

HUNTINGDONSHIRE DISTRICT COUNCIL

ANNUAL STATEMENT OF ASSURANCE ON CORPORATE GOVERNANCE

Huntingdonshire District Council is responsible for ensuring that -

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

In discharging this accountability, elected Members and senior managers are responsible for putting in place proper arrangements for governance of the Council's affairs and the stewardship of the resources at its disposal. To that end, the Council has approved and adopted a Code of Corporate Governance, which reflects the principles and requirements of the CIPFA/SOLACE Framework and Guidance in this field. The Code is published on the Council's website at www.huntsdc.gov.uk and hard copies are available on request from the Director of Central Services.

The Code of Corporate Governance, adopted in September 2003 and subsequently reviewed annually, 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.

Since adopting the Code, the Council has put in place management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is both adequate and effective in practice. In so doing it has addressed the following five key dimensions of its business -

- ◆ community focus;
- ◆ service delivery;
- ◆ structures and processes;
- ◆ risk management and internal control; and
- ◆ standards of conduct.

The Council's corporate governance arrangements for each of the five aforementioned dimensions similarly are reviewed annually and published on its website. Hard copies are available from the Director of Central Services.

Central to the corporate governance environment is a system of internal control designed to manage risk to a reasonable level rather than to eliminate all risk of failure in achieving policies, aims or objectives. The system of internal control is based on an ongoing 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 Council's responsible finance officer, the Director of Commerce & Technology, has reported that in his opinion, the systems of control are adequate and that

no significant weaknesses were identified during 2004/05 or since the balance sheet date. A copy of that opinion is appended to this Statement.

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;
- ◆ 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

Monitoring and review of the effectiveness of the system of internal control has been carried out by both Members and senior management. This review has been informed by -

- ◆ the Internal Audit Manager's annual opinion on the internal control environment;
- ◆ the introduction of the Council's new performance management framework;
- ◆ the consideration and monitoring by the Chief Officers' Management Team of reports and decisions prepared for, and taken by Cabinet;
- ◆ reviews of the Constitution; and
- ◆ the 2004/05 audit and inspection letter from the Audit Commission.

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 at the beginning and at the conclusion of audits.

In its last Audit & Inspection Letter the Council's external auditor described internal audit work at the Council as of a high standard and confirmed that it was used as assurance in those areas relevant to its audit. The auditor's assessment also fed into the Audit Commission's scored judgement for the purposes of the Council's Comprehensive Performance Assessment (CPA). Against that background both the Director of Central Services and the Director of Commerce & Technology were satisfied that they could rely on the Audit Manager's opinion on the work undertaken on both corporate governance and the internal control environment.

In last year's Statement and, while acknowledging the contribution made by our governance arrangements to the "Excellent" rating by the audit in the Council's CPA, we emphasised our keenness to continue to keep abreast of emerging developments. In so doing we identified in particular our perceptions of the need to -

- ◆ consider the extent (if any) to which we need to address our arrangements as part of the CPA Improvement Plan;
- ◆ focus on the challenge inherent in implementing the new performance management framework and its effectiveness as a

measure of our progress in meeting our objectives and in applying the principles of good governance;

- ◆ offer training to Members of the Corporate Governance Panel on their roles and responsibilities;
- ◆ review risk registers once the Corporate Plan and balanced scorecard have been implemented;
- ◆ develop service recovery plans based around service priorities to further reduce business continuity risks;
- ◆ review the effectiveness of project management methodology; and
- ◆ introduce a corporate policy on document retention and records management.

We have noted the extent to which the foregoing issues have been addressed in the past year as evidenced by reports to the Corporate Governance Panel. With the exception of the last of those issues and having received an assurance from the Director of Commerce & Technology that a report on the introduction of a corporate policy on document retention, etc will be submitted to an early future meeting of the Panel we are generally satisfied with the effectiveness of the Corporate Governance arrangements and the internal control environment.

In the ensuing year and as part of its continuing efforts to improve governance arrangements the Council proposes to -

- ◆ review progress on the action plan devised to address the areas for development identified in the Council's CPA;
- ◆ monitor the implementation and development of the performance management framework;
- ◆ build on the work undertaken thus far on risk management and to encourage its acceptance and value as part of the culture embracing the Council's governance arrangements;
- ◆ commission training for staff on the new Code of Procurement introduced in conjunction with the review of the Constitution; and
- ◆ commission further training for Members of the Corporate Governance Panel on their roles and responsibilities.

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

Signed:
David Monks, Chief Executive

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September, 2005