

Report to:	Audit, Governance and Improvement Review Committee Standards Committee Cabinet
Date of Meeting(s):	9 July 2015 6 August 2015
Subject:	Annual Governance Statement
Report of:	Director of Resources & Contracts (Deputy Chief Executive)
Contact Officer:	Nicola Welch – 01942 827556
Cabinet Portfolio Holder and area:	Councillor Kenny, Portfolio Holder for Leisure Client & Resources

Summary:	To review / approve the Authority's Annual Governance Statement for the year ended 31 March 2015.
Link to Corporate Priorities:	<p>Confident Places</p> <ul style="list-style-type: none">• Improving economic and social opportunities;• An attractive, accessible and lively borough, with a prosperous economy as the location of choice for investment. <p>Confident People</p> <ul style="list-style-type: none">• Protecting vulnerable groups and enhancing self-reliance, improving life opportunities and independence for everyone to start well, live well and age well;• Particularly for those most dependent on public services. <p>Confident Council</p> <ul style="list-style-type: none">• Your Council has re-focused its reduced resources towards early intervention and prevention to achieve more for less – integrating public services around whole life issues to build self-reliance and maximising community assets.
Wards Affected:	All

Recommendation(s): The Audit, Governance and Improvement Review and Standards Committees are requested to review the Annual Governance Statement.

The Cabinet is request to approve the Annual Governance Statement.

Implications:

*What are the **financial** implications?* No additional costs

*What are the **legal** implications?* None

*What are the **staffing** implications?* None

Customer Impact Assessment attached or not required because (please give reason)) A relevance check has been carried out which shows that the review of itself does not impact on service provision.

*What are the **property** implications in terms of reduction, addition or change to the council's asset base or its occupation?* None

Risks: Good governance ensures financial risks are properly managed.

Has the Assistant Director of Legal (Monitoring Officer) (Linda Fisher) confirmed that the recommendations within this report are lawful and comply with the Council's Constitution? Yes

Has the Director of Resources & Contracts (Deputy Chief Executive) (Paul McKeivitt) confirmed that any expenditure referred to within this report is consistent with the Council's budget? N/A

Are any of the recommendations within this report contrary to the Policy Framework of the Council? No

What are the alternative options to be considered and reason for selecting the one recommended: The requirement to produce an Annual Governance Statement is a statutory responsibility (Accounts and Audit Regulations 2011). The Annual Governance statement has been produced in accordance with legislation and structured to accord with the latest CIPFA and Audit Commission guidance.

Is this a Key Decision and, if so, under which definition?

The Non Key decision made as a result of this report will be published within **48 hours** and cannot be actioned until **seven working days** have elapsed, i.e. before 8 September 2015, unless exempt from call-in.

This item is included on the Forward Plan.

There are no background papers for this report

Directorate Sign-off:	P McKeivitt
Date:	9 June 2015

Please list any appendices:-

Appendix number or letter	Description
1	Annual Governance Statement for the year end 31 March 2015
2	Corporate Governance Annual Statement of Assurance



ANNUAL GOVERNANCE STATEMENT FOR **THE YEAR ENDED 31ST MARCH 2015**

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 efficiently and effectively spent

Annual Governance Statement for the year ended 31st March 2015

1. Introduction and 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 Council's assurance and internal control environment is detailed at Appendix 1.

2. Council Purpose

The Council's Corporate Strategy brings together on a single page the Council's thinking on the challenges and opportunities it needs to tackle in the short to medium (3-5 years) term.

The vision within the Corporate Strategy presents as a 3-5 year plan with a simple clear set of priorities for the organisation, i.e. *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 Transformation Board and Corporate Dashboards. These are allocated to the responsible Director and lead Member 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.

A proposal for the refresh of the Corporate Strategy (2014-2017) is to be presented to the Council meeting on 15th July 2015, and this will include confirmation of the development path for the document to achieve the following objectives:

- Securing lead cabinet membership ownership of the strategy objectives
- Close alignment to the work of the transformation programme board
- Increasing emphasis on delivering sustainable economic growth, and the reference to the GM Devolution Agreement.
- Highlighting the changed nature of the role of the council in the light of further 60m cost savings required by 2020
- The central nature of the Deal for Communities in reframing the relationship between council and residents and supporting people to be independent from public services, connected and well.

