



ANNUAL GOVERNANCE STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

Wigan Council is committed to the highest standards of corporate governance.

Governance is about how bodies ensure that they do the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, and culture and values, by which bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

A key aspect of governance is the requirement to put into place *“effective risk management systems, including systems of internal control”*.

This Annual Governance Statement supports the Council’s Statement of Accounts and outlines how it manages its affairs to deliver high quality services and ensure that public money is effectively spent

Annual Governance Statement for the year ended 31st March 2013

1. Introduction/Background to the Annual Governance Statement

The preparation of the Annual Governance Statement, to support the Annual Statement of Accounts, is a statutory requirement for local authorities. Its purpose is to demonstrate and evidence that there is a continuous review of the effectiveness of the Council's internal control, performance, and risk management systems. This allows an assurance on their effectiveness to be provided so that users of the Accounts can be satisfied that proper arrangements are in place to govern spending and safeguard assets. The process also enables the production of a corporate action plan to address any identified weaknesses.

CIPFA have confirmed that "proper practice" in relation to internal control is as detailed in the *Delivering Good Governance in Local Government* publication (CIPFA/SOLACE 2007) and this has statutory backing.

A description of the key elements of the Councils assurance and internal control environment is detailed at Appendix 1.

2. Council Purpose

During 2011/2012 the Council's Corporate Strategy was refreshed and presented as a 5 year vision with a simple clear set of priorities for the organisation. The Corporate Strategy presents as a vision for the organisation (*Confident Place – Confident People*), the priorities the Council is focussing on to achieve its vision, and the long term outcomes to be used to measure progress, supported by the key delivery projects to bring about the changes to achieve the required outcomes.

Each individual key delivery project has an end date but may not be concluded within a financial year and will be revised throughout the 5 year tenure of the strategy. Appropriate senior officer and Member monitoring has been developed at individual project and also overall strategy level to ensure appropriate delivery. Project performance is reviewed through the Corporate Dashboards. These are now split between each Director and delivery linked to the relevant Directors Individual Performance Assessment (IPA).

The Corporate Strategy is subject to annual refresh. The purpose of the annual refresh is to agree the key delivery projects for the year against the previously agreed vision, values and long term outcomes. The 2012/2013 refresh was agreed by SMT on 15th May 2012 and Council on 18th July 2012.

3. Scope of Responsibility

The governance framework comprises the systems and processes, the culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with, and leads its community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether these objectives have led to the delivery of appropriate, cost effective services.

Wigan Council, through its elected Members and Officers, is responsible for ensuring that its business is conducted in accordance with the law and proper standards, 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 arrangements for the governance of Wigan Council's affairs and the stewardship of the resources at its disposal. To this end Wigan Council has approved and adopted a Constitution and a Code of Corporate Governance, which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. Copies of the policy documents are available on our website (www.wigan.gov.uk) under the "Council, Standards, and Codes Of Practice" sections.

This statement explains how the Council has complied with the CIPFA/SOLACE Framework, and also seeks to identify areas in which our governance arrangements can be strengthened. This statement also meets the requirements of regulation 4 (4) of the Accounts and Audit (England) Regulations 2011 in relation to the approval by Members of "an annual governance statement, prepared in accordance with proper practices in relation to internal control".

The Council is committed to fulfilling its responsibilities in accordance with the highest standards of good governance, underpinned by the ethical behaviour of officers and Members.

The governance framework has been in place at the Council for the year ended 31st March 2013 and up to the date of the approval of the annual report and statement of accounts.

4. Purpose of the Assurance Framework and System of Internal Control

The Council sets the overall strategy and policy (via its Constitution), and has put in place a well-defined organisational structure, with clearly understood lines of responsibility and delegation of authority to help ensure that strategies and policies are effectively implemented and adhered to.

The Chief Executive and Corporate Directors (Directors from January 2013) are ultimately responsible to the Council for the system of internal control and reviewing its effectiveness. Any system of internal control can only provide reasonable assurance, and not absolute assurance, that all significant risks will be mitigated. The key issue is that risks, their potential for occurring and possible impact are identified. A conscious decision can then be made on how to prioritise and deal with those risks.

The system, therefore, is designed to effectively manage, rather than eliminate, the risks that are attached to the fulfilment of the Council's Vision of "Confident Place – Confident People,". The associated values of "Confidence in the Borough, Putting People First, Efficient and Businesslike, Always Keen to do Better, One Team One Council" provide a focus on being responsive, responsible, efficient, and effective in the way the Council delivers public services.

5. The Assurance Framework and Internal Control Environment

The Authority's Assurance Framework (Appendix 1) is based on ongoing management and review processes developed to minimise the impact of risks to the achievement of the Authority's vision and associated objectives.

The Council has a Constitution which sets out how the Authority operates, how decisions are made and the processes which are followed to ensure that these are efficient, transparent and accountable to local people. Many of these processes are required by statute, while the Authority has determined others locally. The Constitution is divided into appropriate articles that set out the basic rules governing the Authority's business.

The Council's internal control environment is fundamental to the operation of the assurance framework and is designed to manage risk to acceptable levels. It is not possible to eliminate all levels of risk of failure in respect of Council aims and actions, and accordingly can only provide reasonable but not absolute assurance of effectiveness.

