



ANNUAL GOVERNANCE STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

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 2016

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 refreshed its Corporate Strategy during 2015/2016 following extensive consultation with residents, staff, businesses and other stakeholders. The revised Corporate Strategy (The Deal for the Future) covering the five year period to 2020 was approved by full Council on 2nd March 2016.

The Deal for the Future sets out the Council's vision for 2020 of a confident place with confident people. This strategy outlines what Wigan Council will look like in the future and its approach to meeting the challenges ahead whilst recognising that the vision can only be achieved by working closely with its residents and partners.

A key component of the strategy is the continued roll out of the Deal which underpins everything the Council plans to achieve. The Deal fundamentally marks a new relationship between citizen and state. It signals a positive approach for individuals and communities that encourages self-reliance and independence through an equal partnership.

The Council intends to meet its financial savings targets and its vision for the borough through two key pillars of work i.e. Growth and Reform supported by a series of enabling programmes to ensure that the Council's workforce, property estates and technology supports its future transformation. Allied to the above the Council has had to adapt not only its systems, services, and processes but also its workforce behaviours, values and ethos at all levels of the organisation to ensure that the necessary reform happens in practice. Three core behaviours (to be positive, accountable, and courageous) define how the Council will operate and underpin its new operating model to deliver the detailed requirements of The Deal for the Future.

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 the Accounts and Audit (England) Regulations 2015 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 2016 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*".

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:-

- An enhanced 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 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 transformation programmes and a series of strategies that support the achievement of the Council's strategic business objectives and Medium Term Financial Plan (MTFP).
- From November 2015 an enhancement of the Employee Individual Performance Agreement process via MyTime and MyTime Extra to focus on growth development and individual employee aspirations. My Time extra (annual assessment) focusses on employee performance and also how the individual employee displays the Council's core behaviours (BeWigan). The process also links to the Council's corporate strategy (Deal for the Future) in helping all staff to fulfil their part of the Staff Deal.
- 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 Senior Management Review, a new organisational structure was introduced. There are now 3 Directorates led by, 5 Directors (supported by 22 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 the 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 26th November 2015 and 7th July 2016). 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 17th March 2016. The Council's Risk Framework was reaffirmed and enhanced, 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.
- iv. A methodology for assessing the impact and likelihood of a risk has been defined within the Risk Management Policy that is straightforward to use and can be applied to all levels of risk and utilises a RAG rating
- v. The Strategic Risk Register also provides an outline of the key sources of assurance which the Council has in place to manage and mitigate against the risks it faces.

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 (including special investigations), internal control validation, risk management and service planning, budget reductions programme, system development and implementation, and facilitation of the NFI and other counter fraud activities 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 17th March 2016 and 7th July 2016.

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 Assurance

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 2014/2015 financial year) were presented to the Audit, Governance, and Improvement Review Committee during 2015/2016 as follows:-

- External Audit Progress Report and Update – Audit Findings (6th August 2015)
- Annual Audit Letter (including VFM Conclusion) (26th November 2015)
- External Audit Progress Report and Update (26th November 2015)
- Grant Certification Report (28th January 2016)
- Draft External Audit Plans for 2015/2016 and Audit Fees (17th March 2016)

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 continues to demonstrate good financial performance management despite the significant financial and demographic pressures, in particular surrounding adult social care. The Council has good financial planning and review*

processes in place, and a track record of delivering financial plans and savings and adequate levels of reserves.”

- *“The Council has a good understanding of its costs and this enables it to make informed decisions based on accurate information. Regular budget monitoring also ensures that the latest available information can be used to assess service delivery against savings targets and identify risks and any mitigating actions required.”*
- *“The medium term financial strategy is kept under review and is subject to regular review and challenge by Members. There are high levels of challenge and support from Members, who understand the financial risks the Council is facing.”*
- *“The MTFs is aligned to the Council’s corporate priorities; it highlights the key financial risks and adopts a prudent approach to assumed funding stream.”*
- *“There is clear and comprehensive reporting at appropriate levels and the Council has good track record overall of performing in line with budgets. In response to its latest forecasts, and in line with its previous planning the Cabinet agreed the Corporate Strategy/Wigan Deal, which is a programme of sustainable growth and public service reform in the Borough over the medium term. Reforms proposed are driven by the Corporate Strategy/Wigan Deal transformational programme, and their potential implications and impact are assessed as part of an updated risk framework and strategy. Business cases for each proposal are prepared and are supported by an activity and impact schedule, a consultation plan, and a draft Equalities Impact Assessment.”*

Ongoing Improvements

Areas where the Council recognises External Audit and other inspectorate and regulator concerns and is seeking to make improvements include :-

- Reviewing arrangements for publishing key performance indicators.
- 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 that data within core systems is processed in an accurate and timely manner with associated returns data collected and reported accurately to avoid potential returns qualifications and associated financial penalties.

