected the overall opinion are listed in the table below together with a summary of the progress made towards implementing the agreed actions.

The right hand column of the table shows a revised assurance opinion, based upon the action that has been taken by the manager and evidence from the follow-up work that has been completed. The revised opinion is only a guide to the potential improvement that would be expected, if the audit was repeated and all other system controls remained effective.

Original level assurance	Agreed Action Status		Audit area and follow-up findings	'Potential' level of assurance
	Red	Amber		
<i>Limited</i>	4	8	<b>Emergency Planning – Civil Contingency</b> All the actions have been introduced.	<i>Adequate</i>
<i>Limited</i>	4	7	<b>Leisure Centres – Bars &amp; Catering</b> With one exception, all the actions have been introduced.	<i>Adequate</i>
<i>Limited</i>	2	5	<b>Markets</b> All the actions have been introduced.	<i>Adequate</i>
<i>Limited</i>	1	4	<b>Internet Monitoring</b> The red action required a basic level of internet usage monitoring to be undertaken on a monthly basis (for example top ten users, site and categories etc). This action has been introduced but the reviews are not evidenced. All the amber actions have been introduced.	<i>Limited</i>
<i>Limited</i>	1	1	<b>Performance Indicators</b> Both actions have been introduced.	<i>Adequate</i>
<i>Limited</i>	1	1	<b>Computer - Post Implementation Reviews</b> The red action remains outstanding. See information in Annex C.	<i>Limited</i>
<i>Limited</i>		8	<b>Balanced Scorecard &amp; Performance Management</b> All the actions have been marked as completed although they have not all been implemented due to the introduction of the new Corporate Plan.	<i>Limited</i>
<i>Limited</i>		3	<b>Contracts – Use of the Quotation Process</b> All the actions have been introduced.	<i>Adequate</i>
<i>Limited</i>	1	7	<b>Disaster Recovery &amp; Business Continuity Planning</b> The red action remains outstanding. See information in Annex C.	<i>Limited</i>
<i>Limited</i>		5	<b>Revenue &amp; Benefits Application Review</b> All the actions have been introduced.	<i>Adequate</i>

## REMINDER

Substantial Assurance	✓✓	<i>There are no weaknesses in the level of internal control for managing the material inherent risks within the system. Testing shows that controls are being applied consistently and system objectives are being achieved efficiently, effectively and economically apart from any excessive controls which are identified in the report.</i>
Adequate Assurance	✓	<i>There are minor weaknesses in the level of control for managing the material inherent risks within the system. Some control failings have been identified from the systems evaluation and testing which need to be corrected. The control failings do not put at risk achievement of the system's objectives.</i>
Limited Assurance	✗	<i>There are weaknesses in the level of internal control for managing the material inherent risks within the system. Too many control failings have been identified from the systems evaluation and testing. These failings show that the system is clearly at risk of not being able to meet its objectives and significant improvements are required to improve the adequacy and effectiveness of control.</i>
Little Assurance	✗✗	<i>There are major, fundamental weaknesses in the level of control for managing the material inherent risks within the system. The weaknesses identified from the systems evaluation and testing are such that the system is open to substantial and significant error or abuse and is not capable of meeting its objectives.</i>

**Implementation of Agreed Actions  
Summary of the Actions Database as at 31 August 2007**

	Status of Action						TOTAL
	Introduced on time		Introduced Late		Not introduced		
Red Action	7		4		8		<b>19</b>
Amber Action	45		17		47		<b>109</b>
<b>Total</b>	52		21		55		128
<b>% age on time</b>	<b>41%</b>		<b>15%</b>		<b>44%</b>		
	<i>Red</i>	<i>Amber</i>	<i>Red</i>	<i>Amber</i>	<i>Red</i>	<i>Amber</i>	
Central Services	0	9	3	8	5	25	<b>50</b>
Commerce & Technology	1	12	1	4	3	18	<b>39</b>
Operational Services	6	24	0	5	0	4	<b>39</b>
Total	7	45	4	17	8	47	128

A sample of actions that have been reported as being completed are checked to see that the action introduced sufficiently addresses the risk that has been identified.

In respect of those actions introduced up to 31 August 2007, it was found that the majority of the actions taken were appropriate. Occasionally the action taken does not fully deal with the risk identified. In these cases the action taken is discussed with the appropriate manager and changes to the database are made to reflect the actual position.

**'Red' Actions Outstanding**

Audit	Head of Service	Action Agreed	Agreed Implementation Date	Head of Service's statement re current position as at 11 September
Post Implementation Reviews	Customer First Programme Manager & Head of Information Management Division	<p>Post Implementation Reviews will be reported to the appropriate level, i.e. Project Board.</p> <p>Where a project is progressed as a result of an MTP bid the PIR will be formally reported to Heads of Service and, where appropriate, Members (i.e. Overview and Scrutiny or Cabinet) for information and consideration in future project approvals.</p>	31/08/2007	A mechanism has been agreed for reporting both lessons learnt and post project reviews. No reviews have been reported to Members.
Data Consistency	Customer First Programme Manager & Head of Information Management Division	A Council wide data strategy will be developed which clearly identifies the goals in achieving data consistency across the Council.	30/04/2007	Data consistency is covered by the Information Management Strategy which is shortly to be presented to COMT.
Staff Capacity and Performance	Head of Personnel	Personal Development Plans are to be completed for all staff.	30/06/2007	The vast majority of these have been completed and returned to HR for inclusion in the corporate training plan.
Recruitment Advertising	Head of Personnel	Alternative recruitment advertisers will be investigated in order to obtain the best terms and service.	31/07/2007	This will be arranged during 2008 by the new HR Manager.
Staff Recruitment	Head of Personnel	A statement of particulars will be issued to the employee within eight weeks of commencing employment	31/07/2007	This has been rectified for new employees and for changes whilst in employment, but there remains a back-log which is being worked on.

**'Red' Actions Outstanding**

Audit	Head of Service	Action Agreed	Agreed Implementation Date	Head of Service's statement re current position as at 11 September
Management of Health & Safety	Head of Personnel	<p>All new employees should undergo the corporate Health &amp; Safety induction within a reasonable amount of time (no more than four weeks from start date).</p> <p>All employees should undergo a basic health &amp; safety induction by either their manager or Directorate Health &amp; Safety Co-ordinator on their first day of work.</p>	31/01/2007	In place.
Overtime	Head of Personnel	<p>Waivers will be signed by staff who may potentially breach the Working Time Directive. When an employee does not wish to sign the waiver then care will be taken to ensure that the hours / shift patterns they work comply with the directive.</p>	31/07/2007	No employees currently breaching the Working Time Regulations.
Disaster Recovery & Business Continuity Planning	Customer First Programme Manager & Head of Information Management Division	<p>IT systems will be prioritised and the disaster recovery arrangements with the contractor, ICM, will be reviewed.</p>	30/09/2006	Prioritising IT systems in order of criticality for their recovery needs to be completed before progress can be made on this action.



## Internal Audit Performance

### 1. External audit view of internal audit

Target: Adequate or better  
Achieved: Satisfied

- 1.1 The external auditor continues to be satisfied with the work of the internal audit service, as recognised by his positive endorsement at the July meeting of the Panel.

### 2. Customer Satisfaction

Target: 85% or more of customers rating service quality as good or better.  
Achieved: 12 months to August 2007 - 96%

- 2.1 At the conclusion of all audits, managers are requested to complete an end of audit survey form and give an opinion on the value of the audit. The options available are – excellent, very good, good, fair and poor. Target information is calculated on a rolling twelve month basis rather than by financial year. The figure is based on 23 returns.

- 2.2 The Head of Financial Services has also undertaken his annual customer satisfaction survey with senior managers. This year an electronic survey form was used and the number of responses decreased slightly. Whilst the overall percentage has fallen, it still remains high.

- April 2004 81%
- April 2005 90%
- April 2006 96%
- April 2007 85%

### 3. Introduction of Agreed Actions

- 3.1 See paragraph 5 of the main report.

### 4. Service delivery targets

Target: 80% or more of service delivery targets achieved.  
Achieved: 12 months to August 2007 – 85%

- 4.1 There are four elements to this target which all relate to the progress of individual audits and the reporting process:

- Complete audit fieldwork by the date stated on the audit brief
- Issue draft audit reports within 15 working days of completing fieldwork
- Meet with customer and receive response allowing draft report to progress to final within 15 working days of issuing draft report
- Issue final audit report within 5 working days of receiving full response

- 4.2 Performance indicators are prepared monthly. The targets are also reflected in staffs key performance development targets within the annual appraisal process. Achievement of the targets requires internal audit staff to develop and maintain good working partnerships and the customer's co-operation throughout the period of the audit.

4.3 Performance at 31 August for each of the target areas is shown below.

	<u>Target</u>	<u>31 August 2007</u>	
Complete audit fieldwork by the date stated on the audit brief	75%	↑	92%
Issue draft audit reports within 15 working days of completing fieldwork	90%	↓	80%
Meet with customer and receive response allowing draft report to progress to final within 15 working days of issuing draft report	75%	↑	78%
Issue final audit report within 5 working days of receiving full response	90%	↔	90%
Overall	82%	↑	85%

4.4 It is disappointing that one of the measures has fallen below the target. Whilst meetings are held with customer within the 15 days, and in most cases a response is obtained during the meeting, occasionally a manager may wish to discuss matters further with colleagues, prior to formally responding. When this occurs, the 15 working day target is usually breached, despite the efforts of audit staff to obtain a response.

## 5. Service Improvements

5.1 Following the formal review of Internal Audit, reported to the Panel at its last meeting, the two actions that were required to be completed, have been introduced – updating the audit intranet pages and the audit manual.

5.2 Internal Audit is continually striving to improve its performance. Developments introduced in the previous year include

- the hosting and development of an extranet service amongst Cambridgeshire authorities
- joint working with the County Council and Cambridge City Council
- the introduction of electronic working papers.

Developments planned for the next 12 months include

- reviewing how individual audit opinions will affect mitigating controls recorded in the risk register
- continuing to investigate the opportunities for joint working

5.3 Internal audit work has been undertaken on behalf of St Neots Town Council during the year and further work has been commissioned by them.

## **RISK MANAGEMENT UPDATE (Report by the Internal Audit & Risk Manager)**

### **1. Purpose**

- 1.1 To update the Panel on the progress that has been made to embed risk management within the authority.
- 1.2 This report has three aims:
  - To provide the Panel with an update on the progress that is being made to achieve the level 3 risk management standard as detailed in the current Comprehensive Performance Assessment (CPA) Key Lines of Enquiry (KLOE) use of resources documentation
  - To update the Panel on the work carried out by the risk management group; and
  - To receive an update on the contents of the risk register.

### **2. CPA KLOE**

- 2.1 The Internal Control section of the KLOE Use of Resources (UoR) deals with risk management. A mark of 2 was awarded by the external auditors in the 2006/07 assessment, the same as the previous year.
- 2.2 Issues that need to be addressed so that level 3 can be achieved are:
  - Providing risk management awareness training to Members
  - Identifying partnership risks
  - The inclusion of a risk assessment in reports that support strategic policy decisions and in project initiation documents.

Steps have been taken to deal with all three issues. The UoR assessment criteria is attached at Annex A.

### **3. Risk Management Group**

- 3.1 The risk management group have met four times in the last year and considered a wide range of issues. These have included:
  - Reviewing and proposing amendments to the risk management strategy prior to its presentation to this Panel.
  - Agreeing on the changes necessary to bring the Health & Safety risk evaluation model into line with the corporate model.
  - Reviewing and challenging the content of the risk register
  - IT business continuity procedures
  - Agreement of the escalation process to bring risks identified at project and programme level through to the risk register
  - Consideration of risk management software
  - Review of risk treatment forms prepared by Heads of Service
  - Event management procedures
  - Consideration of insurance claims information
  - The use of e-learning as a training method

- 3.2 Cllr Rogers remained as the nominated Member risk champion.
- 3.3 A considerable amount of work has been undertaken to embed risk management into the authority and its profile has increased considerable over the year. All the key elements are in place – Member/COMT support, strategy, register and training - but these need to reinforced, certainly in the short term, so that consideration of risk becomes second nature.

It is expected that the recent introduction of the report checklist, the requirement for risk issues to be considered by Heads of Service in their quarterly reports to COMT and the introduction of the risk software will help to keep the risk management profile high.

#### **4. Service Recovery Planning**

- 4.1 A considerable amount of work has been undertaken during the past six months, in conjunction with the Council's principal insurers, to identify the Council's business critical activities and significant business continuity risks. Recovery strategies have been identified that will assist in dealing with the risks should they occur. Response cards are currently being prepare that will contain details of the actions that are required to maintain the service, their importance and the person responsible for managing the action.
- 4.2 Business continuity risk is currently classified as a 'very high' risk in the risk register. It is expected that when the response cards are completed the residual risk will reduce to 'high'.