In summary, the Authority's Assurance Framework and Internal Control Environment includes:-

- A high level vision embedded in the service planning, delivery, risk management, and performance management frameworks.
- A Monitoring Officer responsible for maintaining the Authority Constitution, supporting the Standards Committee, and ensuring the legality of Authority actions.
- A Standards Committee to promote and maintain high standards of conduct by the Elected Members and co-opted Members of the Authority.
- The Council has a scrutiny function to support and challenge the work of the Executive. As part of a review of democratic services in 2011/12 the number of scrutiny committees was reduced to three aligned to the Corporate Strategy (Confident Council, Confident People, Confident Places). With the refresh of the strategy and the transfer of public health to the Council a fourth Scrutiny Committee has been introduced in 2013/2014 for Health related issues titled Health and Social Care, whilst Confident People has been renamed Children/ Young Peoples.
- An Audit, Governance, and Improvement Review Committee, including 3 independent (non-elected) Members, to oversee the work of the Internal and External Audit functions and provide independent assurance of the effectiveness of:-
 - a. The governance arrangements of the Council and its services.
 - b. The Council's risk management framework and the associated control environment.
 - c. The Council's financial management framework processes and the way this relates to the performance of individual services and the Council as a whole.

- An Internal Audit function that consistently meets professional standards, (as assessed by the Council's External Auditor – Grant Thornton and validated by the Audit, Governance and Improvement Review Committee) supports the Authority in the achievement of its improvement and inspectorate agenda and has responsibility for the continual review of major financial controls and the wider internal control environment.
- Comprehensive budget setting and monitoring framework with clearly defined guidelines and responsibilities with frequent reporting of performance to the Executive.
- A local Code of Corporate Governance based on the CIPFA/SOLACE Framework that is reassessed bi-annually by Internal Audit.
- A risk management policy framework approved and monitored by the Audit, Governance and Improvement Review Committee. During 2012/2013 the Council's approach to risk management was refreshed and reapproved by the Audit, Governance, and Improvement Review Committee (29th November 2012, 21st March 2013) to align more closely and complement the Council's updated Corporate Strategy and associated management and monitoring arrangements.
- A consistent and clear commitment to countering fraud and corruption that is demonstrated within core policy documents and associated investigatory practices with outcomes reported annually to Members.
- The introduction of a portfolio of change programmes and a series of strategies that support the achievement of the Council's strategic business objectives and Medium Term Financial Plan (MTFP).
- Employee development needs process, dovetailed with well publicised human resource policies, associated procedures, induction processes, and Codes of Conduct designed to ensure that staff are appropriately skilled to deliver the Authority's aims and objectives and conduct themselves in a proper manner.
- A system of internal control based on a detailed framework contained within the constitution and supported by an extensive range of policy documentation covering all aspects of governance, rules of procedure, codes of conduct, and operational/governance related rules. In addition, a suite of policies cover all aspects of fraud related activity/conduct. Flowing from the above, Members of the Council are regularly and fully briefed on all significant financial, operational, and strategic decisions.
- Following a further Senior Management Review, a new organisational structure was introduced from 1st January 2013 (Heads of Service level structure currently at the consultation stage). There are now 3 Directorates lead by, 6 Directors who form a corporate SMT that meets on a fortnightly basis for strategic policy debate, AGMA information sharing, and responsibility for business items and decision making. In addition a fortnightly "Keep in Touch" meeting of all SMT members and their respective Heads of Service takes place to ensure that corporate priorities are appropriately actioned and monitored.

- A Responsible Financial Officer (S.151 Officer), supported by statute, to ensure the effective administration of the financial affairs of the Council.

The Chief Finance Officer (CFO) role (S.151 Officer) is undertaken by the Director - Corporate Services (Deputy Chief Executive from 1st April 2013) who is responsible to the Chief Executive. In terms of statutory responsibilities, the CFO reports directly and independently to the Chief Executive and Leader of the Council.

In addition the CFO is a key member of SMT and provides a pivotal link to all Directors on all financial and governance related matters. This approach has been crucial to ensuring that Directors accept financial responsibility for their budgets, present their own associated Cabinet reports, and are held accountable for their directorate performance.

The CFO is at the core of the organisation leading, challenging, and holding to account SMT (collectively) and the CEO and individual Directors.

It is considered that this approach meets best practice as determined by CIPFA guidance in that the CFO is a key member of the leadership team to develop, resource, implement and monitor financial strategy via SMT. The CFO has direct and independent access to the CEO and the Leader of the Council on all financial, Value for Money, and governance related matters.

6. Review of Effectiveness

The Authority has a statutory responsibility to conduct, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of Committees and management with responsibility for the development and maintenance of the governance environment, the Chief Internal Auditors Annual Report and also work completed by external inspectorates.

