Huntingdonshire
D I S T R I C T   C O U N C I L

Annual Governance Statement 2014/2015

What is Corporate Governance?

Corporate governance generally refers to the processes by which organisations are directed, controlled, led and held to account.

The Council's governance framework aims to ensure that in conducting its business it
• operates in a lawful, open, inclusive and honest manner
• makes sure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively
• has effective arrangements for the management of risk
• secures continuous improvements in the way that it operates.

The governance framework comprises the culture, values, systems and processes by which the Council is directed and controlled. The framework brings together an underlying set of legislative requirements, good practice principles and management processes.

The Council has a local Code of Corporate Governance. It is consistent with the principles set out in 'proper practice' for the public sector, namely 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE. A high level summary of the principles can be found on the following page.

How has this Statement been prepared?

The initial review of the effectiveness of the Council's governance framework was conducted by a group of Officers. This group included the Monitoring Officer and the Responsible Financial Officer.

The Corporate Governance Panel met informally to review, discuss and challenge the evidence and assurance provided by those Officers. They also identified the significant governance issues that they considered should be included in this Statement.

The Corporate Governance Panel also considered whether any issues identified in the Internal Audit annual report should be included in this Statement. Findings arising from the work undertaken by External Audit in respect of the 2014/15 Annual Financial Report were considered by the Corporate Governance Panel at its meeting on 16 September 2015 , following which, this Statement was formally approved.

The Principles
A summary

Principle 1

The Council clearly sets out its purpose and vision and the outcomes it is seeking to achieve.

This will be achieved by:

Clearly communicating the Council's purpose and vision and the intended outcome for citizens and service users

Making best use of resources and providing services that are good value for money

Seeking the views of service users on the quality of services that are provided

Principle 2

Members and Officers have clearly defined functions and roles which allow them to work together to deliver the Council's vision.

This will be achieved by:

Setting out executive and non-executive functions and the roles and responsibilities of the scrutiny function

Clearly setting out the roles and responsibilities of Members and Officers

Defining what is expected from partners

Principle 3

Demonstrate the values of good governance and uphold high standards of conduct and behaviour.

This will be achieved by:

Introducing and maintaining arrangements that clearly set out the standards of conduct and behaviours expected from Members and Officers

Underlying each of these principles is the Council's commitment to equality of opportunity in its approach to policy-making, service delivery and employment.

The Council aims to achieve good standards of governance by:

1. setting out its purpose and vision
2. making sure everyone understands their role
3. behaving in accordance with its core values
4. being open and accountable and exercising effective control
5. working effectively both as individuals and as a team
6. engaging with its stakeholders

Principle 4

Informed and transparent decisions are taken which are subject to effective scrutiny. Risks are identified and managed

This will be achieved by:

Having rigorous and transparent decision making processes in place

Maintaining an effective scrutiny process

Acting within the law

Providing good-quality information, advice and support to Members and partners

Ensuring that an effective risk management system is in place

Principle 5

Develop the capacity and capability of Members' and Officers' so that they can act effectively.

This will be achieved by:

Introducing and maintaining systems and resources that allow Members and Officers to develop and gain the skills and knowledge they need to perform well in their roles

Evaluating Members' and Officers' performance

Principle 6

Engage with local people and other stakeholders to ensure robust public accountability.

This will be achieved by:

Developing constructive relationships with stakeholders

Taking an active and planned approach to dialogue with the public

Regularly consulting with employees and their representatives

How do we know our arrangements are working?

Governance Framework

- Delivery of Corporate Plan aims and objectives
- Services are delivered economically, efficiently & effectively
- Management of risk
- Effectiveness of internal controls
- Democratic engagement & public accountability
- Budget & financial management arrangements
- Roles & responsibilities of Members & Officers
- Standards of conduct & behaviour
- Compliance with laws & regulations, internal policies & procedures
- Action plans dealing with significant issues are approved, actioned & reported on

- Constitution (incl. statutory officers, scheme of delegation, financial management & procurement rules)
- Corporate Governance Panel
- Internal & external audit
- Independent external sources
- Scrutiny function
- Council, Cabinet & Panels
- Medium Term Financial Strategy
- Complaints system
- HR policies & procedures
- Whistleblowing & other countering fraud arrangements
- Risk management framework
- Performance management system
- Codes of conduct
- Corporate Management Team

Code of Corporate Governance

Assurance Required Upon

Sources of Assurance

To monitor the effectiveness of the Council's corporate governance systems, the Corporate Governance Panel review each year the governance framework.