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*.

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 2015 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 Directors 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 Council'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 Council's vision and associated objectives.

The Council has a Constitution which sets out how the Council 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 Council has determined others locally. The Constitution is divided into appropriate articles that set out the basic rules governing the Council'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 Council'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 Council Constitution, supporting the Standards Committee, and ensuring the legality of all Council actions.
- A Standards Committee (supported by 2 Independent Persons) whose main role is to promote and maintain high standards of conduct by the Elected Members and co-opted Members of the Council. The Committee also has a wider remit in ensuring corporate governance across the Council.

- The Council has a scrutiny function to support and challenge the work of the Executive. The scrutiny committee structure is aligned to the Corporate Strategy:-
 - i. Confident Council Scrutiny Committee (Confident Council)
 - ii. Children & Young Peoples Scrutiny Committee (Confident People)
 - iii. Confident Places Scrutiny Committee (Confident Places)
 - iv. Health and Social Care Scrutiny Committee (Confident People)

- An Audit, Governance, and Improvement Review Committee, structured on the CIPFA best practice model and including 2 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 current professional standards, (as assessed by the Council's External Auditor – Grant Thornton and validated by the Audit, Governance and Improvement Review Committee) supports the Council in the achievement of its improvement, VFM, and external 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 and reported to Members accordingly.

- A risk management policy framework approved and monitored by the Audit, Governance and Improvement Review Committee.

- 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 Individual Performance Agreement process to ensure that at an individual employee level each employee's performance is measured and managed to ensure they have access to support and development opportunities to ensure their role in contributing to the delivery of the Council's corporate objectives. This process is subject to ongoing refinement during 2015/2016.
- 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. There are now 3 Directorates led by, 6 Directors (supported by 20 Assistant Directors) who (with Legal, Media, and Strategy/Partnerships senior officer input) form a corporate Strategic Management Team (SMT) that meets on a fortnightly basis for strategic policy debate, Association of Greater Manchester Authorities (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 Assistant Directors takes place to ensure that corporate priorities are appropriately actioned, monitored, and delivered.
- 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 – Resources & Contracts (Deputy Chief Executive) 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.

The CFO is a key member of SMT, providing a pivotal link to all Directors on all financial and governance related matters. As such the CFO represents a core position within 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 Council 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 Auditor's Annual Report and also work completed by external inspectorates.

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

- Strategic Management Team's procedures, Corporate Keep In Touch, and associated management actions
- 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 Audit
- External Inspectorate

The Director – Resources & Contracts (Deputy Chief Executive) and Assistant Director - Legal (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 Council. 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 27th November 2014 and 25th June 2015). 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 Council's current strategic risks and associated management arrangements were reappraised by the Audit, Governance, and Improvement Review Committee on 19th March 2015. The Council's Risk Framework was refined, viz.:-

- i. The Strategic Risk Register includes both strategic and corporate risks. Strategic risks are those impacting on the performance of the Council and, in particular, on its ability to deliver the Council's Corporate Strategy. Corporate risks relate to corporate systems underpinning the Council's overall governance and its ability to deliver services.
- ii. Operational risks are those relating to individual services. These risks are managed and monitored at departmental level and as such are not included in Strategic Risk Register but are instead recorded within individual Directorates.

- iii. As part of its Corporate Strategy, the Council has a number of significant change and transformation programmes, each of which are managed by a programme board. Risk registers are in place for each programme which record the individual risks relating to the delivery of each specific programme.

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, Members Standards, internal control validation, risk management and service planning, budget reductions programme, system development and 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 Local 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 29th January 2015 and 25th June 2015.