7. Significant Contractual 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 Homes
- Wigan Development Company
- Leigh Sports Village
- Wigan Leisure, and Culture Trust
- Norfolk Property Services
- Wigan Borough Clinical Commissioning Group
- AGILYSIS

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

Wigan and Leigh Homes

Wigan and Leigh Homes was set up in 2002 as a non-profit making company owned by Wigan Council. The organisation is responsible for managing and maintaining all landlord services for Wigan Council's 22,000 homes including:

- Rent collection
- Repairs and maintenance
- Dealing with empty properties
- All tenancy matters.

In addition on behalf of the council the organisation manages homelessness, council house sales and adaptations for tenants with disabilities.

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

On 14th July 2016 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 2015/2016, 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 Homes operates an effective overall control environment."

A detailed Assurance Statement has also been provided by the Chief Executive and independently reviewed by Internal Audit.

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 (3rd May 2016) 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 (TA Inspiring Healthy Lifestyles)

A detailed Assurance Statement has been provided (26th April 2016) by the Head of Finance of Wigan Leisure and Culture Trust that she 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. This has been further exemplified by the setting up of a Joint Commissioning Executive which is to be jointly chaired by the Chief Officer of WBCCG and the Chief Executive of Wigan Council and comprises senior officers of both organisations.

This builds on the Joint Commissioning Group previously 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. In 2015/16 this group met quarterly to approve investment proposals that will help deliver the integrated care strategy and health and adult social care objectives. As it stands £11.8m has been committed in relation to approved schemes out of a total fund of £14m.

Further to the Council and CCG agreeing a local joint Integrated Care Strategy and this being endorsed at the Health and Wellbeing Board (HWB) meeting on the 19th March 2014, this has formed the basis of the Wigan Locality plan for Health & Care Reform 'Further, Faster Towards 2020'. The plan is jointly owned by Commissioners and Providers in the locality and details the reform programme required to deliver the activity shifts in the local health and adult social care economy. At the HWB meeting on the 30th March 2016 it was provisionally endorsed to roll forward the 2015/16 Better Care Fund schemes into 2016/17, which will support the first year of delivery of the locality plan.

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.

AGILYSIS

The Bolton and Wigan ICT Partnership comprises 4 partners: Wigan Council, Bolton Council, Wigan & Leigh Housing Company, and Wigan Leisure & Culture Trust, alongside, Agilisys.

A letter of assurance has been provided by Agilisys (Client Development Director) that confirms that Agilisys has:-

- delivered the services defined within the contract in line with the contractual requirements.
- delivered services within the specified governance framework, ensuring that processes and systems have been operated to meet the contractual levels of service. This has been evidenced and monitored through the governance mechanisms in place within the contract such as Operational and Partnership Boards.
- achieved ISO9001 within the service which underpins the systems and processes we operate to provide further assurance of the management of the contract to the Bolton and Wigan Partnership.

An audit of ICT Governance, which relates to the performance management of the contractual relationship, was undertaken Wigan Council Internal Audit resulting in a "satisfactory" assurance opinion for governance of the ICT Partnership.

Agilisys provide copies of their audited annual accounts for review by ICT Partnership Finance officers.

8. Significant Internal Control Issues

A significant internal control issue in respect of the accuracy of the Housing Benefits Subsidy Claim has continued during the year. In addition, the Council also continues to address several previously identified issues, involving Information Governance and School Meals Income. These issues are detailed in Appendix 2 (Significant Internal Control Issues).