This statement builds upon those of previous years. Many of the key governance mechanisms remain in place and are referred to in previous statements which are available on the Council's website. This statement therefore describes the key changes to, and developments within the Council's governance framework during 2014/15 and up to the date of approval of the Annual Financial Report. The progress that has been made in dealing with the significant governance issues identified last year is included and the significant governance issues that have been identified from the governance review are highlighted.

This statement allows the Council to meet the requirement of the Accounts & Audit (England) Regulations 2011, to prepare and publish an annual governance statement to accompany the 2014/15 Annual Financial Report.

- Annual financial report

- External audit reports

- Internal audit reports

- Interception of Communications Commissioners report

- Scrutiny reviews

- Effectiveness reviews of the Licensing Committee

- Member/Officer working group review of the Code of Corporate Governance

- Officer governance groups

- Embed within the Council robust project management practices

- Develop the shared service governance arrangements

Assurances Received

Opportunities to Improve

Annual Governance Statement

Dealing with last year's key improvement areas

Develop the themes and aims of the Corporate Plan through service delivery plans, performance measures and employees performance targets.

Action taken
A Corporate Plan for the period 2014/16 was approved by Council in April 2014 and refreshed for 2015/16.

Service Plans developed and introduced in April 2015 tied to delivering Corporate Plan priorities and listing key actions, performance measures and indicators.

Employees named as responsible for delivering key actions etc, have specific, measurable, achievable, relevant and time based targets included in their 2015/16 appraisals.

Publicise the vision statement & strategic themes and outcomes to key stakeholders

Action taken
The Corporate Plan 2014-16 was agreed in April 2014 and was made available to all staff and through our web site to all stakeholders.

The 2013/14 annual governance statement contained four key improvement areas. As outlined below, significant progress has been made in each area. Progress is such that they are no longer considered as warranting highlighting as a key improvement area for 2015/16.

Review partnership commitments with an emphasis on the benefit obtained and contribution towards the Corporate Plan.

Action taken
A review of partnership commitments has been completed and reported to the Senior Management Team in February 2015.
The review:
- aligned partnerships with the corporate plan
- identified whether the current definition of partnerships and assessment criteria needed amending, and
- identified if any current partnerships did not meet the assessment criteria.

Following consideration of the report, further work was requested to determine priorities for partnership attendance and to prepare a list of partnerships that will be supported.

Continue to educate and train employees in good procurement and contracting practice to ensure that they understand how to act and comply with the requirement of the Code of Procurement.

Action taken
A publicised and scheduled plan of 12 training courses covering the significant procurement areas were delivered during 2014/15.

The Procurement Manager attends Service Team meetings in order to brief Managers on any changes to procurement practice and gather intelligence on forthcoming procurements.

Compliance with the Code of Procurement has improved. This has been evidenced by Internal Audit through their attendance at the opening of quotations and the Procurement Managers monthly review of the electronic contracts register which has shown an increase in the quality of information being recorded.

The Council: How it works

All Councillors meet together as the Council. Meetings are normally open to the public. The conduct of the Council's business is defined by formal procedures and rules, which are set out in the Constitution. The Constitution explains the roles and responsibilities of the executive, non-executive, scrutiny and officer functions and the delegation arrangements that are in place. It also contains the Codes of Financial Management and Procurement and the Code of Conduct for Members. The diagram below shows the Council's structure and the roles and responsibilities of Councillors and Officers.

Council

Consists of 52 elected Councillors, covering 29 wards. Appoints the Overview & Scrutiny and other committees/panels. Approves the policy and strategic framework and budget.