#### **5. Other initiatives**

- 5.1 Other specific risk management initiatives undertaken during the year include the review of churchyard monuments, increasing fidelity guarantee risks, considering cash office security within the temporary customer service centre and examining data supplied as part of the national fraud initiative. A considerable amount of work has also been carried out into public liability and general motor accident claims, with the aim of increasing the Council's exposure to risk in these two areas so reducing premiums.

#### **6. Risk Register**

- 6.1 Web based software has been purchased to allow the risk register to be more easily managed. The software was implemented across all Directorates with effect from 3 September. The software will allow the harder 2008 UoR judgements to be met by linking risks to corporate plan objectives, assigning risks to a named officer, recording the controls in place to manage the risks and providing positive assurance that the risks are being managed effectively.

The software also has a wide range of standard reports available, which will improve management reporting.

- 6.2 Attached at Annex B is an extract of the register, listing the 'very high' risks entered onto the risk register as at 31 August and, at Annex C, the corporate business risks that have been identified. The content of the register was reviewed during its transfer to the new software to ensure that it was still valid. Changes that have been made to some service plans to reflect the new corporate plan have not yet made their way through to the register.
- 6.3 Appropriate changes to the register have been made, to reflect the decisions taken by Cabinet in May regarding the risk option forms presented to them for the 'very high' category of risks.
- 6.4 In future years, as part of the annual assurance process and prior to the submission to the Panel of the corporate governance statement, Heads of Service will be required to confirm that the risks listed in the register accurately reflect the significant risks faced by their service. They will also be required to provide assurance that the controls that are in place to manage these risks are operating effectively.

## **7. Recommendation**

- 7.1 It is recommended that the Panel note the report and the work that is being undertaken to embed risk management across the authority.

## **BACKGROUND INFORMATION**

Risk Management Group papers  
Risk Register

**Contact Officer:** David Harwood, Audit & Risk Manager 📞 01480 388115

## UOR KLOE – Risk criteria

<b>4. INTERNAL CONTROL</b>
<b>How well does the council's internal control environment enable it to manage its significant business risks?</b>
<b>Key line of enquiry</b>
4.1 The council manages its significant business risks
<b>Audit Focus</b>
Evidence that: <ul style="list-style-type: none"> <li>the council has a risk management process in place</li> <li>the risk management system covers partnership working</li> </ul>

<b>Criteria for Judgement</b>
-------------------------------

<b>Level 2</b>	<b>Level 3</b>	<b>Level 4</b>
<p>The council has adopted a risk management strategy/policy that has been approved by members.</p> <p>The risk management strategy/policy requires the council to:</p> <ul style="list-style-type: none"> <li>identify corporate &amp; operational risks</li> <li>assess the risks for likelihood &amp; impact</li> <li>identify mitigating controls</li> <li>allocate responsibility for the mitigating controls.</li> </ul> <p>The council maintains and reviews a register of its corporate business risks linking them to strategic business objectives and assigning ownership for each risk.</p> <p>Member responsibility for corporate risk management is identified in the terms of reference of one or more committees as appropriate.</p> <p>Reports to support strategic policy decisions, and project initiation documents, include a risk assessment.</p>	<p>The risk management process is reviewed and updated at least annually.</p> <p>The risk management process specifically considers risks in relation to significant partnerships and provides for assurances to be obtained about the management of those risks.</p> <p>All appropriate staff are given relevant training and guidance to enable them to take responsibility for managing risk within their own working environment.</p> <p>The members with specific responsibility for risk management have received risk management awareness training.</p> <p>Members with responsibility for corporate risk management receive reports on a regular basis and take appropriate action to ensure that corporate business risks are being actively managed, including reporting to full council as appropriate.</p>	<p>A senior officer and member jointly champion and take responsibility for embedding risk management throughout the council.</p> <p>The council can demonstrate that it has embedded risk management in its corporate business processes, including:</p> <ul style="list-style-type: none"> <li>strategic planning</li> <li>financial planning</li> <li>policy making &amp; review</li> <li>performance management</li> </ul> <p>All members receive risk management awareness training.</p> <p>The council considers positive risks (opportunities) as well as negative risks (threats).</p>

Risk Ref	Risk Title	Cause & Effect	Inherent Risk: Impact x Likelihood	Existing Controls	Residual Risk: Impact x Likelihood
<b>COMT</b>					
1	The Council is not accurate in its assessment of the Government's Council Tax/budget requirement capping level resulting in the Council being capped or setting its Council Tax at a figure significantly below the capping level resulting in the need for temporary or permanent service reductions.	Capping: Unplanned withdrawal of all or part of a service, reputation damage, additional costs of re-billing and possible cash flow impact. Too low a Tax: Unnecessary cuts in services, reputation damage.	5 Very High	When the Council makes its decision on the Council Tax and Budget Requirement Level each February it is provided with all the relevant information that is available including Government comments on capping.	5 Very High
6	Service recovery and/or business continuity plans are inadequate resulting, over both the short and medium term, in the Council's inability to provide an appropriate service.	Effect: Service objectives/targets not achievable Inability to fulfil statutory obligations. Reputation damage Loss of income Payments not made Lack of leadership & affect on staff morale Loss of utilities / power for substantial amount of time	5 Very High	Corporate Service Recovery Plan. IT & telecoms recovery agreement in place; data backed up and stored off site; air conditioning; UPS allows 10 minutes closing down time.	4 Very High
9	A civil emergency occurs that affects more than 2000 people leading to the Council's rest centre provision and support proving inadequate.	Effect: No provision to receive, feed and provide sleeping arrangements for people Staff are not aware of their roles and responsibilities No support from other agencies / internal and external contacts Poor communications Inappropriate venues Adverse publicity	5 Very High	Staff training; Venues identified and agreed : St Ivo Leisure Centre able to deal with a maximum of 2290 people; Out of hours contact maintained and up to date; Liaison with voluntary organisations, local PCTs, Social Services etc; Pet plan - arrangements with shelters and vets etc; Food plan (exercises carried out (desk top) but not formally tested); An annual agreement with the WRVS voluntary service to provide additional trained staff and support in the event of an emergency.	5 Very High

Risk Ref	Risk Title	Cause & Effect	Inherent Risk: Impact x Likelihood	Existing Controls	Residual Risk: Impact x Likelihood
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## Head of Administration

17	A member of the public is seriously injured or killed whilst visiting or using Leisure Centre facilities due to Council not providing a safe environment, or its staff with sufficient and adequate training.	Effect: Adverse publicity following an incident resulting in death/injury to member of the public. Leisure Centre forced to close pending HSE investigations.	5 Very High	Warning signs displayed Monitoring by staff of usage by customers  Customers required to undergo induction.  Health & Safety Co-ordinator monitors actions taken.  Appropriate number of staff on duty. Customers assessed for skin type (sunbeds) and undergo induction Sunbed equipment to British Standards Use of sunbed limited by length of session and number of sessions Regular monitoring of tanning equipment	5 Very High
				Bather capacities not exceeded. Defibrillators on site & staff are trained in their use. Regular breaks for lifeguards to maintain alertness Assessment of customer abilities when joining fitness centres. Trained first aiders on site. Trained, qualified and experienced fitness staff & lifeguards. Appropriate number of lifeguards on duty	



Risk Ref	Risk Title	Cause & Effect	Inherent Risk: Impact x Likelihood	Existing Controls	Residual Risk: Impact x Likelihood
22	Users of the Leisure Centres are put at risk due to the employment of staff who are unsuitable to work with vulnerable people.	Effect: Accusation of inappropriate behaviour relating to members of the public and in particular young persons; adverse publicity; legal implications; adverse impact on service provision if all CRB checks are carried out before employment commences.	5 Very High	Each Leisure Centre Manager is a Designated Child Protection Officer Staff guidance issued; 1 member of recruitment panel trained in 'safeguarding' issues. HDC Policy and Procedures on Safeguarding Children, Young People and Vulnerable Adults in place. Structure in place to implement action plan arising from Policy.	5 Very High
<b>Head of HR and Payroll Services</b>					
16	A member of the public or an employee of the Council is seriously injured or killed due to the Council not providing its employees with either a safe working environment or sufficient and adequate training with regard to the tasks that it requires to be carried out.	Adverse publicity following an incident / injury from an RTA involving HDC staff who are driving on Council business; employee driving on Council business without cover; vehicle not roadworthy death / injury to member of staff, public, customer whilst using Council services / facilities, Fire in Council premises / facilities resulting in death / injury to stakeholders, lone working.	5 Very High	Staff shadowing in place until CRB checks returned CRB checks are carried out & references (not for Variable Hours staff) taken up; All staff who drive on Council business self-certify that they have valid driving licences, appropriate insurance and that their vehicle has an MOT (if required). Driving licence check, initial and annual. Driver training. Health and Safety issues are discussed annually. Activity Managers are all trained in Health and Safety Management. Health and Safety inspections. Health and Safety Officer and Committee.	5 Very High
				Quarterly review of all Health and Safety risk assessments and incidents - related action plans are implemented and recorded. Induction training in Health and Safety. Different training courses available, risk assessments.	

Risk Ref	Risk Title	Cause & Effect	Inherent Risk: Impact x Likelihood	Existing Controls	Residual Risk: Impact x Likelihood
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### Head of IMD and Customer First Programme Manager

15	ICT Security is breached causing both the loss of data and a loss of trust in the reliability of the data being held.	<p>Effect:</p> <p>Loss / damage to equipment</p> <p>Adverse impacts on service delivery</p> <p>Deadline slippage</p> <p>Targets not achieved</p> <p>Replacement costs</p> <p>Lead in times for replacement.</p>	<p>5</p> <p>3</p> <p>Very High</p>	<p>Access controls</p> <p>Security marking of assets</p> <p>Locks on notebook computers</p> <p>Equipment postcoded</p> <p>Email filtering greatly reducing viruses, trojan software &amp; spam</p> <p>Booking procedures for use of laptops away from the office</p> <p>CCTV unit</p> <p>Back up tapes</p> <p>Caretaker protocols</p> <p>Fire / security protection</p>	<p>5</p> <p>2</p> <p>Very High</p>
21	Information or data is lost leading to an inability to provide an appropriate service or respond to requests for information.	<p>Effect:</p> <p>Unauthorised access to records and information</p> <p>Breaches in confidentiality</p> <p>Loss of information and data</p> <p>Bad reputation / adverse press</p> <p>Data / software not removed before IT equipment is disposed of</p> <p>Leak of rehousing info - domestic violence case may result in death</p>	<p>5</p> <p>3</p> <p>Very High</p>	<p>Documents held in metal filing cabinets in most cases</p> <p>Staff aware of arrangements for disposal of confidential waste - including use of shredding equipment</p> <p>All incendiary sources away from cabinets, only destruction of building should cause such loss</p> <p>Office access controls</p> <p>Non - active case files routinely stored</p> <p>Staff training, policies and management processes regarding the need for confidentiality</p> <p>Corporate Policy for Records Management &amp; Document Retention"</p> <p>The Council operates a no smoking policy in it's buildings</p> <p>All software is removed and hard disks wiped clean by IMD before disposal</p> <p>Staff are encouraged to challenge strangers in secure areas</p> <p>All confidential documents stored in a semi-secure environment</p> <p>Many records held electronically and servers not located on the same floors.</p>	<p>5</p> <p>2</p> <p>Very High</p>

## Corporate Risk Register @ 31 August 2007

## Annex C

Risk Ref	Risk Title	Cause & Effect	Inherent Risk: Impact x Likelihood	Existing Controls	Residual Risk: Impact x Likelihood
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### COMT

8	Staff are unwilling to change their mode of transport and the aims of Corporate Travel Plan are not met, resulting in the loss of car parking spaces for shoppers and other workers within Huntingdon town centre and damage to the Huntingdon economy.	Effect: Huntingdon no longer remains a vibrant shopping centre and community focus Staff leave & recruitment of staff becomes more difficult Local shops & businesses have difficulty in recruiting and retaining staff Car parking fees are introduced for long stay parking Media coverage highlights inconsistency of approach re Directors and Members 'Shopping' journeys outside the District increase which brings additional problems	4    5 Very High	Financial assistance to be offered to staff within travel to work plan  Carshare scheme in place  Early consideration of increased home working	3    4 High
12	The Council does not deliver against its Corporate Objectives or the BVPI resulting in adverse external audit and inspection reports and government intervention or restrictions of freedoms.	Effect: Staff morale adversely affected Increase in the number of staff leaving, due to additional pressures to improve performance Declining services linked to increasing council tax become difficult to justify Senior management changes Council's position re Lyons and financing is weakened Poor BVPI's Management information systems are poor	5    3 Very High	Corporate objectives linked to Service scorecards, which are reviewed monthly by senior managers  Regular reviews of data quality undertaken  Corporate Scorecard in place and reported quarterly to Members	3    2 Medium
13	The Department for Communities and Local Government intervenes due to a failure to develop and implement the Local Development Framework resulting in financial restrictions and damage to reputation.	Effect: Managers unaware of these documents and impact on the development of Huntingdonshire as a whole Managers do not take account of the aims of the LDF when developing/delivering services	5    2 Very High	External inspection to review legality and soundness  LDF Core strategy prepared, April 2006	3    2 Medium