The effectiveness of the Authority's system of internal control is demonstrated by a range of independent procedures and protocols, including :-

- Strategic Management Teams procedures and associated management action
- Financial Management reporting
- Performance Management reporting (including the formal review of Risk Management)
- Cabinet, Audit, Governance, and Improvement Review Committee, and Committee reporting
- Overview and Scrutiny and Standards functions
- Statutory Officers (Head of Paid Service, Monitoring Officer, S151 Officer and authorised deputies)
- Internal Audit

Collectively, these form the basis of the Council's governance arrangements and are further validated by independent assessments from various external agencies, viz.:-

- External Inspectorate
- External Audit

The Director - Corporate Services (Deputy Chief Executive) and Head of Service Legal and Risk (Monitoring Officer) have been formally given the responsibility for overseeing the implementation and monitoring the operation of the Local Code of Corporate Governance, reviewing the operation of the Local Code in practice, and reporting annually to Cabinet on compliance with the Local Code and any changes that may be necessary to maintain it and ensure its effectiveness in practice. This is supported by the continuous review work performed by Internal Audit.

The Internal Audit remit is under continual review to reflect and support the legislative requirements of the Section 151 Officer, the required professional standards, the revisions to the responsibilities of external audit, and the key priorities of the Authority. The effectiveness and detailed remit of Internal Audit are reviewed through the Audit, Governance and Improvement Review Committee who approve all Internal Audit Plans and receive reports on Internal Audit Activities (reports 29th November 2012 and 13th June 2013). The latter report is contained within the Annual Report for the Section which, in accord with the Accounts and Audit Regulations, provides an annual review of the Service and demonstrates that a high quality and effective Internal Audit service is provided.

The Authority's current strategic risks and associated management arrangements were reappraised by the Audit, Governance, and Improvement Review Committee on 21st March 2013. The corporate strategy control and monitoring processes are currently used as the Council's Strategic Risk Register.

The Council Manages its risks on 3 levels:-

- Strategic Risks – Risks and opportunities which relate to the Council's Vision and Strategic Objectives. Such issues are managed through the Corporate Strategy delivery management processes via SMT and Members.
- Corporate Risks – These were primarily governance-related risks which applied across the organisation and which would have a major (positive or negative) impact on the Council's ability to achieve its vision. Such issues are managed via the ongoing review and improvement of the corporate governance framework.
- Service / Project related risks –. Those risks specific to a project or a particular service area. They may have been of sufficient magnitude that a system failure could have a strategic impact, or they may have been managed entirely at a local (service) level.

Although risk management is the responsibility of each Director, the Council's Section 151 officer undertakes this responsibility at a corporate level.

Significant Internal Audit reviews on governance arrangements, internal control validation, risk management/service planning, budget reductions programme, system development/implementation, and facilitation of the NFI have been completed during the financial year and reported accordingly.

In addition, the Chief Internal Auditor has the responsibility to review independently and report to Members at least annually, to provide assurance on the adequacy and effectiveness of the Code of Corporate Governance in practice and the extent of management compliance with it. Progress reports were reported to the Audit, Governance and Improvement Review Committee on 31st January 2013 and 27th June 2013.

This work is validated by the Council's External Auditors who review various aspects of Internal Audit work (as required under their statutory Code of Practice) to ensure that the section satisfies statutory requirements and maintains the required competence in all Internal Auditing Professional Standards.

On the basis of the above, assurance can be gained that the Authority is committed not only to properly managing its affairs but to striving to improve in respect of all governance related aspects of its functions. This is particularly evident in the key areas of risk management, performance management, service planning, and corporate governance. **In conclusion, it is the opinion of the Director - Corporate Services (Deputy Chief Executive) that the Authority operates an effective overall internal control environment.**

The Council is subject to a programme of independent external audits and statutory inspections. The above assurance opinion is supported by the independent review work performed by external agencies allowing the Council to draw assurance on its governance arrangements from additional external sources, viz.:-

Audit Commission

In December 2010 the Audit Commission revised its VFM methodology with the statutory conclusion being based on two criteria specified by the Audit Commission, viz.:-

- *“Securing financial resilience – focussing on whether the Council is managing its financial risks to secure a stable financial position for the foreseeable future..*
- *Securing economy, efficiency, and effectiveness – focussing on whether the Council is prioritising its resource within tighter budgets and improving productivity and efficiency.”*

The above conclusion being supported by risk-based work focussing on the robustness of the Authority's arrangements relating to financial governance, strategic financial planning and financial control.

Appropriate External Audit reports were presented to the Audit, Governance, and Improvement Review Committee during 2012/2013 as follows:-

- External Audit Fees (14th June 2012)
- Annual Governance Report (27th September 2012)
- Annual Audit and Inspection Letter (including VFM Conclusion) (31st January 2013)
- 2012/2013 Audit Plan and Audit Fee (21st March 2013)

The opinions within the above reports continue the previous years' trends and again commented positively on the Authority's internal control and performance frameworks as outlined below: -

Key consistent governance related messages from these reports are that the Council has arrangements in place to deliver both Value for Money conclusion elements. Viz.:-

- *“The Council achieved efficiency savings in excess of the planned £21 million in 2011/12 resulting in an improved financial position.”*
- *“The Council has detailed plans to address future financial challengers as summarised in the Medium Term Financial Strategy and supporting plans.”*
- *“The Council has appropriate arrangements in place and a clear methodology to help deliver its financial targets and monitor ongoing performance.”*

Other Inspectorates

During 2012/2013 the Council was subject to three inspections of aspects of its services by :Office For Standards in Education, Children’s Services and Skills-OFSTED (children’s services)

Key consistent governance related messages demonstrating Council improvement action and performance stability from these reports are that :-

Safeguarding and Looked After Children

The overall effectiveness of the safeguarding services provided by the council and partners is good. Children’s services benefit from strong support, leadership and direction from key elected members, in particular the Leader of the Council and the Lead Member, who demonstrate a keen interest and knowledge in the work of the department.

