

# 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 Chartered Institute of Public Finance and Accountancy/Society of Local Authorities Chief Executives ("CIPFA/SOLACE") guidance in this field. The Code is published on the Council's website at [www.huntsdc.gov.uk](http://www.huntsdc.gov.uk) and hard copies are available on request from the Director of Central Services.

The Code of Corporate Governance was first adopted in September 2003. 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. The Code was reviewed in September 2004 and September 2005 and will be reviewed again in the light of changes to arrangements for the preparation of a Statement on Internal Control and consultation initiated by CIPFA and SOLACE on a framework for Good Governance in Local Government.

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 are 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 is of the opinion that the systems of internal financial control are adequate and that no significant weaknesses were identified during 2005/06 or since the balance sheet date.

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
- 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

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 currently is being 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; and
- the 2005/06 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 and the assurance that can be obtained from the system.

In its last Audit & Inspection Letter the Council's external auditor expressed satisfaction with the quality of work undertaken by the Council's internal audit staff and referred to the assurance obtained from common areas of work wherever this was possible. The Letter, available on the Council's website and from the Director of Central Services, confirmed that the Council had made progress on its improvement plan priorities since the award of its "Excellent" rating in its Comprehensive Performance Assessment. Progress was described as significant in some areas, but in others slower than had been planned originally, reflecting the challenge of capacity for the Council.

The auditor's opinion also fed into the Audit Commission's scored judgement for the purposes of the Council's Use of Resources Assessment designed to assess how well local authorities manage and use their financial resources. The Assessment focuses on the importance of having available sound and strategic financial 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 scored on a 1 – 4 basis, 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>Score</b>
Financial reporting	2
Financial management	3
Financial standing	3
Internal control	2
Value for money	3

Overall, the Council's score of 3 placed it in the top 37% of District Councils. Nevertheless, the Council does not wish to appear complacent and the Action Plan developed as part of the exercise will be used to inform decisions either to consolidate or to seek improvements in performance.

To support this approach, the Action Plan, together with any further development areas identified by other external organisations or by the Council, is incorporated into the Council's overall Improvement Plan. Progress on the achievement of this Plan is monitored by both the Overview and Scrutiny Panels and by the Cabinet.

In last year's Statement the Council identified its perceptions of the need to -

- review progress on the action plan devised to address the areas for development as identified in the Council's Comprehensive Performance Assessment;
- 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.

The extent to which the foregoing issues have been addressed in the past year is evidenced by reports to the Corporate Governance Panel and the training provided for staff and Members.

While generally satisfied with the effectiveness of corporate governance arrangements and the internal control environment, as part of its continuing efforts to improve governance arrangements the Council proposes to -

- monitor progress on the Action Plan annexed to the Use of Resources Assessment;
- review its Code of Corporate Governance in the light of the outcomes of the framework to be promulgated by CIPFA/SOLACE;
- assess the continued effectiveness of the comprehensive performance management framework following revisions in conjunction with the review of its Corporate Plan "Growing Success";

- assess the effectiveness of arrangements to monitor capital and revenue spending against the budget; and
- continue to provide advice and training and to develop systems to ensure that arrangements for the procurement of contracts comply with its approved Code.

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

Signed: .....  
David Monks, Chief Executive

Signed: .....  
Terry Parker, Director of Commerce & Technology

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**September, 2006**