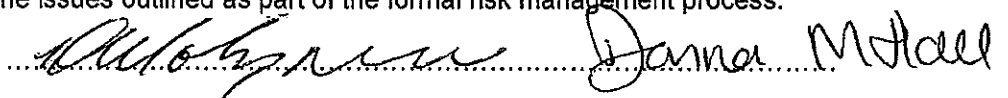
The recent review by Internal Audit re-assessed each component of the Local Code of Corporate Governance and concluded that the *"The Council's position against its local code of corporate governance is still considered to be good; therefore the Internal Audit assurance opinion is satisfactory. Given 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."*

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.

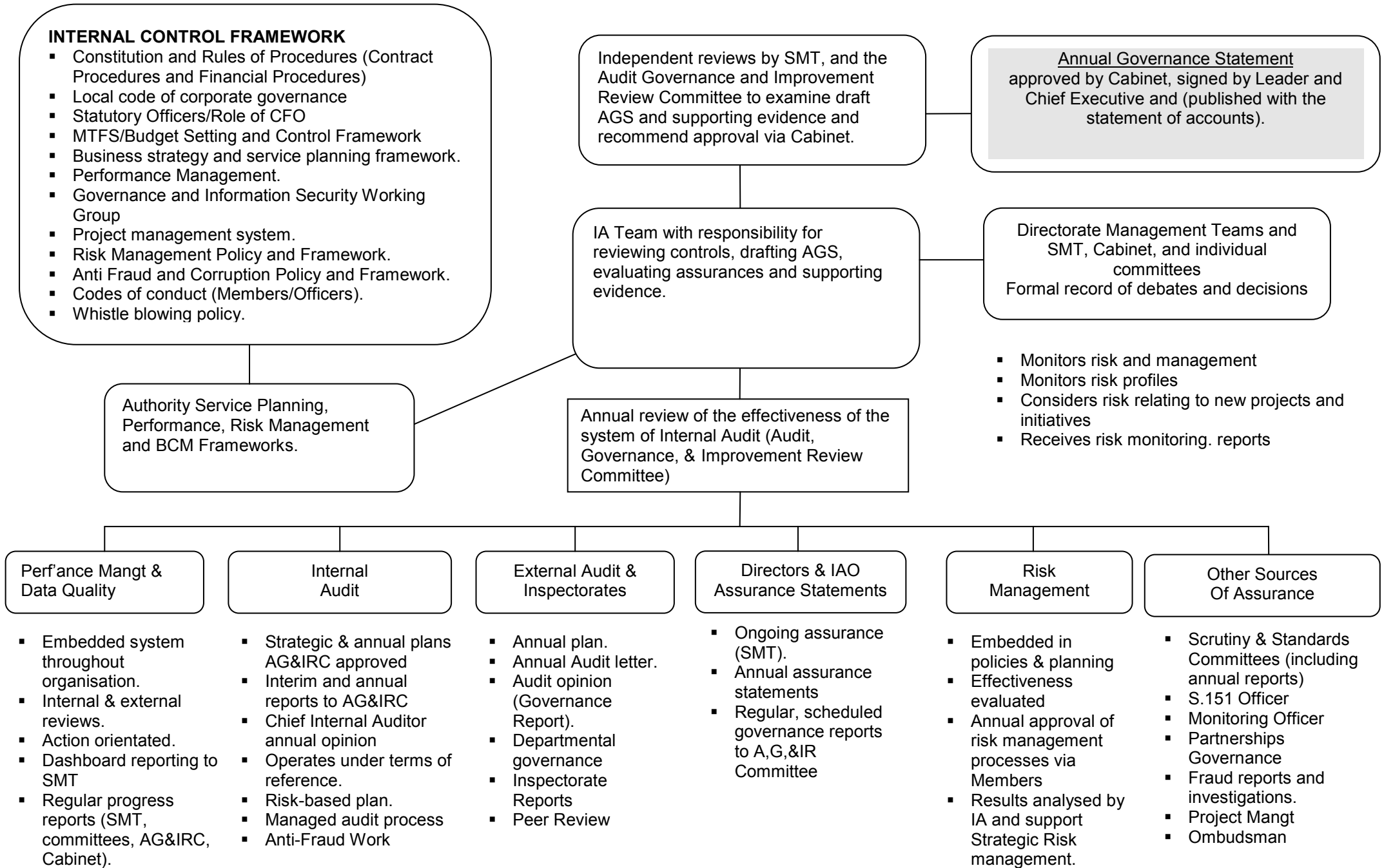
Signed:

 Donna Hall

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

Date:

 4th Aug 2016



Corporate Governance Annual Statement of Assurance

The review of the council's Local Code of Corporate Governance identified the following issues where improvement work is ongoing. This improvement action will be monitored by the Governance and Information Security Group:-

| Area of Consideration | Action | Owner | Deadline |
|--|---|--|----------------|
| 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 | New guidance on assessment and monitoring of partnerships has been issued in May 2016 as part of the CIPFA/SOLACE Delivering Good Governance Framework. This will be used as the basis for internal partnership guidance. | Assistant Director-Reform and Partnerships | September 2016 |
| External Performance Reporting | There are a wide variety of data sets published under the Our Borough Story section of the Council's website. However, there is no summary about the Council's performance. Work is currently ongoing to publish a Corporate Scorecard. | Assistant Director-Transformation | June 2016 |
| Insurance Service Annual Report | The 2014/2015 Insurance Service Annual Report was not presented to Audit, Governance and Improvement Review Committee. There are discussions ongoing over whether the annual insurance report should remain on the A, G and IR workplan or should be reported to Confident Council scrutiny committee. Once this decision is made, it will need to be included in the appropriate workplan. | Assistant Director-Legal | August 2016 |
| Annual Report of the Scrutiny Committees | The 2014/2015 Annual Scrutiny Report was presented later in the municipal year as the format was revised to link the work of Scrutiny closer to the Corporate Strategy. The 2015/2016 report will be presented on a more timely basis. | Democratic Services Manager | August 2016 |

| Area of Consideration | Action | Owner | Deadline |
|--|---|-----------------------------------|----------------|
| Customer Complaints Procedure | <p>Following a review of options for the new system for recording and monitoring complaints, work has now started to build a system in Sharepoint, replicating the system used for Freedom of Information requests.</p> <p>Staffing changes have delayed the refresh of the Complaints Policy. This will now be completed during 2016/2017.</p> | Assistant Director-Legal | March 2017 |
| Members and officers working together to achieve a common purpose with clearly defined functions and roles: | | | |
| Voluntary Severance Agreements | Work is ongoing to develop settlement agreements and appropriately document procedures, following liaison with Salford Council. | Assistant Director-HR and OD | September 2016 |
| Dashboard Reporting | During 2015/2016, dashboards have been presented quarterly to Directorate Management Teams but not to Senior Management Team. On 12 th April, a revised format of quarter 3 dashboards were presented to SMT and it was agreed that they will be presented quarterly going forward. | Assistant Director-Transformation | June 2016 |
| 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 (which is to be updated in July 2016) as part of the Annual Fraud and Conduct Report in August 2016. | Chief Internal Auditor | August 2016 |

| Area of Consideration | Action | Owner | Deadline |
|---|---|---|---------------|
| Information Governance Framework | This policy will be refreshed as part of the action plan which resulted from the latest ICO inspection via the Governance and Information Security Working Group. | Deputy Chief Executive (Director Resources and Contracts) | December 2016 |
| Data Retention | During the year, the need to strengthen data retention arrangements was identified. During 2016/2017, electronic storage arrangements will be reviewed and a revised retention policy agreed. | Assistant Director-Legal Assistant Director-Strategic ICT Partnerships | March 2017 |
| Whistleblowing Policy | During the year, it was identified that the whistleblowing arrangements needed to be strengthened. The Whistleblowing Policy and associated operating and monitoring processes are to be refreshed during 2016/2017. | Assistant Director-Legal Assistant Director-HR and OD | December 2016 |
| IT Security Policy | The current IT security policy has not been updated to reflect the Agilisys partnership and still refers to the Resources Directorate ICT Services as it has not been updated for the Agilisys partnership. However, there are plans to address this with the introduction of a harmonised security policy across the partners. | Assistant Director-Strategic ICT Partnerships | TBC |
| Maintenance of Register of Members Interests | Previously if a Member has no changes to declare, the date on the published form is not updated. It has been agreed with the Democratic Service Manager, from the 2016/2017 municipal year, the date on the published form will be changed to reflect the latest declaration date, irrespective of whether interest have changed. | Democratic Services Manager | June 2016 |