The Council's External Auditors 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 Council 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 – Resources & Contracts (Deputy Chief Executive) that the Council 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.:-

External Audit – Grant Thornton

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 (relating to the 2013/2014 financial year) were presented to the Audit, Governance, and Improvement Review Committee during 2014/2015 as follows:-

- Audit Committee Update (20th March 2014)
- External Audit Progress Report and Update (10th July 2014)
- Audit Plan Update (10th July 2014)
- Audit Findings Report and Draft External Audit Opinion (2013/2014 Accounts) (25th September 2014)
- Annual Audit Letter (including VFM Conclusion) (27th November 2014)
- External Audit Progress Report and Update (27th November 2014)
- Audit Committee Update (29th January 2015)
- External Audit Plans for 2014/2015 and Audit Fees (19th March 2015)

The opinions within the above reports continue the previous years' trends and again commented positively on the Council'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 has well established arrangements to ensure that it is using scarce resources effectively and has a good track record of delivering planned savings.“ These arrangements have delivered against a backdrop of a radical and fast moving agenda facing the whole public sector, a key element of which is to review funding continually and cut public sector debt dramatically over an extended period.”*
- *“The Council is prepared to challenge the way services are delivered and to seek service reform and to deliver its key priorities within an increasingly tight financial envelope.”*
- *“The Council has robust systems and processes to manage effectively risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.”*

Ongoing Improvements

Outline areas where the Council recognises Grant Thornton and other inspectorate and regulator concerns and is seeking to make improvements include :-

- Identification of all key information assets that comprise or contain personal data to ensure information risks are effectively identified, assessed, updated and controlled on a continuous basis in line with Cabinet Office and ICO Best Practice guidelines.
- Ensuring returns data from core systems is collected and reported accurately to avoid potential returns qualifications and associated penalties.

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 partnership activities where an Authority undertakes significant activities through a partnership. The “proper practices” guidance has extended this responsibility to controls over partnerships considered by the Council to be *significant* i.e. have a detrimental effect on the Council 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
- Norfolk Property Services
- Wigan Borough Clinical Commissioning Group

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

Wigan and Leigh Housing Company

Comprehensive Assurance Statements has been provided by the individual directors of 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 16th July 2015 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 2014/2015, the positive relationships with Senior Managers and the members of the Governance, Standards, and Audit Committee, together with the actions taken by management to improve control arrangements in line with audit recommendations, it is the opinion of the Chief Internal Auditor 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 Company Accountant (17th April 2015) confirming that he is *“satisfied as to the adequacy of the governance arrangements in his organisation.”*

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 across the site. The Council retains all shares in the company, the Council having appointed the Chairman, Company Secretary, and three non-Executive Directors of the company. The Council's Director – Resources and Contracts (Deputy Chief Executive) and Assistant Director, Leisure Client and Property 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.

Wigan Leisure and Culture Trust (WLCT)

A detailed Assurance Statement has been provided (17th April 2015) by the Managing Director of Wigan Leisure and Culture Trust that he is satisfied that the company has operated a sound system of governance throughout the financial year.

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.

A new Director took over the NW office in April 2015 and is building an effective working relationship with the client officer of the council.

The performance of NPS Wigan continues to be reported to their local board, which includes the Council's Deputy Chief Executive and a Cabinet Member to ensure the Council's interests are effectively represented. It is anticipated that NPS will generate a profit during the financial year 2014/2015 (on closure of the final accounts), which is beneficial to the council as it gets a share of any profit made by the company.

Wigan Borough Clinical Commissioning Group

The former Primary Care Trust was disestablished on 31st March 2013 and was replaced by a Wigan Borough Clinical Commissioning Group (WBCCG). This was part of the national reforms of the Health service by the Coalition Government and WBCCG is now the statutory body responsible for commissioning local health services in Wigan.

WBCCG has five local partners, one being Wigan Council with whom it has a collaborative commissioning arrangement. To support this arrangement a joint Associate Director post has the responsibility to take forward and co-ordinate formally commissioning arrangements with Wigan Council

The Council and CCG has agreed a local Integrated Care Strategy which was endorsed at the Health and Wellbeing Board meeting on the 19th March 2014. This provides the context to the work required in activity shifts required in the local health and adult social care economy. At the same meeting the Better Care Fund submission was provisionally endorsed, but with delegated authority to Wigan leaders. Feedback from NHS England has been positive about the ambition and detail of the plan.

In addition a Joint Commissioning group was set up between the Council and the CCG. It is jointly chaired by the Director of Finance of the CCG and the Deputy Chief Executive, Wigan Council. This group meets quarterly to approve investment proposals that will help deliver the integrated care strategy and health and adult social care objectives. £10m of funding has been put into this split equally between the two organisations.