## Head of Administration

42	Decisions that support the Council's budget are not scrutinised robustly enough leading to budgets being set that don't reflect the needs of the whole District.	<p>Effect:</p> <p>Funding directed at favoured projects rather than agreed objectives</p> <p>Service delivery implications and targets not achieved</p> <p>Staff / Manager and Member disagreements</p> <p>Ineffective priority setting</p> <p>Provisions may not meet local needs - customer complaints - reputation damage</p> <p>Lobbying by members</p> <p>Overspend through bad planning</p>	4	3 High	<p>Training in local government financial systems</p> <p>More effective use of Scrutiny Panel and involvement of more Councillors in budgetary process</p> <p>S151 officer</p>	4	2 High
55	Leisure Centres do not keep pace with the changing expectations of their customers resulting in a loss of customers and income.	<p>Effect:</p> <p>Failure to provide the facilities required by the public; competitors are more successful; levels of income drop; adverse publicity.</p> <p>Additional efforts required to re-capture customers</p> <p>Increased expenditure in short-term to bring facilities back to an acceptable standard.</p>	4	3 High	<p>Staff structures reviewed</p> <p>Attendance at Leisure Exhibitions</p> <p>Levels of income, admissions &amp; expenditure are monitored</p> <p>Service plans are updated annually</p> <p>Competitors are monitored</p> <p>Two internal &amp; one external customer surveys are conducted each year</p> <p>All leisure activities are monitored &amp; reviewed</p> <p>Condition surveys of facilities are carried out</p>	3	2 Medium

## Head of Financial Services

24	Estimates made as part of the budget setting process are incorrect, requiring service budgets to be reduced and consequently some services.	Effect: Withdrawal of all or part of a service.	4	3 High	Suitably qualified and experienced staff  Partial mitigation from compensating increases in interest rates.	4	3 High
47	Council's funds not invested appropriately leading to losses or poor returns resulting in unexpected Council Tax increases or service cuts.	Effect: Loss of investments Significant reduction in interest rates	4	3 High	Suitably qualified and experienced staff  External Audit reviews  Quarterly reports to Cabinet and Directors including a budgetary control statement  External consultant appointed  Treasury strategy in place	4	2 High

## Head of Housing Services

52	Changes in the house price market	Effect Decrease in price - negative equity and increase in interest rates Higher levels of homelessness Mortgage arrears Increased demand for affordable housing where prices increase Owner occupation out of reach Impacts on the economy of the area Changes in staffing demand within the housing section to take account of new needs Financial impacts Hinders achievement of targets, new initiatives etc	3	4 High	Council would increase the use of B&B  The Council has a good range of measures in place, including debt counselling and good relationships with mortgagors  Council is promoting the building of affordable housing	3	4 High
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## Head of Planning Services

40	Planning policy may be insufficient to meet government requirements	<p>Effect</p> <p>High Court over turns Local Plan</p> <p>Inappropriate decisions made</p> <p>Disgruntled customers</p> <p>Reputation damage</p> <p>Actions taken which may adversely affect the local environment / scenery / economy etc</p>	4	3 High	<p>Well trained and experienced staff in post</p> <p>Priority is given to developments which may result in severe impacts.</p> <p>Quality control standards</p> <p>A complete review of planning policies is to be undertaken in order to produce a Local Development Framework</p> <p>Regular research and review of planning issues is carried out</p> <p>Outside consultants used and legal advice taken where appropriate</p> <p>Government Planning Delivery grants to expand service in terms of IT, staffing and training</p>	4	2 High
59	The Council does not react to local transport issues, developments, and needs, leading to increased chance of adverse economic impact on the District.	<p>Effect:</p> <p>Traffic gridlock / congestion in the District</p> <p>Resistance from the public</p> <p>Service provision may not meet needs</p> <p>Reputation damage</p> <p>Social responsibilities may not be delivered by the section / the authority</p> <p>Government initiatives may not be achieved / delivered or adhered</p>	3	3 High	Delivery of the Market Town Transport Plan and the Local Transport Plan in conjunction with partner organisations	3	2 Medium

## Head of Policy

53	The Council is unable to deliver sustained economic growth for the District leading to (over a period of time) reducing employment prospects and declining prosperity.	<p>Effect:</p> <p>Economic implications</p> <p>Increasing unemployment in the district</p> <p>Changing degrees of support for local businesses</p> <p>Opportunities are lost</p> <p>Economy doesn't grow</p> <p>Insufficient / inappropriate land / premises</p> <p>Bad reputation</p> <p>Failure to convince local businesses that HDC is business friendly</p> <p>Poor business support</p> <p>Lack of trained workforce to implement policy</p> <p>Services not delivered</p> <p>Targets not achieved</p> <p>Low staff morale</p>	4	3 High	The take - up of demand for business support and the impact of the services provided are both monitored	3	2 Medium
					The reporting of this information will be reported to Members to facilitate further levels of support		
					The Council provides funding for business support		
					A local economy strategy and an annual action plan are in place, which take into account changes in employment levels and the implications on equality and inclusion policies		
					Work with business and learning providers to identify skill and training needs and bid for funding to fill identified gaps Ensure planning policy meets those needs and demands		
					Consultation with local businesses to identify needs and demand		
54	Managers discriminate against certain service users by not considering the needs of all service users when delivering or developing services.	<p>Effect:</p> <p>Allegations relating to discrimination</p> <p>Services don't meet the needs of the local population</p> <p>Non - compliance with legislation / statutory requirements / new initiatives</p> <p>Reputation damage</p>	4	3 High	The Council set out its framework for equality and inclusion in a strategy document together with an associated action plan	3	2 Medium
					The Council's Equality and Inclusion policy is followed and council business is conducted in an open and transparent manner		

56	Communications with staff and stakeholders is poor, leading to rumours and / or incorrect information being circulated, damaging staff morale and local reputation.	Effect: Failure to consult / communicate with the public and stakeholders Reputation damage Customer resistance to change Staff and external parties don't know what is happening / what to do Gossip Low staff morale	4	3 High	Good relationships with the media  Sound mechanisms are used to consult with the public and stakeholders regarding council services  The Council's Communications and Consultation Strategy is followed throughout the organisation	3	2 Medium
71	The Council is unable to secure sufficient external funding and grants to continue existing tasks and services.	Effect: Withdrawal of all or part of a service.	4	4 Very High	External funding officer in place  Council's MTP process and the Financial Strategy are based on cautious assumptions relating to external funding	4	2 High
74	Partnerships entered into do not deliver the outcomes expected resulting in the Council failing to meet its service objectives.	Effects: Breakdown in relationship with a Housing Association partner Targets not achieved New initiatives unsuccessful Low staff morale Adverse impact on the service received by customers Financial costs to rectify problems / source other help etc Loss of support Adverse publicity arising from failures Poor value for money	4	3 High	Housing Corporation governance of RSLs  Communication and regular liaison meetings with partners  Contracts  Nomination agreements with RSLs	4	2 High



## REPORT CHECKLIST

(For completion with **all** Reports to be submitted to Council, Cabinet, Panels, Committees, etc.)

### Essentials

- ▲ Subject Matter
- ▲ Lead Officer
- ▲ Contact Details
- ▲ Ward Councillor(s)
- ▲ Executive Portfolio
- ▲ Key Decision
- ▲ Inclusion on Forward Plan
- ▲ Confidential/Exempt paragraph(s)
- ▲ Date for Submission
- ▲ Compliance with Council's Standing Orders and Codes of Financial Management/ Procurement
- ▲ Risk Management – Has the author clearly explained the key management issues that have been considered and the mitigation proposed.

Risk Management	
David Harwood	
8115	
Not applicable	Necessary to consult or otherwise – No
Cllr Rogers	
No	
No	
No	
COMT	11 Sept.
O&SP or other – Corp Gov Panel	27 Sept.
Cabinet	n/a
n/a	
Yes	

### Core Requirements

(The author is responsible for deciding whether it is appropriate/necessary to consult the following Officers)

- ▲ Financial Implications
- ▲ Legal Implications
- ▲ Human Resources and Health Safety Implications
- ▲ SI51 and Monitoring Officer Consent

No	H of FS	Sign Off	<input type="checkbox"/>
No	H of L&E	Sign Off	<input type="checkbox"/>
No	H of HR&P	Sign Off	<input type="checkbox"/>
Yes			

### Policy and Strategic Framework

Cognisance with -

- ▲ "Growing Success" - Corporate Plan
- ▲ Equality Policies - Race  
- Disability  
- Gender
- ▲ Local Development Plan
- ▲ Sustainable Community Strategy

Yes
Yes
Yes
Yes

### District Council Strategies, Policies and Plans

- ▲ Environment
- ▲ Crime & Disorder Reduction
- ▲ Local Transport

No
No

### Press Release

### Authority to proceed

Head of Service

Steve Couper

Date

12 September 07

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## REPORT CHECKLIST

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### Essentials

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- ▲ Lead Officer
- ▲ Contact Details
- ▲ Ward Councillor(s)
- ▲ Executive Portfolio
- ▲ Key Decision
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- ▲ Confidential/Exempt paragraph(s)
- ▲ Date for Submission
- ▲ Compliance with Council's Standing Orders and Codes of Financial Management/ Procurement
- ▲ Risk Management – Has the author clearly explained the key management issues that have been considered and the mitigation proposed.

Annual internal audit report	
David Harwood	
8115	
n/a	Necessary to consult or otherwise – n/a
Cllr Rogers	
No	
No	
No	
COMT	11 Sept.
O&SP or other – Corp Gov Panel	27 Sept.
Cabinet	n/a
n/a	
Yes	

### Core Requirements

(The author is responsible for deciding whether it is appropriate/necessary to consult the following Officers)

- ▲ Financial Implications
- ▲ Legal Implications
- ▲ Human Resources and Health Safety Implications
- ▲ SI51 and Monitoring Officer Consent

No	H of FS	Sign Off	<input type="checkbox"/>
No	H of L&E	Sign Off	<input type="checkbox"/>
No	H of HR&P	Sign Off	<input type="checkbox"/>
Yes			

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- Disability  
- Gender
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- ▲ Sustainable Community Strategy

Yes
Yes
Yes
Yes

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- ▲ Local Transport

Not applicable
No

### Press Release

### Authority to proceed

Head of Service

Steve Couper

Date

12 September 07

\* Please delete as necessary

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**CODE OF GOVERNANCE**  
(Report by Head of Policy & Strategic Services)

**1. INTRODUCTION**

- 1.1 The purpose of this report is to provide an opportunity for members of the panel to consider amendments to the Council's Code of Governance in the light of recently published good practice relating to governance in Local Government.

**2. BACKGROUND**

- 2.1 The Code of Governance was first adopted in September 2003 and reviewed again in the light of changes to arrangements for the preparation of a Statement on Internal Control and consultation initiated by CIPFA/SOLACE. It was identified last year that to ensure the effectiveness of the Council's governance arrangements it would be necessary to undertake a further review of the Code as a consequence of a new framework to be promulgated by CIPFA/SOLACE. This new framework "Good Governance in Local Government" was published in June 2007.

- 2.2 While the core principles in the original guidance have remained consistent, the new framework suggests a series of supporting principles and specific requirements.

- 2.3 An amended Code which sets out and describes the way in which the Council carries out its functions and complies with the principles of openness, integrity and accountability is attached. The principles apply to elected Members and employees alike, and they are reflected in the Council's working procedures and processes in the interests of establishing and maintaining public confidence. The new Code is consistent with the new framework and represents current good practice.

**3. RECOMMENDATION**

**The Panel are recommended to adopt the revised Code**

**BACKGROUND INFORMATION**

Delivering Good Governance in Local Government published by CIPFA/SOLACE June 2007.

**Contact Officer:** Howard Thackray  
Policy and Strategic Services Manager

 01480 388035

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**HUNTINGDONSHIRE DISTRICT COUNCIL**

**CODE OF GOVERNANCE**

**1. What we mean by Governance**

- 1.1. Governance is about how the Council ensures that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
- 1.2. It comprises the systems and processes and cultures and values, by which the Council is directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.
- 1.3. This local Code of governance has been developed in accordance with and is consistent with the Delivery Local Governance in Local Government Framework.

