

THE STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Responsible Financial Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

Statement of Accounts Approved at Council Meeting 27 June 2007



Chair of the Council
Councillor L. Caborn

The Responsible Financial Officer's Responsibilities

The Responsible Financial Officer is responsible for the preparation of the authority's statement of accounts in accordance with proper practices as set out in the C.I.P.F.A./L.A.S.A.A.C. Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

In preparing this statement of accounts, the Responsible Financial Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Responsible Financial Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify, that to the best of my knowledge and belief, the Statement of Accounts presents fairly the financial position of Warwick District Council at 31st March 2007 and its income and expenditure in the year ended 31 March 2007.

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25th June 2007

STATEMENT OF INTERNAL CONTROL

1. SCOPE OF RESPONSIBILITY

Warwick 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 and properly accounted for, and used economically, efficiently and effectively. Warwick District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Warwick District Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of Warwick District Council's functions and which includes arrangements for the management of risk.

2 THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Warwick District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place at Warwick District Council for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts.

3 THE INTERNAL CONTROL ENVIRONMENT

The key elements of the District Council's internal control environment are as follows:

3.1 Establishing and monitoring the achievement of the authority's objectives

The Council's key objectives are contained in its Corporate Strategy. There are 7 priorities and 3 targets for each of these priorities. The Corporate Strategy reflects national and local priorities and statutory duties. The key objectives are translated into operational objectives within service area plans at individual department level and used to inform the Council's budget. Progress in achieving targets is monitored through the performance management system, the results of which are reported to Executive and Overview and Scrutiny Committees on a quarterly basis.

3.2 The facilitation of policy and decision making

Policy development and decision making is set out within the Council's constitution. Contained within this are the rules governing its business including its committee structure, codes of conduct and scheme of delegation. The Executive meets regularly to consider the strategic direction, plans and progress of the authority. A range of member committees regularly review specific policy areas. There is a standard pro-forma for Committee reports to ensure all key issues are identified in a consistent way and that links to the Corporate Strategy are clear. Meetings are open to the public except where personal or confidential matters are being disclosed. In addition, senior officers of the Council can make decisions under delegated authority. The Council publishes a Forward Plan which contains details of key decisions to be made by the Council, its committees and Chief officers under their delegated powers.

3.3 Ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded in the activity of the authority, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties

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Management's responsibility for ensuring compliance with established policies, procedures, laws and regulations is discharged in a number of ways. In 2002 the Council reviewed its processes against the CIPFA/SOLACE Corporate Governance checklist and actions to address gaps were put into the Corporate Improvement Plan. The Council has designated the Head of Legal Services as the statutory Monitoring Officer. It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations. After consulting with the Head of Paid Service and the Chief Financial Officer, the Monitoring Officer will report to the full Council if he considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

Reliance is also placed on the work of Internal Audit whose programme of work includes compliance checks. In addition, overview and scrutiny committees, the standards committee, external audit and external inspection agencies such as the Benefit Fraud Inspectorate and the Food Standards Agency contribute to the review of the Authority's compliance with policies, procedures, laws and regulations. Occasional use is also made of other review agencies such as peer assessors from the West Midlands Local Government Association. In preparation for CPA, management has also carried out its own review.

As part of the service planning process the impact of new laws is addressed. For example extensive work has been undertaken to address the impact and actions required to comply with the Freedom of Information Act.

The District Council has robust systems for identifying and evaluating all significant risks, developed and maintained with the pro-active participation of all those associated with planning and delivering services. The Council approved a Risk Management Policy Statement and Strategy in January 2003. This explains the methodology which provides a comprehensive framework for the management of risk throughout the Council. Leadership is provided by the Strategic Director (Finance) being appointed risk champion. A cross-departmental Risk Management Group has defined Terms of Reference to develop a comprehensive performance framework for risk management and to embed risk management across the authority. Corporate and departmental risk registers are in place and appropriate staff have been trained in the identification, assessment and monitoring of risks. There is regular review of service and corporate risks.