Overview & Scrutiny.

Three Panels comprising 12 Members each with a remit to scrutinise a range of Council services.
Appoint Working Groups to undertake in-depth investigations and make recommendations to the appointing Panel.
Panels are responsible for their own work programmes, to hold the Executive Leader and Cabinet to account, monitor performance, examine issues in-depth and make recommendations for policy development.
The Social Well-Being Panel is responsible for scrutinising crime and disorder, health and housing policy.
The Economic Well-Being Panel is responsible for scrutinising the Budget/Treasury Management and a number of the Council's internal support functions.
The Environmental Well-Being Panel is responsible for scrutinising planning and waste policies.

Executive Leader and Cabinet.

They are responsible for the discharge of all the Council's functions which are not the responsibility of any other part of the council;
Eight Councillors form the Cabinet, each have specific areas of responsibility.
Sets out key decisions to be taken in a Notice of Key Executive Decisions published monthly.
Submits budget and key policy proposals to Council.
Consults with Overview & Scrutiny Panels and other Panels on the formulation of the policy, strategic and financial framework.
Arranges for the discharge of the executive functions by the Cabinet.

Regulatory Committees.

The Licensing Protection Panel/Licensing Committee - Responsible for carrying out the Council's non-executive functions relating to licensing and registration, health and safety at work and protections of the environment;
Development Management Committee - Responsible for the discharge of the Council's non-executive functions relating to town and country planning and development control.

Other Committees and Panels

Employment Panel - Provides strategic overview of the people management and workforce decisions and issues within the Council;
Standards Committee - Promotes and maintains high standards of conduct within the Council and town and parish councils of Huntingdonshire. Responsibility for complaints received about Council services and elections matters.
Corporate Governance Panel - Considers issues of audit, risk, governance and finance.

Corporate Management Team.

Managing Director
Corporate Director - Services (Monitoring Officer)
Corporate Director - Delivery
Head of Resources (S151 Officer)

The Council, Cabinet, Panels and Committees are responsible for

Responsible for

Leadership and Direction
Governance
Corporate Plan
Performance Management
Financial Strategy

Policies and Procedures
For example:
Codes of Conduct
Risk Management
Whistleblowing
Health and Safety

Which are implemented through

Day to day running of the Council

The Corporate Management Team is supported by a group of seven managers, known as the senior management team. The Managing Director restructured the senior management team during the year and new managers took up post between July and September 2014.

The Council is required to appoint a Monitoring Officer whose role includes ensuring that decision making is lawful and fair and who supports the work of the Standards Committee. The Head of Legal & Democratic Services was appointed to this statutory post until leaving the authority in July 2014. Interim arrangements were introduced prior to the Corporate Director (Services) commencing work in September 2014 and being appointed to the post.

As noted elsewhere, the Council is undergoing significant change to meet the financial challenges it is facing. To ensure that the Constitution provides an effective and efficient framework within which decisions can be taken and allow the Council to carry out its business effectively, an independent review of the Constitution has been commissioned. It is expected that a new Constitution will be adopted for the 2016/17 municipal year.

As reported in last year's annual governance statement, due to delays in approving the Corporate Plan and agreeing key performance indicators, little performance information (with the exception of financial management information), was reported to Councillors in the early part of 2014/15. From September 2014, performance information has been routinely reported to all three Overview & Scrutiny Panels and the Cabinet.

The Executive Leader of the Council presented a 'State of the District' annual report to the Council in July 2015. This reflected upon the achievements of the Council during 2014/15 and outlined the challenges for the years ahead.

To meet the requirements of the Local Government Transparency Code 2015, the Council has introduced a process to ensure that all mandatory datasets (i.e. expenditure over £500, contracts awarded) are published on its website on either a quarterly or annual basis. The first data was published in December 2014.

In June 2014, in response to guidance from the Government, a new Code of Conduct for Councillors was introduced. The main change was to increase the areas in which Councillors should declare any interests.