The WBCCG 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 structure and extent of governance processes outlined within the statement and the positive assurance opinions from the CCG's Director of Internal Audit and also its Chief Officer.

8. Significant Internal Control Issues

An additional significant internal control issue in respect of the accuracy of the Housing Benefits Subsidy Claim has been identified during the year. In addition, the Council continues to address several previously identified issues, involving Information Governance, BACS Payment Fraud, School Meals Income. These issues are detailed in Appendix 2 (Significant Internal 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. Given the continuing significant change due to the budget cuts and operational changes the Council has experienced and continues to go through, this is a significant achievement. Whilst new structures improve clarity and focus in some areas, other areas are subject to increased pressure in meeting governance requirements. The ongoing challenges 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 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 continues to identify and deal with these challenges appropriately and promptly to ensure the interests of its residents are safeguarded.

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 – Resources & Contracts (Deputy Chief Executive) as detailed above, we are satisfied that Wigan Council's internal control and 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:

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

Date:

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

It was decided that the Partnership Guidance did not fit into the Programme Management toolkit where it was to be published so alternative arrangements will be made for the sharing of the Partnership Guidance in 2015/2016.

Corporate Strategy Refresh 2015

There is a timetable in place for the refresh of the Corporate Strategy in 2015. This aims to secure as much buy in as possible from both Members and officers and culminates in presentation to Council on 15th July 2015.

Corporate Strategy Annual Report 2014/2015

A twelve month review of the dashboard data is to be produced. It will then be decided which data from this review should be published externally and at what frequency this data will be published in the future.

Performance Indicators

Performance management arrangements will be further developed during 2015/2016. There is no performance management section on the new dashboard. Performance management will be through the Directorate/Service or Partnership. PIs will be reported through performance frameworks, such as the developing Children's Integrated Performance Framework. No Corporate PIs have been set but initial discussions have indicated that these will be at a high level.

Transformation Plans

The Transformation Plans will be published on the Intranet to encourage staff engagement once the new Intranet is launched.

Customer Complaints Procedure

Civica is to be used as the new system for recording and monitoring complaints. This will be a phased rollout across 2015/2016.

From May 2015, responsibility for the investigation of the Stage 2 complaints transferred to the Internal Audit Section and will be undertaken by the newly appointed Principal Auditor-Complaints. In addition, the Complaints Policy is due to be refreshed in September 2015.

Annual reporting of Customer Complaints

The 2013/2014 annual report was prepared but not presented to Audit, Governance and Improvement Review Committee as the content had not been reviewed by senior management. It will be ensured that the 2014/2015 report is presented as agreed in the Audit, Governance and Improvement Review work plan.

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

Council Constitution

The appointment of the Constitution Working Group was agreed by Council on 4th March 2015. The report from the Constitution Working Group will be presented to Council on 15th July 2015.

Voluntary Severance Agreements

Following a review of governance failures at other Councils by the Chief Internal Auditor, a need was identified for local agreements to be introduced to extend restrictions on the re-employment of Chief Officers to voluntary redundancy situations. This is being addressed by the Assistant Director- HR and OD.

Monthly Dashboard Reporting

From October 2014, the internal publication of the dashboards was put on hold, pending review. This review has now been completed and the revised arrangements were approved by SMT on 17th March 2015. The refreshed dashboards have greater functionality, giving increased opportunity to interrogate information across service areas. Going forward, the dashboards will be presented to SMT on a quarterly basis.

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 Anti Fraud, Bribery and Corruption Policy Statement and Strategy will be updated to make reference to the Fraud Prosecution Policy when the Fraud Prosecution Policy is updated.

Electronic employee register of interests

The Chief Internal Auditor emailed Directors in January 2015 and requested that details of the electronic register of interests are shared with staff and completion encouraged. This has led to a slight increase in the use of the electronic register but the number of declarations on the register remains low. Further action to increase use of the register will be determined in 2015/2016.

Equality/Customer Impact Assessments

Non completion of Equality and Customer Impact Assessments was identified as a weakness during 2014/2015 by the Assistant Director-Legal. The guidance has been reissued to managers and a relevance check template introduced. The robustness of the system will also be improved in 2015/2016 when all committee meetings use the modern gov report management system.