Private Fostering Arrangements

Overall, children and young people who are privately fostered are provided with an adequate service. Outcomes for young people are good and the progress they make enhances their life chances.

Children and young people’s safety and welfare is highly prioritised by the local authority and partner agencies, specifically health and education services.

Learning and Skills

The service has a clear and ambitious strategic vision and priorities, with a strong commitment to improving the quality of life for local residents through learning. The service plan is closely linked to the council’s objectives. Staff are enthusiastic and have high expectations in helping the council realise its vision of Wigan as a ‘confident place’ with ‘confident people’.

Council leaders fully understand the role the service plays in achieving its strategic objectives. They meet with the head of service monthly to discuss developments on an informal basis.

Performance management of subcontractors is thorough with regular quality monitoring visits.

Ongoing Improvements

Outline areas where the Council recognises Audit Commission and other inspectorate/regulator concerns and is seeking to make improvements include :-

- Implementation of enhanced system controls to ensure the prompt deletion of network system access rights of staff when leaving Council employment.
- Identification of all key information assets that comprise or contain personal data to ensure information risks are effectively identified, assessed and controlled on a continuous basis in line with Cabinet Office guidelines.
- Implementation of a system to analyse the outcomes of complaints to maximise learning and use the information to improve service delivery (Safeguarding/LAC)

7. Significant Partnerships Assurances

The Statement on Recommended Practice (SORP) 2006 placed an additional responsibility on Councils in that their Statement on Internal Control should embrace controls over group activities where an Authority undertakes significant activities through a group. The “proper practices” guidance has extended this responsibility to controls over partnerships considered by the Authority to be *significant* i.e. have a detrimental effect on the Authority if the partnership failed.

For this purpose the Council considers that the bodies involved are:-

- Wigan and Leigh Housing Company
- Wigan Development Company
- Leigh Sports Village
- Wigan, Leisure, and Culture Trust
- Ashton, Leigh and Wigan Primary Care Trust (SCA)
- Norfolk Property Services

Assurance on the control environment of the individual bodies has been assessed as follows:-

Wigan and Leigh Housing Company

A comprehensive Assurance Statement has been provided by the Management Team of Wigan and Leigh Housing Company detailing that they are satisfied overall that the company has operated a sound system of governance throughout the financial year.

On 11th July 2013 an annual assurance opinion is scheduled to be presented to the Company's Governance, Standards, and Audit Committee by the Chief Internal Auditor within the Annual Internal Audit Report viz.:-

"From the Internal Audit work undertaken in 2012/2013 it is the opinion of the Chief Internal Auditor/Risk Management Officer that Wigan and Leigh Housing operates an effective overall control environment."

Wigan Metropolitan Development Company

Wigan Metropolitan Development Company provides good quality office space, industrial units and workshops to over 250 businesses throughout the Wigan Borough all located in prime sites. The company has a property portfolio with a current market value in the region of £10m, with the potential (if all 130 units and offices were let) to generate rental income in the region of £1m per annum .

An Assurance Statement has been provided by the Head of Economic Development in her Council role as Company Secretary of Wigan Metropolitan Development Company that she is satisfied that the company demonstrates "satisfactory" governance arrangements across most of the governance framework. However, it is recognised that further work is necessary in a number of areas to ensure that governance is brought again to an overall satisfactory level following the redundancy of the Property Manager.

Leigh Sports Village

Leigh Sports Village was created as the result of a public/private/community partnership venture leading to the creation of sporting, retail, educational and leisure assets in Leigh. Wigan Council have made financial and land asset contributions to the scheme. The major partners are Greenbank Partnerships Ltd, Wigan Council, Wigan Leisure and Culture Trust, Wigan and Leigh College, Leigh Sports Village Company, and a number of local sports clubs.

All the sporting partners previously agreed and signed a Memorandum of Association which sets out terms of proposed working arrangements. The structure is that the majority voting interests in the company will be held by the Council with minority interests in the company held by the various clubs operating on the site once lease agreements are in place. Currently the Council retains all shares in the company, the Council having appointed the Chairman, Company Secretary, and two non-Executive Directors of the company. The Council's Deputy Chief Executive and Head of Economic Development sit on the board.

The Stadium and sporting facilities are owned by the Council. This is and remains the most efficient arrangement as recommended by PricewaterhouseCoopers based on company tax and securement of public funds perspectives.

As the commercial element of the Leigh Sports Village site is being developed in partnership with a local developer, the Council continues to proactively engage and influence the future of the site both from the sporting, cultural and economic regeneration perspective.

A council working group meets regularly to monitor and direct developments. This group is chaired by the Head of Legal and Risk and attended by the Head of Finance and representatives from the Places Directorate and Corporate Property team.

Members from this group often attend the Leigh Sports Village board to maintain an ongoing dialogue.

Wigan Leisure and Culture Trust (WLCT)

An enhanced Assurance Statement has been provided by the Chief Executive of Wigan Leisure and Culture Trust that he is satisfied that the company has operated a sound system of governance throughout the financial year.