The Council adopted a new employee code of conduct in July 2014. The code is principles based and includes seven core values that reflect the Nolan principles.

The Council agreed that the Code's handbook format and the need for it to be frequently reviewed meant that it was no longer appropriate for it be to include in the Constitution. The Managing Director (in consultation with the Employment Panel) is responsible for its content.

Appendix A

Performance Summary Quarter 4, 2014/15

Huntingdonshire
DISTRICT COUNCIL

A strong local economy
Making Huntingdonshire a better place to live, work and invest
Highlights include the launch of a fast track pre-application advice to potential growing businesses.

Progress on Key Actions:
Green	Amber	Red	Not due
6	0	1	0

Progress on Corporate Indicators:
No Corporate Indicators in this theme

Enabling sustainable growth
Delivering new and appropriate housing with minimum impact on our environment
Highlights include the completion of a successful Stage 4 Targeted Consultation for the Local Plan 2036.

Progress on Key Actions:
Green	Amber	Red	Not due
3	2	4	0

Progress on Corporate Indicators:
Green	Amber	Red	Not due
1	3	3	0

Huntingdonshire
DISTRICT COUNCIL

Working with our communities
Making sure they thrive and get involved with local decision making
Highlights include new temporary accommodation units, leading to fewer households being placed in B&Bs.

Progress on Key Actions:
Green	Amber	Red	Not due
8	5	0	0

Progress on Corporate Indicators:
Green	Amber	Red	Not due
3	2	0	0

Ensuring we are a customer focused and service led council
Delivering value for money services
Highlights include the identification of savings of £1.8m through the first tranche of Zero Based Budgeting.

Progress on Key Actions:
Green	Amber	Red	Not due
7	1	0	0

Progress on Corporate Indicators:
Green	Amber	Red	Not due
9	5	1	1

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Insight
Employee Code of Conduct
7 Core Values
- Selflessness
- Honesty
- Integrity
- Objectivity
- Accountability
- Openness
- Leadership

Corporate Governance Panel

The Corporate Governance Panel, as its name suggests, has responsibility for receiving reports that deal with issues that are key to good governance. It acts as the Council's audit committee.

The table below provides summary information on the areas it has considered.

When considering the reports, the Panel raised a number of concerns about control systems and processes. The most significant of these were:

Issue of concern	Action taken
The lack of any project management guidance.	A programme and project management toolkit was launched in June 2014.
Delays in introducing agreed internal audit actions.	The Panel requested that future meetings should receive an update on the current position. Whilst an improvement was noted, the Panel continued to have concerns and raised the matter at the July 2015 Council.
The continuing 'little' assurance opinion that has been given over the system for the collection of general debts.	The Head of Resources has appointed temporary staff to the debtors team and a fundamental review of operational procedures is underway.

Corporate Governance Panel

May 2014	July 2014	September 2014
Considered outcome of peer review of internal audit service	Discussion with the Managing Director on improving officer compliance in key control areas	Approve the 2013/14 annual governance statement (AGS)
Considered Internal Audit annual report and opinion, March 2014	Approve internal audit plan 2014/15	Consider External Auditors 2013/14 'report to those charged with governance' and action plans (ISA 260)
Note progress on issues from 2012/13 AGS	Review of effectiveness of Licensing Committee/Licensing & Protection Panel	Approve the 2013/14 annual financial report
Review external audit 2012/13 grant certification	Considered changes to Members Allowances Scheme	Review the risk register and management of risks
Approve Constitution changes to improve management of Council meetings	Note Interception of Communications Commissioner report of June 2014	Considered options, then recommended to Cabinet the retention of a corporate fraud team following launch of the DWP's single fraud investigation service in May 2015

Review annual reports

• Corporate Fraud Team activity 2013/14		• Panel's own effectiveness review and annual report to Council

¹ This report became a standing agenda item from November 2014 onwards

The Panel were also concerned that the Internal Audit Service had not been able to deliver the agreed 2014/15 internal audit plan due to problems in recruiting staff (Further details are provided on page 17).