Services are delivered by trained and experienced people. All posts have a detailed job description and person specification. Training needs are identified through the Performance Appraisal Scheme.

3.4 Ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness as required by the Best Value duty

The Council's Code of Financial Practice governs the use of resources. Budget monitoring arrangements define and ensure accountability for resources. The Council's Code of Contract Practice helps to provide the economic, efficient and effective procurement of goods and services. A Best Value Performance Plan is produced each year detailing how continuous improvement is to be secured. In 2004/05 the major Best Value Review was on Customer Access.

Best value and scrutiny reviews are carried out by management and members to ensure that resources are being deployed economically, efficiently and effectively. The Council has a joint Officer Member Change Board which reviews the work of the best value reviews, and provides an element of challenge. In addition, Internal Audit and external review agencies such as those previously referred to also carry out reviews in this area.

A further element of the Council's approach to continuous improvement is the Corporate Improvement Plan where all key improvements identified are input according to the European

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Quality Model Framework, which the Council uses as a tool to measure overall continuous improvement.

Service plans are now required to report comparative financial performance indicators and unit costs.

3.5 The financial management of the authority and the reporting of financial management.

The financial management of the authority is conducted in accordance with the financial rules set out in the Constitution and with the Code of Financial Practice. The Council has designated the Strategic Director (Community Resources) as Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972. The Council has in place a five-year Financial Strategy, updated annually, to support the medium-term aims of the Corporate Plan.

Financial information is held on the Authority's financial management system and is available to all officers with budgetary responsibility. In addition, officers receive financial reports every four weeks detailing income and expenditure against budgets that they are responsible for together with projections of income and expenditure. A summary of this information is reported to Executive and scrutiny committees on a quarterly basis. Financial management of the Authority includes an effective Internal Audit function, operating to the standards set out in the 'Code of Practice for Internal Audit in Local Government in the UK'. An anti-fraud and corruption strategy and a whistleblowing policy and procedure is in place. The Council has an objective and professional relationship with external auditors and statutory inspectors, as evidenced by the Annual Audit Letter. The Council's external auditors undertake an assessment on the financial arrangements. Scores are awarded from 1- 4. In the last year this was undertaken, the Council was assessed as either 2 (at only minimum requirement, adequate performance) or 3 (consistently above minimum requirement – performing well) in the five categories as follows:

Financial reporting – 2
Financial management – 3
Financial standing – 3
Internal control – 2
Value for money - 3

3.6 The performance management of the authority and the reporting of performance management.

The Council's approach to performance management is set out in its Performance Management Framework. Performance management is based on the 'golden thread' method whereby strategic objectives and targets set down in the Corporate Plan are assigned to departments via service area plans, through to teams via team operational plans and finally to individual officers through the employee appraisal system.

Performance is monitored in a variety of ways at an operational level and through quarterly reports to the Corporate Management Team, Portfolio holders, Executive and scrutiny committees at a strategic level.

4 REVIEW OF EFFECTIVENESS

Warwick District Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

A draft of this statement and the accompanying evidence has been presented to the Audit and Resources Overview and Scrutiny Committee for review and comment.

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The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control is as follows:

- The Head of Legal Services in his capacity as the Authority's Monitoring Officer, has a duty to ensure compliance with established policies, procedures, laws and regulations.
- The Council has Overview and Scrutiny Committees which can "call in" a decision which has been made by a policy committee but not yet implemented, to enable them to consider whether the decision is appropriate.
- The Standards Committee is responsible for the oversight of the Constitution, including monitoring and its review.
- The Council has delegated to the Audit and Resources Overview and Scrutiny Committee responsibility for discharging the functions of an audit committee, including reviewing the adequacy of internal controls, monitoring the performance of internal audit and agreeing to the external audit plan.
- Internal Audit is responsible for monitoring the quality and effectiveness of systems of internal control. A risk model is used to formulate a three-year plan which is approved by the Audit and Resources Overview and Scrutiny Committee, and from which the annual workload is identified. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant service director and service manager. The report includes recommendations for improvements that are included within an action plan and require agreement or rejection by service managers. The process includes quarterly reviews of recommendations to ensure that they are acted upon.
- The Internal Audit Section is subject to regular inspection by the Council's external auditors who place reliance on the work carried out by the section.
- Each year, the Corporate Management Team and Executive reviews the Risk Management Policy Statement and Strategy to ensure their continued relevance to the Council. The annual review also assesses performance against the aims and objectives of the Risk Management Strategy.
- The Risk Management Group provides an annual report to the Corporate Management Team and to the Executive bringing their attention to significant risks. The Risk Management Group also:
 - reviews the Council's strategic risk register and associated action plans;
 - ensures that the appropriate management action is taken to minimise/eliminate risk; and
 - reviews the results of investigations into untoward incidents.
- The Corporate Management Team meets formally on a monthly basis and reviews progress on performance indicators and Best Value reviews on a quarterly basis.
- For performance management, an integrated performance management framework supports the strategic and business planning of the Council to ensure corporate and operational targets are achieved. This includes a comprehensive set of Corporate Strategy indicators and targets; Best Value Performance indicators and targets; and Service Area Dashboard indicators and targets for each service area, portfolio holder and overview and scrutiny committee. Indicators are owned by specified officers and overseen by particular Portfolio Holders and Overview and Scrutiny Committees. Full quarterly reports are produced which include performance against target, tracked performance relating to previous periods, comparison with other authorities where possible, and corrective actions for any under-performing services.
- The Council reviewed and revised the Code of Financial Practice during 2004/05.

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- In the Comprehensive Performance Assessment by the Audit Commission, performance management was assessed as a strong area. The CPA report stated that “performance management is embedded into the culture of the Council and good systems are in place to proactively manage performance with both councillors and management taking a strong lead.” The report also stated that “the Council has strong financial management and a good approach to risk management.” Overall, the Council was placed in the “Excellent” corporate assessment category.
- The new arrangements for Policy and Scrutiny Committees became operational during the last year

Specifically, the review for the 2006/07 statement was informed by:

- The most recent Management Letter from the external auditors and the Auditors Scored Judgements.
- Drafts of unfinalised external audit reviews
- Reports of other review agencies and inspectorates.
- Reviews carried out by the Overview and Scrutiny Committees.
- The annual report of the Risk Management Group
- The views of the Chief Financial Officer, Directors and Service Area Managers and the Corporate Management Team.

5 SIGNIFICANT INTERNAL CONTROL ISSUES

The following have been identified from work done on the statement above and in collecting the evidence required. All actions are planned to take place during 2007/08.


No.	Issue	Action to be undertaken in 2007/08	Responsibility
1.	Corporate Procurement	Prioritise and implement actions to assist in achieving efficiencies	HoF/ SD (CR)
2.	Business/Service Continuity	Continue to work with County on best practice and testing of business continuity plans	CEx
3.	Financial Reporting	Provide working papers in accordance with external audit requirements	HoF/ SD (CR)
4.	Financial Reporting	Regularly produce summary financial information in line with citizen's panel view	HoF/ SD (CR)
5.	Internal Audit	Meet external audit requirements of internal audit as set out in Use of Resources report	HoF/ SD (CR)
6.	Legal	Achieve Lexel accreditation	HoL/ SD (E)
7.	Employee Code of Conduct	Expand register of hospitality to include declaration of interests	ACE (MS)

Key: CEx – Chief Executive; SD (CR) – Strategic Director (Community Resources); HoF – Head of Finance; SD (E) – Strategic Director (Environment); HoL – Head of Legal; ACE (MS) – Assistant Chief Executive (Members' Services).

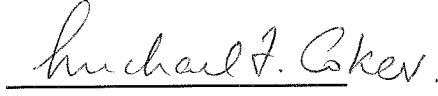
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We have been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Audit and Resources Overview and Scrutiny Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Signed:



Chris Elliott
Chief Executive



Michael Coker
Leader of the Council

Dated:

27 JUNE 2007

27 JUNE 2007