The Trust's Internal Auditors reported within their Annual Report presented to WLCT's Audit Committee on 26th April 2013 that:-

"The Trust has adequate and effective governance processes, although we are aware of propose further enhancements and we will continue to work with management to ensure that they remain fit for purpose in future."

Norfolk Property Services

In 2005 the Council entered into a partnership agreement with Norfolk Property Services (NPS) for the delivery of a range of property related services. A client function was retained by the Council to manage the contractual relationship including performance and governance issues.

Recent staff movements have diminished the strength of the client role, but a new client officer has recently been recruited which will help restore an effective monitoring and management regime.

In the meantime, the performance of NPS Wigan continues to be reported to their local board, which includes the Councils Deputy Chief Executive and a Cabinet Member to ensure the Council's interests are effectively represented.

Ashton, Leigh, and Wigan Primary Care Trust

The PCT publishes its own Annual Governance Statement detailing the processes in place by which it provides assurance to stakeholders and the public. Assurance can be taken from the Audit Commission's conclusion on the PCT's "arrangements for securing economy, efficiency and effectiveness in the use of resources" within the PCT'S Annual Report 2011/2012 that "proper arrangements" were in place.

21.01.21

The PCT was disestablished on 31st March 2013 and was replaced by a Wigan Clinical Commissioning Group (CCG). This was part of the national reforms of the Health service by the Coalition Government. With this the Section 75 agreement in place ended. Work is ongoing with the new structure to join up Health and Adult Social Care funding to help deliver the savings both organisations need. The Director of Adults Social Care and Health and the Deputy Chief Executive have regular meetings with Health management and are part of their efficiency board that manages the Health savings programme (QIPP).

8. Significant Internal Control Issues

No additional significant internal control issues have been identified (external assessment) during the year. However, the Council continues to address the previous issue involving Information Governance/Data Protection. This issue continues to be problematic and is detailed in Appendix 2 (Significant Control Issues).

The recent review by Internal Audit re-assessed each component of the Local Code of Corporate Governance and concluded that the *"The Council's position against its local code of corporate governance is still considered to be good, which considering the continuing significant change due to the budget cuts the Council has gone through and continues to go through is a continuing significant achievement. The ongoing changes clearly impact on the findings of this review and are reflected in the number of areas recognised as development work in progress or work identified that will continue to strengthen the Council's position and improve alignment with the Council's priorities set out in the Corporate Strategy. In the ever changing world of local government, there are always new challenges and ongoing work needed to address these. The important issue is the Council is identifying and dealing with these challenges appropriately."*

A summary of progress and further agreed action is included at Appendix 2. It also highlights some sensitive issues within the public arena that the Council is addressing and which provide practical illustrations of the Council's continued commitment to effective governance.

On the basis of the opinion of the Director - Corporate Services (Deputy Chief Executive) as detailed above, we are satisfied that Wigan Council's internal control/corporate governance arrangements are adequate and are operating effectively. We are satisfied that the enhancements identified will further improve our governance and internal control arrangements. We will assess their implementation and the effectiveness of dealing with the issues outlined as part of the formal risk management process.

Signed:

gn Hall

Donna Hall

Lord Smith, Leader of the Council & Donna Hall, Chief Executive on behalf of the Members and Senior Officers of Wigan Council.

Date:

18.10.13

ANNUAL GOVERNANCE STATEMENT FRAMEWORK

INTERNAL CONTROL FRAMEWORK

- Constitution and Rules of Procedures (Contract Procedures and Financial Procedures)
- Local code of corporate governance
- Statutory Officers
- Role of CFO
- MTFs/Budget Setting and Control Framework
- Business strategy and service planning framework.
- Performance Management.
- Annual budget and budgetary control.
- Project management system.
- Risk Management Policy and Framework.
- Anti Fraud and Corruption Policy and Framework.
- Codes of conduct (Members/Officers).

Independent reviews by SMT, and the Audit Governance and Improvement Review Committee to examine draft AGS and supporting evidence and recommend approval via Cabinet.

Annual Governance Statement approved by Cabinet, signed by Leader and Chief Executive and (published with the statement of accounts).

- Performance Management.
- Annual budget and budgetary control.
- Project management system.
- Risk Management Policy and Framework.
- Anti Fraud and Corruption Policy and Framework.
- Codes of conduct (Members/Officers).

IA Team with responsibility for reviewing controls, drafting AGS, and evaluating assurances and supporting evidence.

Directorate Management Teams and SMT, Cabinet, and individual committees
Formal record of debates and decisions

Authority Service Planning, Performance, Risk Management and BCM Frameworks.

- Monitors risk and management.
- Monitors risk profiles.
- Considers risk relating to new projects and initiatives.
- Receives risk monitoring reports.

Annual review of the effectiveness of the system of Internal Audit (Audit, Governance, & Improvement Review Committee

Perfance Man'ement & Data Quality

- Embedded system throughout organisation.
- Internal & external reviews.
- Action orientated.
- Local KPI's
- Regular progress reports (SMT, committees, AG&IRC, Cabinet).