The Panel also consider each year how effective they have been in overseeing the Council's governance arrangements. Their August 2015 review concluded that they had been acting effectively.

This governance statement is reported to Council once it has been approved. The Chairman of the Panel submits a report to the same Council meeting that summarises the work of the Panel and the outcome of its own effectiveness review. This allows the Council to take comfort that key governance processes are being reviewed.

November 2014	March 2015	June 2015	July 2015
Reviewed 1st annual report on achievement of Value for Money	Review external audit plan for 2014/15 and 2013/14 grant certification	Approved anti-fraud and corruption strategy	Considered Internal Audit annual report and opinion, March 2015
Approve changes to whistleblowing policy & procedure	Note the progress in introducing external audit recommendations	Approve changes to whistleblowing policy & procedure	Approve the Internal Audit Charter
Review delivery of Internal Audit plan	Reviewed proposed Constitution changes and recommend their adoption to Council	Approve a training programme for the Panel	Reviewed proposed Constitution changes and recommend their adoption to Council
Note progress on the introduction of agreed internal audit actions [1]	Approve 2015/16 Internal Audit plan	Review the risk register and management of risks	
	Note progress on issues from 2013/14 AGS		
• FoI, EIR & DPA [2] requests and improvement action plan • Whistleblowing concerns received	• Accounting policies	• Corporate Fraud Team activity 2014/15 • Whistleblowing concerns received	• Effectiveness of internal audit service

[2] Freedom of Information, Environmental Information Regulations, Data Protection Act

Managing key risks

All Councillors and Managers are responsible for ensuring that risk implications are considered in the decisions they take. Managing risk is a key element of service planning.

Risk Management Strategy

The Council has a risk management strategy. It was reviewed by the Cabinet in both July 2014 and 2015 to ensure it remains appropriate and reflects the approach the Council wishes to take to the management of risk.

The successful delivery of the Corporate Plan priorities depends on the Council's ability to tolerate and manage risk rather than eliminate it altogether. A certain amount of risk taking is inevitable. The 2015 risk management strategy recognises this and different 'risk appetite' limits have been set that reflect seven key service aspects.

Risk review process

Significant risks that may be potentially damaging to the achievement of the Council's Corporate Plan objectives are recorded in a risk register and assigned owners.

Senior Managers review the risk register on a quarterly basis and are required to positively state the level of assurance they can place upon the controls that mitigate risks. This information is then reported twice each year to the Corporate Governance Panel (CGP) and is a key component of the Council's overall assurance framework. From September 2015, the Cabinet will be receiving this information instead of the CGP.

Where residual risk exceeds the 'risk appetite', Managers are required to consider whether cost effective actions that will reduce the likelihood and/or impact of the risk occurring can be introduced.

Copies of the risk management strategy and the reports considered by the Corporate Governance Panel are available on the Council's website.

Whilst the risk register contains over 150 risks, the most significant are listed below. They are not listed in priority order.

Risk	Effect upon the Council
Reductions in government funding	Non-statutory services are reduced or stopped. Statutory services are reduced to minimum levels
Failure to achieve planned savings	
Failure to deliver the shared service vision	Efficiency savings are not realised; service levels reduce
Council's funds not invested appropriately	Loss of the value of the investments and significant reduction in interest received
Reducing availability of affordable housing	Continued uncontrollable pressure upon the homelessness budget
ICT Security controls are breached	Reputational damage, cost of rectifying weakness, possible significant fines
Personal data and information is accidentally released or published	Prosecution, possible financial penalties and reputational damage
Council unable to deliver sustained economic growth, including the redevelopment of Huntingdon town centre	Failure in achieving the Corporate Plan aim of delivering a strong local economy
Local Plan is not approved	Inability to manage the development process and increased likelihood of overturn by the Planning Inspectorate

Managing the risk of fraud

In June 2015 the Corporate Governance Panel approved a revised Anti-Fraud and Corruption Strategy which took account of accepted best practice and the requirement for the Corporate Fraud Team to focus on issues other than welfare fraud. This is a major change of focus and the Corporate Fraud Team are developing a work programme to meet the aims of the Strategy.