**2. Core Principles of Good Governance**

**2.1** The core governance principles of the Council are:-

- (a) focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
- (b) Members and Officers working together to achieve a common purpose with clearly defined functions and roles;
- (c) promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- (d) taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- (e) developing the capacity and capability of members and officers to be effective; and
- (f) engaging with local people and other stakeholders to ensure robust public accountability

**3. Applying the Core Principles of Good Governance**

- 3.1. The six core principles each a number of supporting principles, which in turn have a range of specific requirements that apply across the Council's business:

<b>Focusing on the purpose of the authority and on outcomes for the local community and creating and implementing a vision for the local area</b>	
<b>Supporting Principles</b>	<b>Specific requirements to:</b>
Exercising strategic leadership by developing and clearly communicating the Council's purpose and vision and its intended outcome for citizens and service users.	<p>Develop and promote the Council's purpose and vision.</p> <p>Review on a regular basis the Council's vision for the local area and its implications for the Council's governance arrangements.</p> <p>Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners. Publish an annual report on a timely basis to communicate the Council's activities and achievements, its financial position and performance.</p>
Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning.	<p>Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available.</p> <p>Put in place effective arrangements to identify and deal with failure in service delivery.</p>
Ensuring that the Council makes best use of resources and that tax payers and service users receive excellent value for money.	<p>Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively.</p> <p>Measure the environmental impact of policies, plans and decisions</p>



<b>Members and officers working together to achieve a common purpose with clearly defined functions and roles.</b>	
Supporting Principles	Specific requirements to:
Ensuring effective leadership throughout the Council and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function.	<p>Set out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the Council's approach towards putting this into practice.</p> <p>Set out a clear statement of the respective roles and responsibilities of other Council Members, Members generally and of senior officers.</p>
Ensuring that a constructive working relationship exists between Council Members and Officers and that the responsibilities of Members and Officers are carried out to a high standard.	<p>Determine a scheme of delegation and reserve powers within the Constitution, including a formal schedule of those matters specifically reserved for collective decision of the Council, taking account of relevant legislation, and ensure that it is monitored and updated when required.</p> <p>Make a Chief Executive or equivalent responsible and accountable to the Council for all aspects of operational management.</p> <p>Develop protocols to ensure that the Leader and Chief Executive (or equivalents) negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.</p> <p>Make a senior Officer (the S151 Officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.</p> <p>Make a senior Officer (usually the Monitoring Officer) responsible to the Council for ensuring that agreed procedures are followed and that all applicable Statutes and Regulations are complied with.</p>

<p>Ensuring relationships between the Council, its partners and the public are clear so that each knows what to expect of the other.</p>	<p>Develop protocols to ensure effective communication between Members and Officers in their respective roles.</p> <p>Set out the terms and conditions for remuneration of Members and Officers and an effective structure for managing the process, including an effective Remuneration Panel (if applicable).</p> <p>Ensure that effective mechanisms exist to monitor service delivery</p>
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<p><b>Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</b></p>	
<p>Supporting principles</p>	<p>Specific requirements to:</p>
<p>Ensuring Council Members and Officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.</p>	<p>Ensure that the Council's leadership sets a tone for the organisation by creating a climate of openness, support and respect.</p> <p>Ensure that standards of conduct and personal behaviour expected of Members and staff, of work between Members and staff and between the authority, its partners and the community are defined and communicated through Codes of Conduct and Protocols.</p> <p>Put in place arrangements to ensure that Members and employees of the Council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice.</p>
<p>Ensuring that organizational values are put into practice and are effective.</p>	<p>Develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectations, and communicate these with Members, staff, the community and partners.</p> <p>Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing</p>

	<p>effectiveness in practice.</p> <p>Develop and maintain an effective Standards Committee.</p> <p>Use the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the Council.</p> <p>In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively.</p>
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<b>Taking informed and transparent decisions which are subject to effective scrutiny and management risk</b>	
Supporting principles	Specific requirements to:
Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny.	<p>Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the Council's performance overall and that of any organisation for which it is responsible.</p> <p>Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.</p> <p>Put in place arrangements to safeguard Members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice.</p> <p>Develop and maintain an effective Corporate Governance Panel which is independent of the executive and scrutiny functions or make other appropriate arrangements for the discharge of the functions of such a Committee.</p> <p>Ensure that effective, transparent and accessible arrangements are in place for</p>

	dealing with complaints.
Having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.	<p>Ensure that those making decisions whether for the Council or the partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications.</p> <p>Ensure that proper professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately.</p>
Ensuring that an effective risk management system is in place.	<p>Ensure that risk management is embedded into the culture of the Council, with Members and managers at all levels recognising that risk management is part of their jobs.</p> <p>Ensure that effective arrangements for whistle-blowing are in place to which Officers, staff and all those contracting with or appointed by the Council have access.</p>
Using their legal powers to the full benefit of the citizens and communities in their area.	<p>Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine, but also strive to utilise their powers to the full benefit of their communities.</p> <p>Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on Councils by public law.</p> <p>Observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice – into their procedures and decision making processes.</p>

<b>Developing the capacity and capability of members and officers to be effective</b>	
Supporting principles	Specific requirements to:
Making sure that Members and Officers have the skills, knowledge, experience and resources they need to perform well in their roles.	<p>Provide induction programmes tailored to individual needs and opportunities for Members and Officers to update their knowledge on a regular basis.</p> <p>Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the Council.</p>
Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group.	<p>Assess the skills required by Members and Officers and make a commitment to develop those skills to enable roles to be carried out effectively.</p> <p>Develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.</p> <p>Ensure that effective arrangements are in place for reviewing the performance of the Executive as a whole and of individual Members and agreeing an action plan which might, for example, aim to address any training or development needs.</p>
Encouraging new talent for membership of the Council so that best use can be made of individuals' skills and resources in balancing continuity and renewal.	<p>Ensure that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Council.</p> <p>Ensure that career structures are in place for Members and Officers to encourage participation and development.</p>

<b>Engaging with local people and other stakeholders to ensure robust public accountability</b>	
Supporting principles	Specific requirements to:
Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships.	<p>Make clear to themselves, all staff and the community to whom they are accountable and for what.</p> <p>Consider those institutional stakeholders to whom the Council is accountable and assess the effectiveness of the relationships and any changes required.</p> <p>Produce an annual report on the activity of the scrutiny function.</p>
Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the Council, in partnership or by commissioning.	<p>Ensure clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements and ensure that they operate effectively.</p> <p>Hold meetings in public unless there are good reasons for confidentiality.</p> <p>Ensure that arrangements are in place to enable the Council to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands</p> <p>•Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users about including a feedback mechanism for those consultees to demonstrate what has changed as a result.</p> <p>On an annual basis, publish a performance plan giving information on the Council's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period.</p>

	Ensure that the Council as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.
Making best use of human resources by taking an active and planned approach to meet responsibility to staff.	Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making.

#### **4. Annual Review and Reporting**

- 4.1 Each year the Council will carry out a review of their Governance arrangements to ensure compliance with this Code, the delivery of Good Governance within the local Government Framework and current good practice. The purpose of the review will be to provide assurance that governance arrangements are adequate and operating effectively or to identify action which is planned to ensure effective governance in the future.
- 4.2 The outcome of the review will take the form of a Governance Statement prepared on behalf of the Leader at the Council and Chief Executive. It will be submitted to the Corporate Governance Panel for consideration and review.
- 4.3 The preparation and publication of the Governance Statement will meet the statutory requirement of the Accounts and Audit Regulations which requires authorities to “conduct a review at least once in a year of the effectiveness of its system of internal control” and to prepare a statement on internal control “in accordance with proper practices”. As such the Governance Statement will be prepared in accordance with the timetable in participation of financial statements in accordance with the Audit and Accounts Regulations.

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**GOVERNANCE STATEMENT**  
**(Report by Head of Policy & Strategic Services)**

**1 INTRODUCTION**

- 1.1 The purpose of this report is to seek the approval of the Panel to a Governance Statement on arrangements for and the exercise by the Council of corporate governance arrangements and its completion by authorised signatories.

**2 BACKGROUND**

- 2.1 Each year the Council are required to carry out a review of their governance arrangements to ensure compliance with their local Code and current good practice.
- 2.2 The purpose of the review is to provide assurance that governance arrangements are adequate and operating effectively or to identify action which is planned to ensure effective governance in the future.
- 2.3 The review comprises an analysis of the practical applications of the core principles, supporting principles and specific requirements set out in the Council's Code of Governance. This analysis reflects the work of service managers responsible for the development of the Governance Framework.
- 2.4 It is informed also by the Audit Manager's annual report and comments made by the external auditors and other inspectorates. The review also incorporates an assessment of the action taken to address issue identified during the last review. A copy of the review summary is attached (Appendix A).
- 2.5 The outcome of the review takes the form of a Governance Statement (Appendix B) prepared on behalf of the Leader of the Council and Chief Executive. It is expected that the Corporate Governance Panel should consider the Statement as part of their responsibilities and it is expected to be signed off by the Chairman of the Governance Panel.
- 2.6 The Governance Statement has been prepared in accordance with the statutory requirement of the Accounts and Audit Regulations to "conduct a review at least once in a year of the effectiveness of its system of internal control" and to prepare a statement on internal control "in accordance with proper practices".
- 2.7 As such the Governance Statement has been prepared in accordance with the timetable in anticipation of financial statements in accordance with the Audit and Accounts Regulations.

### **3 CONCLUSIONS**

- 3.1 The Governance Statement for 2006/07 reviews the Council's corporate governance arrangements and their exercise during the course of the year. It details specific issues which were addressed and identifies others for consideration in 2007/08. The Statement is regarded as an essential element in assuring proper corporate governance practices by local authorities in the conduct of their business, in safeguarding the use of their resources and in engendering confidence in their accountability and integrity on the part of the electorate and other stakeholders.
- 3.2 As in previous years, it is envisaged that the Statement will be signed by the Chairman of the Panel, the Leader of the Council, the Chief Executive and the Director of Commerce & Technology on behalf of the Council.

### **4 RECOMMENDATIONS**

- 4.1 The Panel is recommended to —
- approve the Statement of Assurance on Corporate Governance for 2005/06; and
  - authorise the Chairman of the Panel, the Leader of the Council, the Chief Executive and the Director of Commerce & Technology to sign the Statement on behalf of the Council.

### **BACKGROUND INFORMATION**

The Council's Code of Corporate Governance  
The Annual Statement of Assurance on Corporate Governance,  
September 2005  
CIPFA Finance Advisory Network: Statement on Internal Control:  
A Rough Guide for Practitioners.

**Contact Officer:** Howard Thackray, Policy & Research Manager



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## Code of Corporate Governance: Review of Governance Arrangements

<b>Focusing on the purpose of the Council and on outcomes for the community; and creating and implementing a vision for Huntingdonshire</b>					
<b>Supporting Principles</b>	<b>Specific requirements</b>	<b>Current Position</b>	<b>Compliance – Yes/No &amp; action to be completed</b>	<b>Lead Officer</b>	<b>Evidence/source documents</b>
Exercising strategic leadership by developing and clearly communicating the Council's purpose and vision and its intended outcome for citizens and service users.	Develop and promote the Council's purpose and vision.	Growing Success, a corporate plan sets out the Council's vision and objectives for Huntingdonshire. A process is underway also to update the Community Strategy for Huntingdonshire which sets out.	Yes	Head of Policy & Strategic Services	Growing Success – vision and outcomes/ District Wide articles Communications Plan used as a basis for: Corporate and service planning. Shaping the community strategy. Local area or performance agreements.
	Review on a regular basis the Council's vision for the local area and its implications for the Council's governance arrangements	Growing Success is revised annually. Performance data for the priorities and objectives are reviewed quarterly. The Community Strategy is revised annually with a substantial review every three years and performance data on priorities.	Yes	Head of Policy & Strategic Services	Reports to Cabinet, Overview & Scrutiny panels and Governance code.

### Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
	Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties.	A Partnership Framework has been adapted and is being used to review and develop partnerships.	Ongoing – pilot completed by Autumn 2007	Head of Policy & Strategic Services	Partnership framework. “Health Check”. Governance code.
	Publish an annual report on a timely basis to communicate the Council’s activities and achievements, its financial position and performance.	The Council does not publish an annual report. (after consulting stakeholders) Annual financial accounts are prepared & published in accordance with legislation. Other activities and achievements are represented through Growing Success and/or specific reports/statements communications and marketing activity.	Yes	Head of Financial Services  Head of Policy & Strategic Services	Statement of accounts 2006/07 Growing Success. District Wide.  Annual financial statements Annual service plans.

## Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
Ensuring that users receive a high quality of service whether directly, or through partnership or by commissioning.	Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available.	Overall levels of satisfaction are measured annually through representative samples (HDC Annual Survey, BVPI, Satisfaction Survey, and Quality of Life Survey). Results made available to services for service planning.	Yes	Head of Policy & Strategic Services	Growing Success - High Quality services.  Corporate plan. Annual service plans. Medium-term financial strategy. Resourcing plan.
	Put in place effective arrangements to identify and deal with failure in service delivery.	Complaints system in place and under review.	Yes, complete review by Dec 2007	Head of Administration	Complaints procedure.

## Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
<p>Ensuring that the Council makes best use of resources and that tax payers and service users receive excellent value for money.</p>	<p>Decide how value for money is to be measured and make sure that the Council or partnership has the information needed to review value for money and performance effectively.</p> <p>Measure the environmental impact of policies, plans and decisions.</p>	<p>Use of Resources judgements Level 3. Comprehensive performance management framework in place.</p>	<p>Ongoing</p> <p>Value for money definition/measures to be developed.</p> <p>Environmental and other impacts to be considered during strategy development, E.G. Environmental Strategy, Local Community Strategy, Cultural Strategy.</p> <p>The results are reflected in Council's performance plans and in reviewing the work of the Councils.</p>	<p>Head of Policy &amp; Strategic Services,</p>	<p>Use of Resources May 2007. Value for Money.</p>

## Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
<p>Ensuring effective leadership throughout the Council and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function. Ensuring that a constructive working relationship exists between members and employees and that the responsibilities of members and employees are carried out to a high standard.</p>	<p>Set out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the Council's approach towards putting this into practice.</p>	<p>Included in the Constitution - Roles and responsibilities of the executive members. Executive responsibilities of executive councillors reported annually to Council and any interim changes.</p>	<p>Yes</p>	<p>Head of Administration</p>	<p>Constitution. Schedule of executive responsibilities (Part 3 Table 3 &amp; Part 2 Article 7).  Record of decisions and supporting materials.</p>
	<p>Set out a clear statement of the respective roles and responsibilities of other members, members generally and of senior employees.</p>	<p>Included in the constitution –</p>	<p>Yes</p>	<p>Head of Administration</p>	<p>Constitution, Roles and responsibilities of all councillors (Part 2 Article 2) Role of overview &amp; scrutiny (Part 2 Article 6). Role of regulatory &amp; other committees (Part 2 Article 8 &amp; Part 3 Table 2).</p>

**Code of Corporate Governance: Review of Governance Arrangements**

<b>Supporting Principles</b>	<b>Specific requirements</b>	<b>Current Position</b>	<b>Compliance – Yes/No &amp; action to be completed</b>	<b>Lead Officer</b>	<b>Evidence/source documents</b>
					Role of Standards Committee (Part 2 Article 9). Roles and responsibilities of senior employees (Part 2 Article 12 & Part 7). ‘Signpost’ – a guide to members’ responsibilities.
	Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the Council, taking account of relevant legislation, and ensure that it is monitored and updated when required.	Included in constitution. Biennial review of constitution. Constitution updated electronically and loose leaf to incorporate legislative or other change	Yes	Head of Administration	Powers reserved to Council (Part 2 Article 4). Scheme of Delegation included in the Constitution (Part 3 Table 4).



### Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
	Make a chief executive or equivalent responsible and accountable to the Councils for all aspects of operational Management.		Yes	Head of Administration	Constitution. Functions of chief executive and head of paid service defined in the constitution – Employees (Part 2 Article 12) & Management Structure (Part 7).
	Develop protocols to ensure that the leader and chief executive (or equivalent) negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.	To be included in constitution	Ongoing  Amendment to be made to protocol on Member/Employee Relations in Part 5 of constitution	Head of Administration	Constitution

## Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
	<p>Make a senior officer (the S151 officer) responsible to the Council for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.</p>	<p>Director of Commerce &amp; Technology designated S151 officer - April 2001.</p>	<p>Yes</p>	<p>Director of Commerce &amp; Technology</p>	<p>Constitution. Designated April 2007.                      Functions of Chief Finance Officer defined in constitution – Employees (Part 2 Article 12); Code of Financial Management (Part 4 para 1. 9) and Management Structure (Part 7).                      The Code was last reviewed by Members in June 2007.                       Job description/ specification.</p>
	<p>Make a senior officer (the Monitoring Officer) responsible to the Council for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.</p>	<p>Constitution designated role for Monitoring Officer.</p>	<p>Yes</p>	<p>Director of Central Services</p>	<p>Constitution.                       Functions of Monitoring Officer defined in the constitution - Employees (Part 2 Article 12) &amp; Management Structure (Part 7).</p>

## Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
Ensuring relationships between the Council, its partners and the public are clear so that each knows what to expect of the other.	Develop protocols to ensure effective communication between members and employees in their respective roles.	Set out in Constitution	Yes	Head of Administration	Protocol on Member/Employee Relations included in the constitution (Part 5).
	Set out the terms and conditions for remuneration of members and employees and an effective structure for managing the process, including an effective remuneration panel (if applicable).	Members' scheme included in Constitution.  All employees are subject to annual appraisals at which performance is evaluated.	Yes  Yes	Head of Administration  Head of Human Resources & Payroll Services	Members Allowances Scheme included in constitution (Part 6).  Scheme reviewed by Independent Remuneration Panel every 4 years.  Performance review/appraisal.  Annual evaluation by external consultants.  Pay and conditions. Annual Pay negotiations.  Employment policies and practices.

### Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
	Ensure that effective mechanisms exist to monitor service delivery.	Comprehensive Performance Management system in place	Yes	Head of Policy & Strategic Services	
	Ensure that the organisation’s vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated.	Community Strategy and Growing Success in place. Annual reporting on performance and updating. Short to medium term priorities identified, action plans developed to promote achievement. . Huntingdonshire Strategic Partnership in place and development programme initiated to ensure HSP is both consultative and representative of local communities.	Yes  Comprehensive review currently underway.  Updated Consultation and Engagement strategies and communications and Marketing Strategies under development	Head of Policy & Strategic Services	Community Strategy. Growing Success. Growing Success Review process. Community Strategy Review.

**Code of Corporate Governance: Review of Governance Arrangements**

<b>Supporting Principles</b>	<b>Specific requirements</b>	<b>Current Position</b>	<b>Compliance – Yes/No &amp; action to be completed</b>	<b>Lead Officer</b>	<b>Evidence/source documents</b>
		Growing Success - Plan in place that determines the direction, priorities and objectives of the Council and incorporates a comprehensive performance management framework. Updated Dec 2006.	Yes - Annual review and quarterly reports of Growing Success	Head of Policy & Strategic Services	Growing Success and Quarterly Performance reports
		Service Plans - the development of service plans has been revised, taking into account Growing Success and Council priorities. Improved monitoring has been introduced through the performance management framework. Incorporated into Growing Success, the Council's corporate plan and Best Value Performance Plan.	Yes	Head of Policy & Strategic	



## Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
Ensuring members and employees exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.	Ensure that the Council's leadership sets a tone for the organisation by creating a climate of openness, support and respect.	Members Code of Conduct included in The constitution (Part 5).	Yes	Head of Administration	Constitution. Website. Intranet.
		Employees Code of Conduct - included in The constitution (Part 5).	Yes	Head of Administration	
		Complaints procedure - in place and available on website and on request.	Yes	Head of Administration	
		Dignity at Work Policy - approved by Employment Panel in 2005 and available on the intranet.	Yes	Head of Human Resources & Payroll Services	Last review December 2006 by Corporate Governance Panel.
		Anti-fraud and Corruption Policy - agreed by Cabinet in January 2004. - reviewed annually.	Yes	Head of Financial Services	

**Code of Corporate Governance: Review of Governance Arrangements**

<b>Supporting Principles</b>	<b>Specific requirements</b>	<b>Current Position</b>	<b>Compliance – Yes/No &amp; action to be completed</b>	<b>Lead Officer</b>	<b>Evidence/source documents</b>
		Members Planning Code of Good Practice included in constitution (Part 5).	Yes	Head of Administration	
		Members Licensing Code of Good Practice included in constitution (Part 5).	Yes	Head of Administration	
		Protocol for Community Leadership by Members included in constitution (Part 5).	Yes	Head of Administration	
		Whistle Blowing procedure – available on intranet and reported annually to Corporate Governance Panel, 24/7 phone Lines and web form available	Yes	Head of Financial Services	



### Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
	Ensure that standards of conduct and personal behaviour expected of members and employees, of work between members and employees and between the Council, its partners and the community are defined and communicated through codes of conduct and protocols.	Members Code of Conduct included in the constitution (Part 5).	Yes	Head of Administration	Constitution. Members'/employees' code of conduct performance. Management system.
		Members Planning Code of Good Practice included in constitution (Part 5)	Yes	Head of Administration	Constitution.
		Members Licensing Code of Good Practice included in constitution (Part 5).	Yes		
		Dignity at Work Policy - approved by Employment Panel and available on the intranet.	Yes	Head of Human Resources & Payroll Services	Last review December 2006 by CG Panel.

### Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
		Complaints procedure - in place and available on website and on request.	Yes	Head of Administration	Web site. Complaints procedures.
		Anti-fraud and Corruption Policy - agreed by Cabinet in January 2004. Reviewed annually.	Yes	Head of Financial Services	Anti-fraud and - corruption policy.
		Performance appraisals for employees undertaken annually with half yearly reviews.	Yes	Head of Human Resources & Payroll Services	Performance appraisal
		Protocol for Community Leadership by Members included in constitution (Part 5).	Yes	Head of Administration	Constitution.

### Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
	Put in place arrangements to ensure that members and employees of the Council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice.	Register of Members' Interests (forming part of Members Code of Conduct).	Yes	Head of Administration	Register held by Monitoring Officer. Annual reminders issued to members.
		Employees' Code of Conduct - Approved and included in Constitution	Yes	Head of Administration	Notification to all employees and registers held for registrations under the Code. Pro formas and explanations posted on intranet.

## Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
Ensuring that organisational values are put into practice and are effective.	Develop and maintain shared values including leadership values for both the organisation and employees reflecting public expectations, and communicate these with members, employees, the community and partners.	Organisational Key values and Behaviours implemented as part of the appraisal system May 2007	Yes	Head of Administration	Codes of conduct.
	Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice.	Members Code of Conduct included in the constitution (Part 5).	Yes	Head of Administration	Constitution. Regular and ongoing training for members. Codes of conduct.

### Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
	Develop and maintain an effective Standards Committee.	Standards Committee in place terms of reference included in the Constitution.	Yes	Head of Administration	Committee chaired by independent person and contains two other independent persons and two representatives of town and parish councils. Terms of reference Regular reporting to the Council.
	Use the Council's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the Council.	Constitution	Yes	Head of Administration	Constitution. Council procedure rules. Cabinet procedure rules. Overview and Scrutiny procedure rules. Access to information procedure rules. - all included in Part 5 of constitution. Decision-making practices.

### Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
	In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively.	A Partnership framework is currently being used to assess partnerships including the extent to which they pursue agreed objectives. New partnerships will be subject to this requirement.	Yes	Head of Policy & Strategic Services	Partnership framework.
Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny.	Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the Council's performance overall and that of any organisation for which it is responsible.	Overview and Scrutiny procedures documented in constitution and operating effectively. Annual review highlights development areas.	Yes, but subject to continued development.	Head of Administration	Constitution. Annual report in Overview & Scrutiny and action Plan.

## Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
	Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.	Constitution	Yes	Head of Administration	Cabinet procedure rules (Part 5 of constitution). Overview and Scrutiny procedure rules (part 5 of constitution). Record of executive decisions documenting supporting information – on intranet and website. Report template documenting regard to decision implications – retained for public inspection.
	Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice.	Constitution	Yes	Head of Administration	Constitution. Members' Code of Conduct included in Part 5 constitution. Employees' Code of Conduct included in Part 5 of Constitution.

### Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
	Develop and maintain an effective audit committee (or equivalent) which is independent of the executive and scrutiny functions or make other appropriate arrangements for the discharge of the functions of such a committee	In place	Yes	Head of Administration	Constitution - Member training in place. Terms of reference included in Table 2 of Part 3 of Constitution.
	Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints.	Complaints procedure, in place on website.	Yes, complaints procedure under review to ensure compliance with current good practice.	Head of Administration	Complaints procedure.



## Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
Having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.	Ensure that those making decisions whether for the Council or the partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications	Members' induction scheme is in place for new Members. Specific training is provided for Members who sit on the <ul style="list-style-type: none"> <li>• Licensing Panel/Committee</li> <li>• Development Control Panel</li> <li>• Standards Committee</li> <li>• Overview &amp; Scrutiny</li> <li>• Corporate Governance</li> </ul> Member champions listed in Table 5 of Part 3 of constitution.	Yes, continuous development of information presentation. E.G. customer satisfaction and development data to aid decision making.	Head of Administration  Head of Policy & Strategic Services	Training programme in place for members with personal records of training attended. Skills audit of members undertaken. Personal development plans to be prepared for members. Template for preparation of written reports.
	Ensure that proper professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately.	Template for reports showing regard to legal, financial, risk, equalities and other relevant matters.	Yes	Head of Administration	Report template.  Record of decision making and supporting materials.

## Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance –Yes/No & action to be completed	Lead Officer	Evidence/source documents
<p>Ensuring that an effective risk management system is in place.</p>	<p>Ensure that risk management is embedded into the culture of the Councils, with members and managers at all levels recognising that risk management is part of their jobs.</p>	<p>Risk management strategy approved by Cabinet in January 2004 and reviewed/amended by Corporate Governance Panel in June 2007. Risk register in place and Risk software purchased. Training provided to Corporate Governance Panel and other Members. Cabinet take decision's on treatment of 'very high' residual risks. Risk Management Group in place &amp; meets regularly. Annual report to COMT.</p>	<p>Yes, with ongoing development including identifying risk when presenting information to members to support decision making.</p>	<p>Head of Financial Services</p>	<p>Risk management strategy. Risk Register. Training programme. Cabinet decisions on high residual risks. Minutes of Risk management group.</p>

### Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
	Ensure that effective arrangements for whistle-blowing are in place to which employees and all those contracting with or appointed by the Council have access	Whistleblowing Policy and Procedure has been adopted, and is available on the Internet and Intranet. Reviewed annually. Publicised across the District. 24/7 phone line and web form available for complainants use.	Yes	Head of Financial Services	Policy & Procedure last reviewed by CGP December 2006 together with summary of concerns raised. Publicity in District Wide. Winter 2006 edition. Intranet.
Using legal powers to the full benefit of the citizens and communities in their area.	Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine but also strive to utilise powers to the full benefit of their communities.	Internal legal advice provided and specialist external legal advice obtained as necessary. Proposed checklist re legal advice to be introduced Sept 2007 for committee reports. Legal procedures /requirements set down in Council documents e.g. Constitution; Code of Procurement. Law reports/legal guidance circulated to relevant sections and on intranet e.g. Data Protection & RIPA.	Yes	Head of Legal and Estates  Head of Legal and Estates  Head of Legal and Estates	Constitution. Report template

**Code of Corporate Governance: Review of Governance Arrangements**

<b>Supporting Principles</b>	<b>Specific requirements</b>	<b>Current Position</b>	<b>Compliance – Yes/No &amp; action to be completed</b>	<b>Lead Officer</b>	<b>Evidence/source documents</b>
	Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law.	As above	Yes		
	Observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice – into their procedures and decision-making processes.	As above	Yes		

## Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
<p>Making sure that members and employees have the skills, knowledge, experience and resources they need to perform well in their roles.</p>	<p>Provide induction programmes tailored to individual needs and opportunities for members and employees to update their knowledge on a regular basis.</p>	<p>Members' induction scheme is in place for new Members.                      Specific training is provided for Members who sit on the</p> <ul style="list-style-type: none"> <li>• Licensing Panel</li> <li>• Development Control Panel</li> <li>• Standards Committee</li> <li>• Overview &amp; Scrutiny</li> <li>• Corporate Governance</li> </ul> <p>Training and development plan &amp; individual member records.                      Personal development plans to be developed for members.                      Individual programmes in place for new employees, personal Development Plans prepared for employees as part of appraisal process.</p>	<p>Yes</p>	<p>Head of Administration                       Head of Human Resources &amp; Payroll Services</p>	<p>Training programme in place for Members with personal records of training attended.</p>

### Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
	Ensure that the statutory employees have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the Councils.	Job descriptions / specifications in place for all Directors & Heads of Service.	Yes	Head of Administration  Head of Human Resources & Payroll Services	Members training and development plan.
Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group.	Assess the skills required by members and employees and make a commitment to develop those skills to enable roles to be carried out effectively.	Skills audit of members undertaken targeted training designed to address skills deficit.  Skills of employees assessed as part of the annual appraisal process	Yes, ongoing	Head of Administration  Head of HR & Payroll Services	Members training and development plan.  Appraisal system.

### Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
	Develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.	Training and development plan reflects requirements of members including: — the ability to scrutinise and challenge — the ability to recognise when outside advice is required — advice on how to act as an ambassador for the community — leadership and influencing skills	Yes	Head of Administration	Training and development plan for members.
	Ensure that effective arrangements are in place for reviewing the performance of the executive as a whole and of individual members and agreeing an action plan which might, for example, aim to address any training or development needs.	Review of Cabinet performance against corporate plan targets by Overview and Scrutiny.	Yes	Head of Administration	Performance management system and reports

## Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
Encouraging new talent for membership of the Council so that best use can be made of individuals' skills and resources in balancing continuity and renewal.	Ensure that effective arrangements designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Council.	Petitions to full Council. Procedure for public to raise issues for scrutiny. Regular liaison meetings with local association of town and parish councils. Town centre management initiatives. Regular meetings with local retail and business companies.	Yes	Head of Administration  Head of Policy & Strategic Services	Constitution. Website. Satisfaction Survey. Consult and Engagement strategy. Partnership arrangements and framework.
	Ensure that career structures are in place for members and employees to encourage participation and development.	Training and development plan for members. Personal development plans for members to be completed.  Annual training and development programme for employees, including management development.	Yes	Head of Administration  Head of HR & Payroll Services	Temp and Development Plan.  Appraisal system.



### Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
<p>Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships.</p>	<ul style="list-style-type: none"> <li>• Make clear to themselves, all employees and the community to whom they are accountable and for what.</li> <li>• Consider stakeholders to whom the Council is accountable and assess the effectiveness of the relationships and any changes required.</li> </ul>	<p>Developing a Consultation and Engagement strategy</p> <p>Working to develop a sustainable Community Strategy and the Huntingdonshire Strategic Partnership to achieve these principles</p>	<p>In progress Cabinet Autumn 2007</p> <p>In progress approve by Spring 2008</p>	<p>Head of Policy &amp; Strategic Services</p>	<p>Community Strategy.</p>
	<ul style="list-style-type: none"> <li>• Produce an annual report on the activity of the scrutiny function.</li> </ul>	<p>Annual report of overview and scrutiny function produced annually that highlights performance, explains role and encourages public participation.</p>	<p>Yes</p>	<p>Head of Administration</p>	<p>Annual report published on internet and distributed widely.</p>

### Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the Councils, in partnership or by commissioning	<ul style="list-style-type: none"> <li>Ensure clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements and ensure that they operate effectively</li> </ul>	Parish and other community planning processes used to review community strategy.	Yes	Head of Policy & Strategic Services	Community Strategy development process.
	<ul style="list-style-type: none"> <li>Hold meetings in public unless there are good reasons for confidentiality</li> </ul>	Huntingdonshire Strategic Partnership in place and development programme initiated to ensure HSP is both consultative and representative of local communities.	Yes	Head of Policy & Strategic Services	Terms of reference minutes, etc.

**Code of Corporate Governance: Review of Governance Arrangements**

<b>Supporting Principles</b>	<b>Specific requirements</b>	<b>Current Position</b>	<b>Compliance – Yes/No &amp; action to be completed</b>	<b>Lead Officer</b>	<b>Evidence/source documents</b>
	Ensure that arrangements are in place to enable the Councils to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands.	Community safety area task groups. Ramsey 'Area Partnership. Community Action Partnerships. Oxmoor Opportunities Partnerships. Town centre management initiatives.	Yes	Head of Policy & Strategic Services	
		District Wide' has been used to seek the views of local residents and to inform them about Council Services.		Head of Policy & Strategic Services	District Wide.

**Code of Corporate Governance: Review of Governance Arrangements**

<b>Supporting Principles</b>	<b>Specific requirements</b>	<b>Current Position</b>	<b>Compliance – Yes/No &amp; action to be completed</b>	<b>Lead Officer</b>	<b>Evidence/source documents</b>
		Consultation & Communication strategy - Updated strategy and action plan approved by Cabinet March 2005. Guidance and training provided for employees. Implement Plan requires preparing and implement communication plans.		Head of Policy & Strategic Services	Draft Communications and Marketing Strategy. Draft Consultation and Engagement Strategy.
		Publication of decisions via website completed in May 2003. Further developments planned to provide for the monitoring of decisions implementation.		Head of Policy & Strategic Services	
		All members held in public are less confidential.		Head of Policy & Strategic Services	

### Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
	Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users about including a feedback mechanism for those consultees to demonstrate what has changed as a Result.	Consultation and engagement strategy Annual (HDC) satisfaction survey.	Yes, but subject to customers review and development	Head of Policy & Strategic Services	Draft Consultation and Engagement Strategy. Partnership Framework. Communications and Marketing Strategy.
	On an annual basis, publish a performance plan giving information on the Council's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period.	Growing Success.  Annual accounts.  Following consultation with stakeholders the decision was taken not to publish an annual report.	Yes	Head of Policy & Strategic Services  Head of Financial Services	Growing Success 2006/07  Statement of accounts 2006/07

### Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
	Ensure that the Council as a whole is open and accessible to the community, service users and its employees and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.	Rights of citizens documented in Article 3 of Part 2 of constitution and access to information procedure rules contained in Part 4 of constitution.	Yes	Head of Administration	Constitution.
		Approved Freedom of Information publication scheme in place. Published on website. Update and monitoring procedure in place.		Head of IMD	Publication Scheme

**Code of Corporate Governance: Review of Governance Arrangements**

<b>Supporting Principles</b>	<b>Specific requirements</b>	<b>Current Position</b>	<b>Compliance – Yes/No &amp; action to be completed</b>	<b>Lead Officer</b>	<b>Evidence/source documents</b>
		Forward plan - Prepared regularly and published on the internet.		Head of Administration	
		Decision records - Delegated decisions to executive councillors and employees. Agenda, reports, minutes and decision records published to website.		Head of Administration	Website.
		Consultation & Communication strategy - Updated strategy and action plan approved by Cabinet March 2005. Guidance and training provided for employees. Implement Plan requires preparing and implement communication plans		Head of Policy & Strategic Services	

## Code of Corporate Governance: Review of Governance Arrangements

Supporting Principles	Specific requirements	Current Position	Compliance – Yes/No & action to be completed	Lead Officer	Evidence/source documents
Making best use of human resources by taking an active and planned approach to meet responsibility to employees	Develop and maintain a clear policy on how employees and their representatives are consulted and involved in decision making.	Employee Liaison Advisory Group (ELAG) has written constitution for the purpose of consultation with and representation of employees.	Yes	Head of HR & Payroll Services	



**HUNTINGDONSHIRE DISTRICT COUNCIL**  
**ANNUAL STATEMENT ON GOVERNANCE**

Huntingdonshire District Council is responsible for ensuring that –

- its business is conducted in accordance with the law and proper standards; and
- public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

In carrying out these duties, Members and senior Officers are responsible for putting in place proper arrangements for governance of the Council's affairs and the stewardship of the resources at their disposal. To that end, the Council has approved and adopted a Code of Governance, which reflects the principles and requirements of the Chartered Institute of Public Finance and Accountancy/Society of Local Authorities Chief Executives ("CIPFA/SOLACE"). The Code is published on the Council's website at [www.huntingdonshire.gov.uk](http://www.huntingdonshire.gov.uk) and hard copies are available on request from the Director of Central Services.

The Code of Governance was first adopted in September 2003 and reviewed again in the light of changes to arrangements for the preparation of a Statement on Internal Control and consultation initiated by CIPFA/SOLACE. Recently it has been updated again to reflect the framework for "Good Governance in Local Government" published by CIPFA/Solace in June 2007.

While the principles in the original framework have remained consistent they have been developed to provide more specific guidance to promote aspects of good guidance to reflect this. The Code sets out and describes the way in which the Council carries out its functions and complies with the principles of openness, integrity and accountability. The principles apply to elected Members and employees alike, and they are reflected in the Council's working procedures and processes in the interests of establishing and maintaining public confidence.

**1. The Corporate Governance Panel - Terms of Reference**

The Council's Code of Governance recognises that effective governance is achieved through the following **core principles**:

- 1) focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for Huntingdonshire.
- 2) Members and employees working together to achieve a common purpose with clearly defined functions and roles.
- 3) promoting the values of the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

- 4) taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- 5) developing the capacity and capability of Members and employees to be effective.
- 6) engaging with local people and other stakeholders to ensure robust local public accountability.

In the Code these six core principles have a number of **supporting principles** which, in turn, have **specific requirements**. These principles and requirements apply across the work of the Council and define the Governance Framework.

## **2. The Governance Framework**

The Governance Framework has been in place for the year ended 31st March 2007 and up to the date of approval of the statement of accounts.

The Council's powers and duties of Council Committees and Panels require the Corporate Governance Panel (among other things) to –

- ensure that the Council has a sound system of internal control which facilitates the effective exercise of the Council's functions including arrangements for the management of risk; and
- consider the Council's Code of Corporate Governance and approving the annual statement in that respect.

In turn the Council's Director of Central Services & Monitoring Officer has been given responsibility for –

- overseeing the implementation and monitoring the operation of the Code;
- reviewing the operation of the Code in practice; and
- reviewing and reporting annually to the Corporate Governance Panel on compliance with the Code and any changes that may be necessary to maintain it and ensure its effectiveness in practice.