Internal Audit

- Strategic & annual plans **AG&IRC** approved
- Interim and annual reports to AG&IRC
- Chief Internal Auditor annual opinion
- Operates under terms of reference.
- Risk-based plan.
- Managed audit process
- Anti-Fraud Work

External Audit & Inspectorates

- Annual plan.
- Annual Audit letter.
- Audit opinion (Governance Report).
- Departmental governance
- Inspectorate Reports

Directors & IAO Assurance Statements

- Ongoing assurance (SMT).
- Annual assurance statements
- Cascaded through all employees.
- Regular, scheduled governance reports to A,G,&IR Committee

Risk Management

- Embedded in policies & planning
- Effectiveness evaluated
- Annual approval of risk management processes via Members
- Cascaded through all employees.
- Results analysed by IA and support
- Strategic Risk

Other Sources Of Assurance

- Scrutiny & Standards Committees (including annual reports)
- S.151 Officer
- Monitoring Officer
- Partnerships Governance
- Fraud reports and investigations.
- Project Ma'gement
- Ombudsman

Appendix. 2

Corporate Governance Annual Statement of Assurance

Areas where improvement work is ongoing include:-

Principle 1 Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area.

Partnership Guidance

Work is ongoing on corporate guidance on partnerships by Internal Audit and the Change Managers to develop appropriate risk based guidance.

Corporate Strategy Annual Report 2012/2013

There are plans to publish a public facing summary of performance, based on the information used in the State of the Borough report taken to SMT on 16th April 2013 and a 12 month overview of the dashboard information. The public facing summary will be produced for the end of June.

Health and Safety Annual Report 2011/2012

Due to debate over which committee the 2011/2012 annual Health and Safety report should be presented to, the report was not presented. It has since been agreed that the report should be presented to SMT and this will be the case for the 2012/2013 report.

Insurance Service Annual Report

Due to a review of committee agendas and a refocus on the projects of the Corporate Strategy, an Insurance Annual Report is no longer taken to Committee. Management need to ensure that this reduced reporting for Insurance and other services does not reduce the accountability and visibility of the service. This report will be submitted to SMT in future as part of the outturn reporting process.

Directorate Outcomes Framework

A Directorate Outcomes Framework has been agreed as part of the 2013/2014 refresh of the Corporate Strategy. These indicators will be reported through the dashboards. For 2013/2014, there is to be an increased number of dashboards with a dashboard for each Director, in addition to the Corporate dashboard (7 in total). One of the key objectives for the corporate dashboard this year is to ensure performance indicators are relevant and aligned."

Customer Complaints Procedure

There is a review being carried out of arrangements in place for dealing with complaints, freedom of information requests and members enquiries. The review aims to implement a single process with unified resources, though the statutory complaints may have different timescales.

The school complaints policy is currently being reviewed with a planned completion date of September 2013.

Refreshed Customer Access Strategy

The refresh of the Customer Access Strategy is now part of the New Ways of Working/Customer Transformation workstream of the Corporate Modernisation Programme. The emphasis of the new strategy will be on digital contact.

Annual reporting on Customer Complaints

Due to staff changes/restructures, an annual complaints report has not been presented since August 2011 although data on complaints is reported monthly as part of the Dashboard programme. However, work is now ongoing to prepare an annual report for the Confident Council Scrutiny Committee which will include the key themes and learning points from the complaints as well as the numerical data.

Value Adding (Activity Based Costing) Project

Following the completion and analysis of the Value Adding Data, 4 workstreams were identified:

- Assets and accommodation
- New ways of working/Customer Transformation
- Management delayering/Employee engagement
- Directorate specific savings

The first three now form the Corporate Modernisation Programme which is one the key delivery programmes for 2013/2014.

There is a Corporate Modernisation Board in place and work is ongoing the Outline Business Cases (OBC) as part of the programme construction phase.

Corporate Procurement Strategy

The refresh of the Corporate Procurement Strategy has been delayed due to organisation restructures and the Value Adding project. Work is now ongoing on the analysis of the Value Adding data and the future shape of procurement arrangements within the Council. This will provide a more co-ordinated approach across the Directorates with clearer processes and overview. The strategy will be refreshed as part of this work.

Annual Procurement Report

A report was prepared last August but presentation was delayed as it was undecided whether it should be taken to Audit, Governance and Improvement Review Committee or Confident Council Scrutiny Committee. This was not resolved so the report was never presented. In future, this report will be presented to SMT first and then to the Audit, Governance and Improvement Review Committee.

VFM Evaluation

The Internal Audit Plan for 2013/2014 includes an overview of the Council's VFM arrangements, in preparation for the future external audit code of practice to ensure that the Authority is best placed to demonstrate VFM achievement, without incurring additional external audit costs.

Principle 2 Members and officers working together to achieve a common purpose with clearly defined functions and roles.

Monthly Dashboard Reporting

As part of the Internal Audit Review of Sickness Absence, the accuracy of the data included on the dashboards was reviewed and a number of errors identified for the two months tested.

The Internal Audit Plan for 2013/2014 includes further work on the verification of the dashboard data.

Principle 3 Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

Anti Fraud, Bribery & Corruption Policy Statement and Strategy

The Internal Audit Review of Counter Fraud Arrangements recommended that the Anti Fraud, Bribery and Corruption Policy Statement and Strategy are updated to:

- Clearly link with the Council's overall strategic objectives
- Make reference to the Fraud Prosecution Policy
- State who the responsible officer for the policy is.

This will be completed by August prior to the presentation of the Annual Fraud and Conduct Report.