Throughout 2014/15 the Council continued to take the lead on managing the Cambridgeshire Tenancy Fraud Forum (CTFF). It received 108 referrals in 2014/15, which were investigated by the appropriate partner authority.

External funding for the CTFF ended in March 2015, however the Council (on behalf of five local authorities and four housing associations) successfully bid for £330k of funding from Central Government to introduce the Cambridgeshire Anti-Fraud Network (CAFN) which will investigate all types of fraud, including tenancy fraud. This funding lasts until March 2016.

To act as a deterrent to fraudsters, the Council issues press releases in respect of all benefit fraud cases that it successfully prosecutes and maintains a 24/7 telephone line to allow the public to raise concerns about possible frauds.

The Council has a whistleblowing policy. This is reviewed annually by the Corporate Governance Panel. In December 2014 the Council accepted Corporate Governance Panel's recommendation that it should become a signatory to Public Concern at Works (PCaW) 'First 100 Campaign' – which required the Council to commit to support the PCaW Whistleblower Code of Practice. In June 2015, the whistleblowing policy was amended to reflect the Code of Practice. This narrowed the scope of coverage. Previously any person was able to raise an issue under the policy, it now applies only to Council employees and those contractors who are working for the Council whether on their own premises or the Councils. The Council still wishes that all potential wrongs are reported to it, so it has retained the external facing 24 hr telephone line, dedicated email address and web-form.

A report detailing both the activity and performance of the fraud team and the general nature of the whistleblowing allegations received is presented to the Corporate Governance Panel each year. The report is available on the Council's website.

Anti-Fraud and Corruption Statement
Huntingdonshire District Council is committed to the highest possible standards of honesty, openness and accountability.
It will ensure that internal procedures are in place to identify, deter and prevent the risk of fraud and corruption and maintain clear and well publicised arrangements for receiving and investigating complaints.
The Council will pursue appropriate action, including the recovery of any losses it has suffered, in every case where fraud and corruption has been found.

A 'Whistleblowing' policy is in place.
The policy is reviewed annually and updated as and when required to bring it in line with best practice. The Council encourages employees and others with serious concerns about any aspects of the Council's work to come forward and make those concerns known. Full details of how concerns are dealt with can be found on the Council's web pages.

Responsible Financial Officer

The Head of Resources is the Responsible Financial Officer and is a member of the Corporate Management Team. He has responsibility for delivering and overseeing the financial management arrangements of the Council and has line management responsibility for the Accountancy team. The role conforms with the good practice requirements within the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

The Responsible Financial Officer has been involved in reviewing the Code of Corporate Governance and preparing this Statement. He is satisfied with the arrangements that are in place for managing finances and considers the system of internal control is working effectively and that no matters of significance have been omitted from this Statement.

Managing resources

The Council is continuing to face increasing financial pressures.

A zero based budget (ZBB) review commenced in September 2014 with a view to driving out costs from the base budget. Four service areas were subject to ZBB during 2014/15, undergoing a robust challenge of their budget and resourcing requirements by both Accountancy staff and then a Cabinet 'Star Chamber'. The £1.8m of savings identified from the review are reflected in the Council's 2015/16 budget.

A shared CCTV service with Cambridge City Council began operating in July 2014. Building Control, Legal and IT services are to begin operating as shared services with Cambridge City Council and South Cambridgeshire District Council in October 2015. In June 2015, the Cabinet approved the governance arrangements for shared services – these include the establishment of a Joint Committee to oversee the delivery of shared services and agreement of cost sharing principles. The Cabinet report that sets out in detail the governance arrangements is available on the Council's website.

> **Key Improvement Area for 2015/16**
> Develop robust and effective reporting arrangements for shared services.

To ensure that the approved budget is not overspent, good financial management is more important than ever. Councillors have continued to receive the Financial Performance Monitoring Suite, which incorporates the Financial Dashboard.