## **3. Communicating vision and purpose**

The Council has in place a Community Strategy which sets out a vision shared with partners for Huntingdonshire. The Strategy currently is under review. In addition the Council has a Corporate Plan – "Growing Success" which sets out our vision and our purpose. The Council has recently reviewed "Growing Success" by identifying and prioritising community and Council objectives, which will help to achieve the vision. The Council has put in place a communications plan to ensure the vision and priorities are clearly communicated to local residents and stake holders. The Council undertakes an annual survey of residents based on measures and targets in Growing Success to gauge levels of satisfaction of local residents and users of services. This is supplemented by other surveys,

such as the Best Value Performance Indicator User Survey and Quality of Life survey.

The results of these surveys are made available to help service planning. There was extensive consultation in developing the first Community Strategy and the Huntingdonshire Strategic Partnership has developed a programme to ensure the new Sustainable Community Strategy representative of the views of local communities.

The Council's Communications & Consultation Strategy is used to promote and guide two-way communications with local residents. A planned review of this approach is underway with the intention of producing both a communications and marketing strategy and a strategy for consultation and engagement – both of which will enhance the existing practices and support good governance.

Work on incorporating arrangements in respect of partnerships - as identified by the Audit Commission's report on the governance of partnerships - in the Council's overall governance arrangements is now taking place and the 'partnership framework' is being used to evaluate and assess the risk of strategic and other partnerships.

#### **4. Roles & responsibilities of the Cabinet (Executive)**

The Council's Constitution provides a comprehensive explanation of the Council's administrative and managerial processes. Designed to illustrate the statutory division between executive and non-executive roles and responsibilities within the Council, the Constitution also defines the relationship between the Council and its citizens by means of a series of articles, procedure rules and codes of practice.

Articles and tables list the functions of the Executive, Scrutiny and Standards Committee arrangements as defined by the Local Government Act 2000 and explain how the Council has delegated its non-executive decision making to Committees and Panels. The role of Statutory Officers is defined, together with the management structure of the authority, and the Scheme of Delegation contains a comprehensive summary of all decision making powers delegated to Officers by the executive and non-executive parts of the Council. A series of procedure rules demonstrate clearly the inter-relationship between those various elements.

#### **5. Role of Overview & Scrutiny Panels**

The Council has appointed 3 Overview and Scrutiny Panels (Service Delivery, Service Support and Corporate and Strategic Framework) which discharge the functions conferred by Section 21 of the Local Government Act 2000 in relation to the matters set out in Article 6 of the constitution.

Within their terms of reference, the Overview and Scrutiny Panels will:-

- review and/or scrutinise decisions made or actions taken in connection with the discharge of any of the Council's functions;
- make reports and/or recommendations to the full Council and/or the Cabinet and/or any joint committee in connection with the discharge of any functions;

- review the performance of the Council and the achievement of performance indicators and targets;
- consider the Best Value Review process and monitor and scrutinise individual Best Value Reviews;
- consider any matter affecting the area or its inhabitants; and
- exercise the right of call-in, for reconsideration, of decisions made but not yet implemented by the Cabinet, an individual member of the Cabinet, a committee of the Cabinet or a key decision made by an officer.

An annual report of the activities of the Overview & Scrutiny Panels is prepared and an action plan to enhance and improve the scrutiny process is nearing completion

## **6. Codes of conduct defining standards of behaviour**

A Members' Code of Conduct provides the statutory framework for the ethical conduct and behaviour of Members of the Council and persons appointed or co-opted to Committees. Training is provided by the Monitoring Officer to ensure Members are thoroughly aware of the standards expected of them and to embed the principles set out in the Code into the culture of the Council. Notwithstanding the absence of a statutory model, an Employees' Code of Conduct defines the behaviour that the Council expects of its employees, with training provided as part of the induction process and annual reminders issued to both Members and employees of the need to register any new or changed interests. A protocol for relations between Members and employees establishes the principles to be observed in the relationships at both an individual level and between executive and non-executive bodies and employees. A further protocol on community leadership by Members and Codes of Good Practice for both planning and licensing explain to Members the high standards of behaviour and conduct expected of them in carrying out their constituency and quasi-judicial decision making roles. Published on the Council's Internet and Intranet, the Codes and protocols are supplemented by training to ensure a thorough understanding and compliance with the principles and standards that they establish.

## **7. Reviewing and updating Standing Orders**

The Council's Constitution, which incorporates the Council procedure rules (Standing Orders), Code of Financial Management (financial regulations), Code of Procurement (Standing Orders as to Contracts) etc., is reviewed formally at biennial intervals, with an opportunity provided for both the executive and non-executive, as well as individual Members and senior management, to reflect on its robustness and operation in practice over the previous two years. Interim changes may be made from time to time that are necessitated by legislative developments, reviews of working practices or alteration to decision making responsibilities. Any such change is communicated by updating the Constitution both electronically on the Internet and Intranet and in hard copy.

Arrangements are to be made to ensure that reports to Members are subject to completion of a template that requires authors to certify that they have had regard to the implications implicit in the report, including legal, financial and risk issues.

## **8. Development needs of Members**

A training and development programme has been designed for Members that embraces the professional, organisational and behavioural knowledge and skills that they require to enable them to perform their roles both internally and within the community. Skills and needs audits are undertaken periodically and personal development plans will be prepared for individual Members. A record of all training undertaken is held on Members' individual files. Training is provided both internally by senior management and by external consultants and specialists.

A Members' induction scheme is in place for new Members. Specific training is provided for Members who sit on the –

- Licensing Panel
- Development Control Panel
- Standards Committee
- Overview & Scrutiny Panels
- Corporate Governance Panel.

## **9. Internal Audit**

Internal audit is undertaken in accordance with the CIPFA Code of Audit Practice. The Director of Commerce & Technology is accountable for the Council's internal audit arrangements. A risk-based strategic plan detailing the risks and activities of the Council is prepared, from which the annual audit plan is drawn. Written reports are prepared for all audits: these include an opinion on the degree of risk perceived and the assurance that can be obtained from the system.

A Whistleblowing Policy and Procedure have been adopted, and is available on the Council's Website and Intranet. They are reviewed annually and publicised widely. A 'phone line and 'web form' are available for complainants' use at all times.

## **10. Risk Management**

The Council maintains a risk register which contains the significant corporate and operational risks which are likely to affect the achievement of corporate objectives. The register is reviewed by a Risk Management Group, who report to the Chief Officers' Management Team and the Corporate Governance Panel. The Cabinet are responsible for formally deciding the acceptability of the highest levels of residual risk or if additional mitigation is required. Amendments to the risk management strategy were approved in June 2007 and the Council is working towards raising their Use of Resources Assessment score for risk management to '3'.

## **11. System of Internal Control**

Central to the governance environment is a system of 'Internal Control' designed to manage risk to a reasonable level rather than to eliminate all risk. The system is based on a continuing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives; to evaluate the likelihood of those risks occurring and the impact should they occur; and to manage them proportionately and effectively.

The effectiveness of the system of internal control is informed by –

- the Internal Audit Manager's annual opinion on the internal control environment;
- the Council's performance management framework which has recently been revised and refreshed in conjunction with a review of the Corporate Plan "Growing Success";
- the consideration and monitoring by the Chief Officers' Management Team of reports and decisions prepared for, and taken by, Cabinet;
- reviews of the Constitution which have included variations to the Council's overview and scrutiny processes;
- the 2006/07 Audit and Inspection Letter from the Audit Commission; and
- the Council's Improvement Plan – incorporating the Use of Resources Assessment Action Plan.

The Council's responsible Finance Officer, the Director of Commerce & Technology, is of the opinion that the **systems of internal control** are adequate and that no significant weaknesses were identified during 2006/07 or since.

## **12. Review of Effectiveness**

Each year the Council conducts a review of their governance framework to ensure its effectiveness in practice.

The review comprises of analysis of the practical applications of the core principles, supporting principles and specific requirements set out in the Council's Code of Governance. This analysis gives examples of the work of service managers responsible for the development of the Governance Framework.

It is informed also by the Audit Manager's annual report and comments by the external auditors and other inspections. The review also incorporates an assessment of the action taken to address issue identified during the first review.

## **13. External Audit and Inspection: (March 2007)**

The Audit and Inspection Letter provides a summary of the Audit Commission's assessment of the Council. It draws on findings from inspections during the year including the 'Direction of Travel' report and the external auditor's assessment of

how well the Council has managed their resources – the Use of Resources Assessment.

The main messages of this report were –

*“The Council is improving in some priority areas with improvements in over half of its performance indicators. There is clarity about services requiring improvement and the Council is taking action. Improvement to local areas is being achieved through effective partnership working. Access to services is improving.*

*However performance on equalities is mixed. The Council is refining its plans, to help improve focus on improvement priorities. Capacity is being effectively developed to deliver this planned improvement.”*

The Letter highlighted two areas where action is needed by the council;

- Further develop the approach to equalities.
- Ensure that capacity is in place to enable sustained service improvement whilst managing major projects such as the redevelopment of the Council offices.

Work on Equalities during 2006/07 has enabled the Council to improve achievement against the Equality Standard for Local Government, which has been externally validated at level 2, nevertheless these concerns have been incorporated into the issues to improve governance in section 15

The External Audit and Inspection Letter is available on the Council's website and from the Director of Central Services.

This Use of Resources Assessment is designed to assess how well local authorities manage and use their financial and other resources. The Assessment focuses on the importance of having available sound and strategic financial and resource management to ensure that resources are available to support the Council's priorities and to improve services.

The Use of Resources Assessment covers five themes, each of which were assessed on a 1 – 4 scale, 1 representing inadequate performance, 2 adequate performance, 3 good performance and 4 innovative practice. The Council's scores for each of the five themes are reproduced in the following table:-

<b>Theme</b>	<b>2005/06</b>	<b>2006/07</b>
Financial reporting	2	3
Financial management	3	3
Financial standing	3	3
Internal control	2	2
Value for money	3	3

This level of performance equates to the Council performing well and consistently above minimum requirements on the Audit Commission scale.

From 2007/08 the criteria for assessing compliance against some of the Key Lines of Enquiry in the assessment were raised, as a result of which the Council have had to perform to a higher standard to maintain or improve previous scores. Similar raising of standards is likely in future years.

Development areas identified by other external organisations or by the Council are incorporated into the Council's overall Improvement Plan. Progress on the achievement of this Plan is monitored by both the Overview & Scrutiny Panels and by the Cabinet.

#### **14. Governance Issues Previously Identified**

In last year's statement, and as a result of other considerations, the Council identified their perception of the need to develop aspects of the governance arrangements. These are highlighted in bold, together with information on the progress in dealing with these issues;

- **monitor progress on the Action Plan annexed to the Use of Resources Assessment;**
  - The action plan is reported to Overview and Scrutiny and Cabinet and published in the corporate plan "Growing Success" to comment on performance.
- **review its Code of Corporate Governance in the light of the outcomes of the framework to be promulgated by CIPFA/SOLACE;**
  - This review was undertaken following the publications of the new Framework and guidance and a new code adopted.
- **assess the continued effectiveness of the comprehensive performance management framework following revisions in conjunction with the review of its Corporate Plan "Growing Success";**
  - Following the review of the corporate plan "Growing Success", community and Council objectives have been redefined and new processes of reporting to Chief Officer Management team and Members has been put in place. The effectiveness and transparency of the framework continues to be a short to medium term priority.
- **assess the effectiveness of arrangements to monitor capital and revenue spending against the budget;**
  - From November 2006 a new process was introduced which incorporates quarterly review meetings between Directors, Heads of Service and senior financial managers.
  - The monitoring of Capital schemes has been incorporated into the performance management systems. Data input by project managers along with financial data imported from Council's Financial Management System is available through the performance management Software enabling regular monitoring on demand.



- In addition robust systems have been introduced or are planned in the following areas -
  - recharges from revenue to capital;
  - from September 2007 the achievement of turnover assumptions;
  - aggregate variations (ie items that are not significant on individual budgets that may aggregate to a significant item when considered over the whole Council); and
  - bringing forward the production of monitoring statements to within ten working days of the end of the month;
- **continue to provide advice and training and to develop systems to ensure that arrangements for the procurement of contracts comply with its approved Code.**
  - Advice and training provided on an on-going basis. Introduction of an intranet based Contracts Register in Dec 06 provides a tool for monitoring all quotes, tenders and contracts. Use of the Register was mandated in the May 07 revision of the Code of Procurement.

## **15. Governance Issues**

While generally satisfied with the effectiveness of corporate governance arrangements and the internal control environment, as part of continuing efforts to improve governance arrangements the Council has identified the following issues for attention in the forthcoming year.

- developing and implementing the Partnership framework;
- budget monitoring processes;
- reporting on planned savings and efficiency gains;
- monitoring compliance with constitution;
- further development to the approach to equalities, specifically implementing arrangements to facilitate progress in relation to the Local Government Standard for Equalities;
- ensuring capacity is in place to enable sustained service improvement while managing major projects.
- developing consultation and engagement with local communities
- Improving the overall Assurance opinion on the System of Internal Control.