Whistleblowing Policy

The Internal Audit Review of Counter Fraud Arrangements highlighted that the Whistleblowing Policy was last issued to employees in April 2009.

Once the new website is in place, it will be updated and reissued via NETconsent.

Development of Employee Register of Interests

A centralised IT based register of interests has been developed. It has been posted on the Intranet and will be launched with a NET consent message by July.

Principle 4 Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

Risk Management Arrangements

Strategic Risk Register

A report of Strategic Risks was presented to Audit, Governance and Improvement Review Committee on 21st March 2013 based on using the Corporate Strategy as the Strategic Risk Register. Members requested a future report in the formal risk register format. This was taken to the next meeting on June 27th.

Directorate Risk Registers

Up to date Directorate Risk Registers are currently not maintained. Directorate Risks (including business continuity risks) are to be included on dashboards in future. These arrangements will be developed as part of the ongoing risk management work by Internal Audit.

Business Continuity Management Information System (BCMIS)

Training on new Business Continuity Management Information System (BCMIS) has now been completed. Not all services have completed their input yet and the Civil Contingencies Manager has commenced follow up. This will be continued by prioritising the critical functions.

Civil Contingencies and Business Continuity Planning – Annual Report

Due to a review of committee agendas and a refocus on the projects of the Corporate Strategy, a Civil Contingencies/Business Continuity Planning Annual Report is no longer taken to Committee. Management need to ensure that this reduced reporting for Civil Contingencies/Business Continuity and other services does not reduce the accountability and visibility of the service.

Accommodation/IT Business Continuity Plans

Specific Plans are needed for accommodation and ICT services as these facilities are provided corporately.

The accommodation BCM plan is 75% complete and the outstanding details on capacity of the decant buildings (which have been identified), the timeframes and the costing information on desks, etc are being completed by the Head of Service.

The IT BCM plan is to be completed and tested by the Council's new IT provider, Agilysis. The deadline for this is the end of September 2013.

Principle 5 Delivering the capacity and capability of officers and members to be effective.

Corporate Training and Development

Training is needs based and driven through the IPA process so the extensive Training Brochure on the intranet is no longer appropriate. However, an update on courses available will be included on the new Intranet site.

HR Policy Development Programme

Although the HR Policy Development Programme is on-going the pace has reduced over the last 12 months due to staffing shortages and resources being re-directed to support services with restructures and associated redundancies. More recently HR policy development has been reprioritised so resources could be released to co-ordinate the staff survey and other key HR projects (organisational change, sickness absence, etc).

Review of the following policies is currently on hold as resources are committed to the priorities previously mentioned:

- Dignity at Work Policy & Complaints Procedure
- Capability Procedure
- Resolving Workplace Problems Procedure -
- Collective Dispute Procedure

The status of other policy reviews is as follows:

- Domestic Abuse Policy - draft finalised awaiting official launch which has been delayed to fit in with the launch of the Wigan Domestic Abuse Strategy.
- Market Enhancement Policy - still in draft. To be shared with the trade unions this month.
- Appeals Procedure - launched in Nov 12 but due to be subject to a review after 6 months.

The policy development programme for schools HR policies continues to progress.

The following policies are due to be shared with governing bodies in the Autumn Term 2013:

- Dignity at Work Policy & Complaints Procedure for Employees in Schools
- Procedure for Managing Reductions in Staffing Levels -
- Policy for Early Retirement of Employees in School -
- Alternative Employment Policy for School Employees

Work has recently commenced on the School Disciplinary and Grievance Procedures.

Integration of HR and OD Strategy

The purpose of and the content of a HR/OD strategy is under review.

Principle 6 Engaging with local people and other stakeholders to ensure robust public accountability.

Confidence in the Borough Programme

The Confidence in the Borough programme 2013-2015 includes actions to ensure that:

- the council has fit for purpose internal communications channels for all audiences: and
- all external communications channels are fit for purpose, are used effectively and innovatively and are targeted effectively.

Employee Survey

Following the 2012 employee survey, action plans have been completed at three levels:

- Corporate Action Plan. This has been produced and will be shared with staff later this month when it has been transferred into the “you said, we listened” format.
- Directorate Action Plans.
- Service Action Plans.

Significant Internal Control Issues

Information Governance - Data Security

The Council's arrangements for managing the safe custody of the information it holds, were reviewed by the Office of the Information Commissioner (ICO) in November 2010. The overall conclusion of the review was “*The arrangements for data protection compliance - with regard to governance and controls - provide only a limited assurance that processes and procedures are in place and are being complied with.*” An Action Plan covering 47 recommendations was agreed that was subject to re-inspection by the ICO in October 2011.

The OIC report of 5th March 2012 (following the scheduled re-inspection) showed actual and planned improvements in key processes and concluded “*The ICO considers that the actions taken by the Council to implement the agreed recommendations provide a reasonable assurance that effective controls and processes are in place to mitigate the risks of non-compliance with the DPA. The ICO recognises the improvements made by the Council since the original audit report was issued in February 2011..*”

There is therefore, a clear recognition that the work performed has improved the overall position, although there is no room for complacency as it is acknowledged that further work is still needed in a number of areas.

However, it should be noted that even though during this financial year the Council has suffered a number of additional data breaches that have been referred to the ICO, following their assessment no further action was taken against the Council since the ICO were satisfied with the processes introduced by the Council to mitigate such losses and also with the associated investigatory and employee disciplinary actions taken.