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

Openness of Local Government Bodies Regulations 2014

Work will be carried out during 2015/2016 to review the Officers' decisions recorded and published to ensure compliance with the Openness of Local Government Bodies Regulations 2014.

Directorate Risk Registers

A revised format for Directorate Risk registers has been agreed. This is being piloted in the Finance Division before being rolled out across the Directorates, as part of the Internal Audit review of the arrangements within individual directorates for completing and maintaining risk registers.

Corporate Business Continuity Arrangements

During 2015/2016, the Health Protection and Civil Contingencies service will work with Internal Audit to review the Council's business continuity management policy and procedures and implement an ongoing programme of periodic audit reviews to monitor the effectiveness of these arrangements across the council.

IT Business Continuity Plans

The review of the IT BCM arrangements has been rolled forward into the 2015/2016 Audit Plan by IT Audit (Bolton).

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

Member Training and Development Strategy

The training and development strategy will be updated for 2015/2016 and a draft will be taken to the first Councillor Services next municipal year. It will incorporate the Deal and use of iPads.

Member Personal Development Plans

Work is ongoing with the Councillor Services Group to review the format of the PDP and improve take up.

Monitoring of Attendance at Member Training Sessions

Member Seminar and Group Training Attendance figures are to be included in the Annual Standards Report.

IPA

The IPA process is to be replaced shortly as a new My Review process and 1-2-1/Keep in Touch sessions are to be replaced by the new My Time Process.

The My Time process will be implemented in May 2015 and the My Review process will start in October 2015. As part of the Corporate Communications roll out, briefing and training sessions will be held.

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

Compliance with the Local Government Transparency Code

There are some areas where the requirements of the Local Government Transparency Code have not yet been met and the data has not yet been published.

These are:

- Procurement Information
- Grants to voluntary, community and social enterprise organisations
- Organisation Chart
- Trade union facility time
- Senior Salaries

Work is ongoing to gather and publish the required data in these areas. In addition, some of the data already published has not yet been updated for the 2014/2015 figures. This is in the process of being completed.

Community Investment Fund

A sample of verification visits are to be carried out to community organisations receiving CIF funding to review data/records held and identify where assistance is required and there is a need to build capacity.

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.*"

The ICO 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.*”

However, it should be noted that even though the Authority continues to suffer data breaches that have been referred to the ICO, following their assessment no further action has been taken against the Authority. To date the ICO have been satisfied with the processes introduced by the Authority to mitigate such losses and also with the associated investigatory and employee disciplinary actions taken. From April 2014 to date the Authority has identified and investigated 26 data breaches of which 4 have been referred to the ICO and 6 are still being investigated.

On 20th March 2015 the Authority requested the ICO to undertake a further consensual audit of several aspects of its information governance framework. This inspection was undertaken at short notice on 19th and 20th May 2015 and involved the provision of extensive background and policy documentation and a series of interviews involving key officers.

The inspection report is pending but initial feedback was positive in respect of the progress the Authority has made since 2012 in terms of its information governance framework, policy documentation and staff training and awareness. The ICO were also complementary on the knowledge of its officers during the inspection interviews. A detailed Action Plan will be developed and reported through the Audit, Governance and Improvement Review Committee with its implementation subject to regular reporting through SMT.

BACS Payment Fraud

As previously reported the Authority was one of the victims of a high value fraud linked to a contractor payment. The fraud related to the fraudulent amendment of contractor bank details held by the Authority. The Authority is fully aware that such fraud is currently prevalent and does have appropriate control processes in place that are designed to prevent such occurrences; and the matter has been investigated internally by Management and Internal Audit.

The Authority received full repayment of the funds involved from the third party bank and accordingly did not suffer any financial loss. The Internal Audit report (including an action plan) was issued in August 2014. The matter has been reported to the National Anti Fraud Network and Police via Action Fraud (national fraud and internet crime reporting centre).

The Authority remains alert to fraud attempts of this nature and had previously restricted the intelligence that was available. However, the government has recently made the publication of such financial transparency data mandatory

School Meals Income

Following an audit investigation it was identified that an Authority employee had misappropriated a significant amount of cash over a number of years relating to school meals income.