During the coming year steps will be taken to address these issues to further enhance the Council's Governance arrangements. In these circumstances we are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation through the Council's Improvement Plan and as part of our next annual review.

Signed: .....

Councillor C J Stephens  
Chairman of the District Council's Corporate Governance Panel

Signed: .....

Ian Bates  
Leader of the Council

Signed: .....

David Monks  
Chief Executive

Signed: .....

Terry Parker  
Director of Commerce & Technology

Pathfinder House  
St Mary's Street  
HUNTINGDON  
Cambs PE29 3TN  
September, 2006

## Improvement Plan

(Note the Council's Improvement Plan will be updated and monitored frequently to reflect the development areas adopted through external inspection and compliance with statutory guidance.)

In progress

Subject	Area of Focus	Reference	Proposed Action	Outcome	Lead Members and Officer	Progress March 07
Learning & Knowledge	Learning across the Council and making the most of learning opportunities to use research, consultation and knowledge to plan services.	CPA	Adopt systematic approaches to learning and sharing knowledge via the Council's intranet.	Council uses learning and knowledge and research effectively across the organisation to improve the delivery of services and achievement of priorities.	Member: Mike Simpson Officer: Dir Commerce & Technology support Head of IMD	
Capacity and Resources	Sustainability of spending plans, employee capacity, staff turnover.	CPA	Delivery of People Strategy	The Council has the right number of employees with the right skills to meet its priorities and objectives	Member: Andrew Hansard Officer: Dir Central Services Support: Head of Personnel	
Partnership Working	Relationship between partnerships and Council priorities, risks and opportunities of partnerships, the links between the three tiers and the extent of innovative working to improve services.  Review the financial performance (where applicable) and outputs of its significant partnerships.	CPA	Monitoring and evaluation of partnership success.  Development of new Sustainable Community Strategy. Review via Huntingdonshire Strategic Partnership.  Contribute to the development and achievement of Local Public Service Agreements.  Implement Partnership Framework and review significant partnerships.	Strong and effective partnerships which enhance capacity to delivery priorities.  The Council is satisfied with financial performance and outputs of significant partnership.	Member: Ian Bates Member: Andrew Hansard Officer: Dir of Central Services Support: Policy and Strategic Services	
Risk Management	Risks relating to partnerships are identified and managed.	Use of Resources 2006/07	Implement Partnership Framework and review significant partnerships.	Risks relating to partnerships will be identified and evaluated accordingly.	Member: Ian Bates Officer: Dir of Central Services Support: Policy and Strategic	

	Members role in risk management	Use of Resources 2006/07	An assessment of risk management training requirements for Members will be completed and training delivered accordingly.	Members adequately trained in risk management.	Services Member: Terry Rogers Officer: Dir Commerce & Technology Support: Financial Services
Financial Accounts	How well does the Council plan and manage it's Finances	Use of Resources 2006/07	Periodic consultation to ensure that the Council can demonstrate that it is considering the views of a range of stakeholders, in making its decision whether to continue not too publish an annual report.	The Council plans and manages it's finances effectively	Member: Terry Rogers Officer: Dir Commerce & Technology Support: Financial Services
Financial Reporting	Working paper requirements should be agreed with the auditor prior to the commencement of the final accounts audit.	Use of Resources 2006/07	Already actioned for 2006/07 final accounts	The Council plans and manages it's finances effectively	Accountancy Manager
	Publication of financial information	Use of Resources 2006/07	No response to previous invitations to the public to identify any additional financial information they require but invitation repeated periodically	Published financial information which meets the needs of stakeholders.	Member: Terry Rogers Officer: Dir Commerce & Technology Support: Financial Services
	Managing Performance Against budget	Use of Resources 2006/07	The Council will continue to review and update its budget monitoring processes, ensuring that it is: <ul style="list-style-type: none"> <li>- predictive rather than backward looking;</li> <li>- focused on large, high risk or</li> </ul>	Effective budget monitoring process	Member: Terry Rogers Officer: Dir Commerce & Technology Support: Financial Services

			<ul style="list-style-type: none"> <li>- related to operational activity indicators that are lead indicators of spend; and</li> <li>- informed by a risk assessment.</li> </ul>				
	Planned saving and efficiency	Use of Resources 2006/07	<p>Planned savings are deducted from relevant budgets so that monitoring is "Maine streamed" into budgetary control.</p> <p>Gershon efficiency savings have already been identified to cover much of the 2007/08 target and the system is likely to be fundamentally changed by the Government for 2008/09 onwards</p>	The Council meets it's efficiency targets and planned savings	Member: Terry Rogers Officer Dir Commerce & Technology Support: Financial Services		
Systems of Internal Control	Assurance with systems of internal control	Use of Resources 2006/07	The Council will develop and implement an assurance framework in conjunction with a revised code of Corporate Governance.	Adequate framework of assurance in place	Member: Chris Stevens Officer: Dir of Central Services Support: Policy and Strategic Services		
	Compliance with constitution	Use of Resources 2006/07	The Council will introduce a system of monitoring compliance with standing orders, standing financial instructions and its scheme of delegation. Monitoring of the scheme of delegation will be considered within relevant internal audits	Assurance of compliance with constitution	Member: Andrew Hansard Officer: Dir Central Services Support: Head of Administration Head of Legal & Policy & Strategic Services Head of Finance		
Internal Control	Probity and Propriety	Use of Resources 2006/07	The Council will provide clear evidence of how its Fraud and Corruption Plan has impacted upon any proactive counter fraud and corruption work, including the	Successful counter fraud and corruption work	Member: Terry Rogers Dir Commerce & Technology Support:		

			results of internal audit.		Learning used to improve systems	Financial Services Member: Terry Rogers Officer: Dir of Commerce and Technology Support: Revenues and Benefits	
Probity and Propriety	Use of Resources 2006/07	A review process will be maintained for appropriate areas and any lessons that can be learnt' or any weaknesses in controls will be addressed where frauds have been identified.	The Council has improved the monitoring arrangements for the capital programme	Use of Resources 2006/07	Effective monitoring of the capital programme	Member: Terry Rogers Officer: Dir of Commerce and Technology Support: Financial Services	
Improvement in value for money through procurement	Use of Resources 2006/07	The Council will demonstrate a best-practice approach to procurement, that it has identified where the greatest benefits can be gained and there is evidence that it acts on these effectively. Existing joint procurement exercises will be built upon and developed where appropriate to yield further cost savings and improvements to value for money.		Use of Resources 2006/07	Improve value for money resulting from the approach to procurement	Member: Terry Rogers Officer: Dir of Commerce and Technology Support: Financial Services	
Procurement							

**APPROVAL FOR PUBLICATION OF THE 2006/07 ACCOUNTS  
(Report by the Head of Financial Services)**

**1. PURPOSE**

- 1.1 To complete the processes for finalising and publishing the Council's accounts for 2006/07.

**2. BACKGROUND**

- 2.1 At its June meeting the Panel approved the draft accounts for audit. The remaining steps to the process are:

- Approving the Corporate Governance Statement (previous item on your agenda)
- Approving the Council's letter of Representation
- Receiving the Auditor's report
- Approving the revised accounts

**3. APPROVING THE COUNCIL'S LETTER OF REPRESENTATION**

- 3.1 Each year a letter has to be given to the auditor by the Council which explains what the Council has done to ensure its financial records are accurate. It is Best Practice for the Panel to approve the content of this letter which is attached at Annex A.

**4. RECEIVING THE AUDITOR'S REPORT**

- 4.1 The External Auditor's report is still being finalised, partly due to a recent notification of an additional £400k of LABGI grant which it has now been agreed will have to be included in last year's accounts.
- 4.2 The report will be circulated as soon as it is available and it will be presented to the meeting by Paul Winrow, a Director of Grant Thornton.
- 4.3 As usual, the auditors have found a small number of changes that need to be made to the accounts and some suggested systems improvements. These together with the Council's responses are included in their report.
- 4.4 It is expected that we will receive an unqualified audit opinion.

## **5. APPROVING THE REVISED ACCOUNTS**

- 5.1 A revised set of accounts which include the changes referred to in the Auditor's report is currently being finalised and will be circulated as soon as they are available.
- 5.2 It is best practice for the Panel to approve the revised accounts for publication.

## **6. RECOMMENDATIONS**

- 6.1 It is recommended that the Panel:
- Approve the letter of representation at Annex A and authorise the Director of Commerce and Technology to sign it on behalf of the Council.
  - Receive the Auditor's report and note the action plan in its Appendix A for dealing with the matters highlighted.
  - Approve the revised accounts for publication.

### **ACCESS TO INFORMATION ACT 1985**

Final Accounts and Working Papers held in the Accountancy Section

**Contact Officer:** Steve Couper, Head of Financial Services ☎ 01480 388103



**Grant Thornton UK LLP**  
**Daedalus House**  
**Station Road**  
**Cambridge**  
**CB1 2RE**

Dear Sirs

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007**

We confirm to the best of our knowledge and belief, and having made appropriate enquiries of other directors and officials of Huntingdonshire District Council (the Council), the following representations given to you in connection with your audit of the Council financial statements for the year ended 31 March 2007.

**General**

We acknowledge our responsibility for preparing financial statements which present fairly the financial position of the Council and for making accurate representations to you.

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all member meetings, have been made available to you.

**Going concern**

We believe that the Council's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that, as at 25 September 2007, no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

**Accounting estimates**

We acknowledge our responsibilities for making the accounting estimates included in the financial statements. Where it was necessary to choose between estimation techniques that comply with UK GAAP, we selected the estimation technique considered to be the most appropriate to the Council's particular circumstances for the purpose of giving a true and fair view. Those estimates reflect our judgement based on our knowledge and experience about past and current events and are also based on our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:

- a) to reduce debtors to their estimated collectable amounts;
- b) to reduce obsolete, damaged or excess stocks to their estimated net realisable value;

- c) for any impairment losses identified in relation to tangible fixed assets;
- d) for uninsured or unfunded losses attributable to events occurring by 31 March 2007.

### **Directors and other related party disclosures**

We confirm that:

- a) registers of interests are complete and up to date in respect of members and key officers
- b) guidance has been issued to make members and key officers aware of the requirement to declare all interests relevant to the Council, including interests of families, partners and entities controlled by them
- c) there are no other relationships of which we are aware that require disclosure in the statement of accounts.

### **Income Recognition**

We confirm that income is accounted for by applying the accruals convention so that income is recognised in the period in which services are provided. Where income has been received for a specific activity to be delivered in the following financial year, that income is deferred.

### **Fraud and error**

We acknowledge our responsibility for the implementation and operation of accounting and internal control systems that are designed to prevent and detect fraud and error. In that regard we confirm that we have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have disclosed to you all significant facts relating to any frauds or suspected frauds known to us that may have affected the Council and any events during the period of which we are aware that involved dishonest or fraudulent conduct or which resulted from a material weakness or breakdown in the accounting records and related internal controls. There have been no frauds or other irregularities involving management or employees who have significant roles in the accounting and control systems and no irregularities involving other employees that could have a material effect on the financial statements.

We have also disclosed to you our knowledge of any allegations of fraud or suspected fraud affecting the financial statements communicated by employees or others.

### **Law and regulations**

We are not aware of any events that involve possible or actual non-compliance with those laws and regulations, which are central to the Council's ability to conduct its business. Neither are we aware of other events that involve possible or actual non-compliance with laws or regulations whose consequences may have a potentially material effect on the financial statements and which therefore should be considered for disclosure or as a basis for recording a loss or provision.

**Commitments and Contingent Liabilities**

All claims against the Council of which we are aware have been accounted for through provisions or disclosed under contingent liabilities where appropriate. The Council has complied with all aspects of contractual agreements that could have a material effect on the accounts in the event of non-compliance.

Except as disclosed in the financial statements:

- a) there are no charges or other encumbrances on the Council's assets
- b) there are no significant financing agreements in respect of provision of assets or services

**Post balance sheet events**

Other than as disclosed in the accounts there have been no events since the balance sheet date, which necessitate revision of the figures included in the financial statements or inclusion of a note thereto. In particular, we have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities. In that regard:

- provision has been made to reflect any impairments in asset values
- the Council has no significant amounts of idle property and equipment.

**Effects of uncorrected misstatements identified in the audit**

We have considered your Summary of Unadjusted Misstatements, as reported under ISA260 and which is attached as an Appendix to this letter, and your request that these misstatements should be adjusted in the financial statements.

**Approval**

This letter of representation was approved by the Corporate Governance Panel at its meeting on 25 September 2007.

Signed on behalf of the Council

<b>Terry Parker</b>
<b>Director of Commerce and Technology</b>
<b>25 September 2007</b>

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