Whilst the revenue budget is usually the focus of attention, the monitoring of capital spending and the achievement of value for money is also important. In November 2014, the Managing Director presented a post-project review report to the Overview & Scrutiny Panel (Economic Well-Being) on the building of the Huntingdon multi-storey car park and the re-development of One Leisure, St Ives. The report raised a number of concerns about project and financial management and the governance of both projects.

These concerns included the lack of reporting to Members, increases to project budgets not accurately reflecting anticipated out-turn, flaws in business case assumptions and financial modelling and poor contract management.

Key Improvement Area for 2015/16

Improve project management practices including Officer compliance with the project management toolkit.

The Overview & Scrutiny Panel (Economic Well-Being) set up a Project Management Select Committee to undertake a detailed review of both projects. The Select Committee met in February 2015 and in addition to the review also received updates (through demonstrations of the project management toolkit and reporting mechanisms) of the improvements to procedures and process that had been made. The Select Committee made six recommendations which dealt with project management monitoring and associated information to be provided to the Panel. The recommendations were accepted by both the Panel and Cabinet in April 2015. The Panel intend to maintain oversight of the project management process during the year.

In November 2014 the Head of Resources submitted a report to the Corporate Governance Panel on the Council's achievement of value for money (VFM). The report detailed both the assurance that could be provided and a number of processes that were in place, including the external auditors' opinion, Officer governance boards, and the project management and lean methodologies that had recently been introduced. The report, which also sets out a summary of VFM activity at service level is available on the Council's website.

Internal and External Audit assurance

The Council receives a substantial amount of assurance from the work that is undertaken by its own Internal Audit Service and through its independent External Auditors – PricewaterhouseCoopers LLP.

Internal Audit

One of the key assurance statements the Council receives is the annual report and opinion of the Internal Audit & Risk Manager. In respect of the 12 month period ending March 2015, their opinion was that the "Council's internal control environment and systems of internal control provide adequate assurance over key business processes and adequate assurance over financial systems". The adequate assurance opinion improves upon the limited assurance opinion given last year.

The internal audit service only delivered 45% of the internal audit plan during the 2014/15 year. The main reason for this was its inability to recruit an auditor to a vacant post that arose in October 2014. The post was filled in June 2015. The plan was amended to reflect the staff resources available and the need to undertake the quarterly key control reviews of the five main financial systems. Due to significant issues within the accounts receivable system, it was agreed with the Head of Resources that the March 2015 quarterly review would not be completed due to a comprehensive and fundamental review of systems and procedures being undertaken to address a number of issues identified in previous internal audit reviews.

In July 2015 the Panel reviewed the Internal Audit Charter (which sets out the internal audit role and its responsibilities and clarifies its independence). One significant change was made - the requirement that all three Council's involved in the shared services liaise and agree upon the type and nature of assurance they will provide to one another.

Internal audit are required by Regulation to review how they work each year. The Corporate Governance Panel considered the Internal Audit & Risk Manager's self-assessment review in July 2015. They concluded that Internal Audit was acting effectively and in accordance with professional standards. They noted that a number of improvements to current internal audit procedures had been identified and an action plan prepared. Panel decided that there were no issues of 'non-conformance' that needed to be included in this statement.

External Audit

The statutory financial statements for 2014/15 have been audited and an unqualified opinion been issued. The external auditor has also issued an unqualified value for money opinion for 2014/15.

Significant Governance Issues

The progress that has been made in dealing with the governance issues that were identified in the 2013/14 Statement are contained on pages 8 and 9.
Whilst generally satisfied with the effectiveness of corporate governance arrangements and the internal control environment, as part of continuing efforts to improve governance arrangements the following issues, as highlighted in the Statement, have been identified for improvement.

Key Improvement Area	Lead Officer	To be delivered by
Develop robust and effective reporting arrangements for shared services.	Corporate Director (Services)	March 2016
Improve project management practices including Officer compliance with the project management toolkit.	Corporate Director (Services)	March 2016

Councillor Jason Ablewhite   Joanne Lancaster
Executive Leader   Managing Director

Signed on behalf of Huntingdonshire District Council

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2014/2015