The employee admitted to the theft but resigned prior to a disciplinary hearing being held. The hearing was subsequently held in her absence and the allegations of gross misconduct found to be proven.

This matter is still with the Police. Progress has been chased and contact is being maintained with the investigating officer.

Housing Benefits Subsidy

The Council's Housing Benefit Subsidy claim has been qualified each year since 2005/2006. In recent years Customer Services, Internal Audit, and Finance staff have worked with the Council's External Auditor and have been successful in overturning significant subsidy financial clawbacks based on extrapolating numbers and values of errors from very small testing samples. Some of the issues overturned resulted from DWP policy opinions differing from those of key Authority officers and consultants and were also finally overturned via Counsel's opinion.

During 2014/2015 Customer Services Management identified a significant backlog of Electronic Transfer of Data (ETD) notifications from DWP which had not been processed and the benefit claims updated. This omission impacted on the accuracy of the Housing Benefit Subsidy claim which is certified by external audit each year. To rectify this, individual benefit claims have had to be corrected and the subsidy claim recalculated prior to the certification deadline of the end of November. Internal Audit have undertaken additional quality assurance testing to support the accuracy of the claim so it can be certified by external audit. The accounting arrangements for the ETD issues were fully assessed to ensure legislative compliance and also the least financial impact for the Council.

Concerns were established by the Grant Thornton Quality Assurance team with their own overall testing approach, therefore additional testing had to be completed by the service in December and the qualification letter was agreed in January.

All issues of concern have now been formally agreed with the DWP as was the validity of the Authority's remedial action. Due to the timing of the identification of the necessary adjustments the financial impact of the late actioning of notifications on the Authority's Subsidy Claim will not impact until the following Financial year (i.e. 2014/2015 Subsidy claim). This issue and its potential is being addressed by Management, Internal Audit, and Financial Services officers in conjunction with Grant Thornton.

Other Significant Issues

A range of issues, involving the Council, 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 and 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

A significant number of 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 and/or by the Police, viz.:-

<i>May 2014</i>	<i>"Councillor led out by Police"</i>
<i>June 2014</i>	<i>"Council meeting cut short due to recording"</i>
<i>August 2014</i>	<i>"Recordings in town hall to increase scrutiny"</i>
<i>September 2014</i>	<i>"Calls for right to recall members backed by MP"</i>
<i>September 2014</i>	<i>"Party leader to fight committee findings"</i>
<i>October 2014</i>	<i>"Volunteers at community centre "intimidated""</i>
<i>November 2014</i>	<i>"Ex-councillor found guilty of two code breaches"</i>
<i>December 2014</i>	<i>"Mayor issues warning over "swear" word"</i>
<i>December 2014</i>	<i>"A year of highs and lows in our Council Chamber"</i>
<i>January 2015</i>	<i>"Disgraced and jailed"</i>
<i>January 2015</i>	<i>"Councillor faces exit for no-show"</i>
<i>January 2015</i>	<i>"Police attend for refusal to leave"</i>
<i>February 2015</i>	<i>"War of words over new recording allegations"</i>
<i>March 2015</i>	<i>"Change to recall rules later rather than sooner"</i>
<i>June 2015</i>	<i>"Under-fire councillor still out in the cold"</i>

The Council accepts that it receives a regular flow of complaints, each of which is dealt with by a prescribed procedure to determine whether an investigation is necessary and completed accordingly. Additional commentary on Members Conduct is within the "other issues" section below.

Economic Downturn and Financial and Service Delivery Issues

A range of articles have been reported in the media stemming from the continuing economic and 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>May 2014</i>	<i>"No outsourcing plans for bins"</i>
<i>June 2014</i>	<i>"Bid to quell fears over an elderly care crisis"</i>
<i>August 2014</i>	<i>"Council defends cuts"</i>
<i>August 2014</i>	<i>"Protest on Town Hall steps"</i>
<i>September 2014</i>	<i>"Council say cuts not affecting care"</i>
<i>October 2014</i>	<i>"Shake-up in social care shuts centres"</i>
<i>November 2014</i>	<i>"Major shake-up in Youth Services"</i>
<i>November 2014</i>	<i>"Business anger at Council plans to compete with local firms for deals"</i>
<i>April 2015</i>	<i>"Council says sorry to mother"</i>
<i>April 2015</i>	<i>"Council in "multiple identities row"</i>