However, two further data incidents in respect of Childrens Services data have recently been referred to the ICO and are currently being assessed. It remains to be seen whether the ICO will continue to view the processes as satisfactory.

Other Significant Issues

A range of issues, involving the Authority, has attracted press and public interest during the financial year. Many of these issues have been recognised as significant risks to the Council and are/will be included in the Corporate Risk Register which outlines the mitigating actions along with providing a high level mechanism to monitor the effectiveness of the actions being taken.

A précis of the issues with the remedial action taken/scheduled is detailed below, viz.:-

Members Issues

Members Conduct

Several press articles have been published outlining the conduct of individual Members and a number of Members have subsequently been reported and investigated under the Council's standards regime. The Council accepts that it receives a regular flow of complaints, each of which is dealt with by a statutorily prescribed procedure to determine whether an investigation is necessary and completed accordingly.

Greater Manchester Police are investigating allegations against two Wigan Councillors. The investigations are separate and involve possible criminal activity. Police enquiries are ongoing and a decision will ultimately be made in respect of whether to arrest and or charge the individuals. To date no such decision has been made.

Economic Downturn/Financial and Service Delivery Issues

A range of articles have been reported in the media stemming from the continuing economic/fiscal downturn, the impact of Coalition Government actions particularly in respect of funding, and the Council budget position. The articles generally concerned the ongoing impact of the Government funding cuts and the effect on Council finances, jobs and service provision. Key articles included.:-

- | | |
|--------------------|---|
| <i>April 2012</i> | - <i>"The Price of Care"</i> |
| <i>May 2012</i> | - <i>"Welfare Reform Blow to Council"</i> |
| <i>July 2012</i> | - <i>"The Human Cost of Council Cuts"</i> |
| <i>July 2012</i> | - <i>"Concerns Probed by Watchdog"</i> |
| <i>August 2012</i> | - <i>"Bid to Close Drumcroon"</i> |
| <i>August 2012</i> | - <i>"This Could Kill My Pal"</i> |

- August 2012 - *"Where Now for Strategy Plans?"*
- September 2012 - *"Bin Collection Changes Ahead"*
- November 2012 - *"The Hardest Hit"*
- December 2012 - *"Fury Over Massive New Cuts"*
- December 2012 - *"Thousands go to Court on Tax Rap"*
- January 2013 - *"Staff Facing Council Axe"*
- March 2013 - *"Library Shake Up"*
- March 2013 - *"Sheltered Homes set to Close"*
- April 2013 - *"It's a Very Bleak Day"*

Although the above articles presented a negative slant on the Council's actions other positive articles covering associated issues have also been published, including :-

- April 2012 - *"What a Success"*
- May 2012 - *"Wage Bill is Cut"*
- June 2012 - *"Town Hall Cuts are Met with Millions to Spare"*
- June 2012 - *"Council is on Target with Cash Savings"*
- July 2012 - *"Tenants get a Top Service"*
- July 2012 - *"Life Centre comes out Top in Survey"*
- October 2012 - *"Watchdog's Gold Star for Council"*
- November 2012 - *"Council Scoops Trio of Awards"*
- February 2013 - *"IT Merger will save Thousands of Pounds"*
- March 2013 - *"Help for the Most Vulnerable"*
- March 2013 - *"Minister Praises Benefits Pilot"*

The Council's consistent response to these issues is that formal Impact Assessments are performed to analyse the impact of proposed service reductions on vulnerable members of the community and it has prepared promptly for the financial downturn and addressed all issues in a structured way with the ongoing intention of safeguarding the front line services it provides to residents and minimise compulsory job losses. This action as part of the Council's financial planning and management processes has been consistently endorsed by the Audit Commission, viz.:-

- *“The Council has appropriate arrangements in place and a clear methodology to help deliver its financial targets and monitor ongoing performance.”*
- *“The Council has detailed plans to address future financial challenges as summarised in the Medium Term Financial Strategy.”*

Other Issues

Housing Benefits Subsidy

The Council's Housing Benefit Subsidy claim has been qualified each year since 2005/2006. During the year Customer Service, Internal Audit, and Finance staff have worked with the external auditor to try and overturn significant subsidy clawbacks based on extrapolating numbers and values of errors from very small testing samples. Some of the issues result from DWP policy opinions differing from those of responsible Authority officers and consultants and have been challenged via Counsel opinion.. At this time point in time £1.7m of subsidy reclaim is in the balance although it is expected that this figure will be significantly reduced by the results of additional testing, the support of the external auditor in negotiations with the DWP, and the positive Counsel opinion obtained by the Council and submitted in evidence. An associated financial provision of £1.7m was approved by SMT on 30th April 2013 to cover the worst case scenario.

In all of the above instances, appropriate and prompt action was taken within a controlled framework to mitigate any potential financial and/or reputational loss to the Council.

The Council's governance and risk management arrangements enable it to deal openly and effectively with situations such as those highlighted above. The nature of the organisation means that there will always be difficult situations to deal with, but it's internal control mechanisms ensure that actions are taken appropriately and promptly, and it is openly accountable for those actions. This is a major strength of the Council and a significant factor in its continued external assessment categorisation.