

ENVIRONMENT & REGENERATION DIRECTORATE

MANAGING DIRECTOR'S STATEMENT ON INTERNAL CONTROLS, GOVERNANCE AND RISK MANAGEMENT PROCESSES FOR YEAR ENDED 31 MARCH 2008

The 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. In discharging this accountability, members and senior officers are responsible for putting in place proper risk management processes, governance arrangements and internal controls to ensure the proper stewardship of the resources at its disposal.

As a Managing Director I have responsibility for maintaining a system of risk management, suitable governance arrangements, and of sound internal controls within my Directorate to support the achievement of Corporate and Directorate objectives.

The governance arrangements in place ensure that services are measured in terms of the quality of services for users, are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources. Roles and responsibilities are clearly defined and communicated with clear delegation arrangements.

The risk management system identifies principal risks and the existing internal controls in place to manage the risks. It puts action in place to test key controls and if appropriate new controls are introduced in order to manage them more efficiently, effectively and economically. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

I am also responsible for reviewing the effectiveness of the system of internal controls in place during 2007/08. My review has taken into account the following

- (i) Outcomes from risk assessment and evaluation
- (ii) Self-assessments of key service areas within the department
- (iii) Internal audit reports and results of follow ups regarding implementation of recommendations
- (iv) Outcomes from reviews of services by other bodies including, Inspectorates, external auditors etc
- (v) Linkage between business planning and the management of risk

Improvements have already been made to controls in certain areas during the year as follows: -

- The KHS Alliance Board receive regular monthly reports via the KHS Measuring Success group that set out performance against key performance indicators which include financial, scheme delivery and

insurance measures. This report is shared with Members and with the E&R Policy Overview Committee.

- Internal Audit have undertaken reviews of our revenue monitoring, medium term financial planning (as part of an authority-wide exercise) and Landfill Allowance Trading Strategy. For the first two the audit assurance was high and for the last one the audit assurance was substantial, and the recommendations of the audits are being implemented.
- A peer review of the planning and delivery of our capital programme was undertaken and recommendations are being implemented.

I have also identified certain areas where key internal controls still need to be enhanced or where a major project is likely to pose significant risks. These are as follows: -

- The replacement of our operational financial system MIDAS is a major task and risk management will be an integral part of the delivery programme.
- The schemes of delegation to officers and Members are in some cases not as clear and unambiguous as they could be and an internal review will be undertaken to review and improve them.

Action plans for both of these projects have or are being developed and I am satisfied that these steps will enhance the system of internal controls and will be monitoring to ensure their implementation and operation. I am also satisfied that except for these matters a sound system of internal control has been in place throughout the financial year and that it is ongoing.

Signed

Managing Director / Director

Date