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

<i>May 2014</i>	<i>"Town Hall short-listed for top national prize"</i>
<i>December 2014</i>	<i>"OFSTED chief's praise for schools and Council"</i>
<i>February 2015</i>	<i>"Deal in Action hailed community success"</i>
<i>February 2015</i>	<i>"Town Hall improves its FOI responses"</i>
<i>March 2015</i>	<i>"These groups are making a big difference to residents' lives"</i>
<i>March 2015</i>	<i>"Success of change is blueprint for others"</i>
<i>March 2015</i>	<i>"Crossing patrols are protected from cuts"</i>
<i>March 2015</i>	<i>"Super-depot hailed a £2m savings hit"</i>
<i>March 2015</i>	<i>"Masterplan for Haigh woodland"</i>

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 minimising compulsory job losses. This action as part of the Council's financial planning and management processes has been consistently endorsed by the Council's External Auditor (most recently within the 2013/2014 Audit Findings Report), viz.:-

- *“The Council has effective governance arrangements in place. Through the business planning and budget setting processes the Council's financial position and its financial performance are understood, monitored and managed at all levels of the organisation. Members are actively engaged in the process.”*
- *“The Council has a good understanding of its financial environment at all levels. Resource and service managers, the senior management team, the Cabinet and Full Council are fully informed to enable effective business planning decisions to be made. Business planning is integrated throughout the Council. Individual scrutiny committees also receive individual portfolio reports.”*

Other Issues

Members Standards

The Council has this year again received a high volume of complaints involving Members conduct that necessitated formal assessment and investigation. As in previous years the complaints although high in number relate, generally, to a small number of consistent Member offenders.

All such cases are assessed and investigated in accordance with Council protocols and appropriate Standards Hearings have been held/are scheduled.

A detailed annual report of the Standards Committee was presented to Council on 16th June 2015. The report's opening remarks by the Standards Committee Chairman clearly outlines the problem and the Council's actions to mitigate, viz.:-

“This year has been another busy year for the Standards Committee bringing to a conclusion a number of Code of Conduct hearings. Once again the media spot light has been on Wigan Council and the behaviour of small minority of its Councillors.

Behaviours matter, holders of public office regardless of their political allegiances are accountable for their decisions and actions to the public and should be willing to submit themselves to the scrutiny necessary to ensure this.

It would have been an easier option to simply let poor behaviour slide, but that would have been a disservice to the public of Wigan and hard working staff of the Council. Public trust and confidence is important and the Standards Committee's role is key to help provide and demonstrate good governance and show strong leadership in driving up high standards.

Recent events across the country with the behaviour of councils such as Rotherham and Oxford bringing into question the scrutiny and challenge of those councils. Here at Wigan providing effective transparency, ensuring the Council listens to concerns and challenges poor behaviour will continue to be championed by the Standards Committee.”

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 its 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.

ITV Documentary – “Don’t Blame the Council”

In response to a number of issues and media interest, raised as a result of the airing of an ITV documentary featuring a Wigan Council department, an internal investigation is currently being conducted. The outcome of this investigation will be reported in due course.

Relevance Check

Service Area: Internal Audit

Service Lead: Nicola Welch, Chief Internal Auditor

Date: 2 June 2015

In what ways does this have an impact on an outward facing service? How will the service feel different to your customers or potential customers?

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 arrangements so that the public and other stakeholders can be assured that proper arrangements are in place to govern spending and safeguard assets.

The preparation of the Annual Governance Statement itself, has no direct impact on budgets or front line service delivery. Whilst the review of effectiveness normally results in the production of a corporate action plan to address any identified weaknesses any changes arising from this will if necessary be subject to a CIA by the manager or service responsible for implementation.

If not, how does it impact on staff e.g. redundancies, pay grades, working conditions? Why are you confident that these staff changes will not affect the service you provide?

As above any changes in systems or processes which may impact directly on staff will where necessary be subject to a CIA by the manager or service responsible for the implementation.

Is a Customer Impact Assessment needed? NO