| Area of Consideration | Action | Owner | Deadline |
|---|---|---|----------------|
| Electronic Employee Register of Interests | A message from the monitoring officer on personal interests, gifts and hospitality and the requirement to make appropriate declarations via the e register was posted on the Intranet on 18 th April 2016. Following this, use of the electronic register will be monitored and if necessary, further guidance will be issued to managers. | Chief Internal Auditor | October 2016 |
| Contract and Financial Procedure Rules | The Contract and Financial Procedure Rules have been redrafted by officers and will be discussed at the Constitutional Working Group in June and presented to Council in July. A new Guide to Financial Processes and Procedures has also been produced to assist staff and will be included on the Intranet, following the approval of the Financial Procedure Rules. | Assistant Director-Contracts Assistant Director-Finance | July 2016 |
| Anti Money Laundering Procedures | The existing anti money laundering procedures have not been included on the new Intranet site. These procedures are to be reviewed and published on the Intranet. | Chief Internal Auditor Assistant Director-Legal | September 2016 |
| Taking informed and transparent decisions which are subject to effective scrutiny and managing risk: | | | |
| Directorate Risk Registers | A revised format for Directorate Risk registers has been agreed and associated risk management guidance produced. This will shortly be issued to Assistant Directors to guide them in producing the risk registers for their service area. | Chief Internal Auditor | June 2016 |
| Programme Risk Registers | Work is ongoing to ensure that the criteria used for the new Programme Risk Registers in line with the criteria used for the Strategic Risk Register and agree a procedure for the escalation of risks. | Assistant Director-Transformation Chief Internal Auditor | December 2016 |

| Area of Consideration | Action | Owner | Deadline |
|--|--|------------------------------|----------------|
| Corporate Business Continuity Arrangements | A new Business Continuity Management Policy was approved by SMT on 10 th May 2016 and will now be presented to Cabinet. Following the approval of the new BCM Policy, a review of the Business Continuity Management Information System and its usage will be completed. | Director of Public Health | March 2017 |
| Civil Contingencies and Business Continuity Annual Report | The Civil Contingencies and Business Continuity Annual Report was due to be presented to Audit, Governance and Improvement Review Committee in March but this was delayed pending the approval of the new BCM policy by SMT. It will now be taken early in the new municipal year. | Director of Public Health | August 2016 |
| Developing the capacity and capability of members and officers to be effective: | | | |
| Member Training and Development Strategy | The Member Training and Development Strategy is being revised and will be taken to Councillor Services Group early in the municipal year | Democratic Services Manager | August 2016 |
| My Time | Currently the My Time/My Time Extra staff performance and development process is monitored and reviewed through informal feedback but a plan is being developed to measure it in a more structured way | Assistant Director-HR and OD | September 2016 |
| Engaging with local people and other stakeholders to ensure robust public accountability: | | | |
| Compliance with the Local Government Transparency Code | To date it has not been possible for the Council to publish all of the mandatory data sets specified in the Transparency Code for procurement. Although some of the mandatory information in these areas is being published, the available information systems do not currently have the capability to capture and report on all of the different items of information mandated for these data sets. Work is currently on-going to design and develop appropriate systems and processes to retrieve the outstanding information. | Assistant Director-Contracts | March 2017 |

| Area of Consideration | Action | Owner | Deadline |
|---|--|-------------------------------|-----------|
| Compliance with the Local Government Transparency Code (continued) | <p>The Organisation Chart is published as part of the Pay Policy but is to be updated to include contact numbers.</p> <p>The required senior salaries information is to be refreshed following the change in management structure.</p> <p>In addition, some of the data already published has not yet been updated for 2015/2016. This is in the process of being completed.</p> | Assistant Director- HR and OD | June 2016 |

Significant Internal Control Issues

Information Governance - Data Security

In May 2015 the Council underwent a consensual Information Risk Review by the ICO. Members of the Governance & Information Security Working Group assisted in the preparation for the review and were also interviewed (along with other key Council officers) as part of the process.

The ICO were complementary on the knowledge of Council officers during the inspection interviews. A detailed Action Plan has been developed and dovetailed with other improvement plans and is monitored via the Governance and Information Security Working Group and is subject to periodic reporting through SMT.

The assessors report was very positive and acknowledged The Council's commitment to ensure the security of the information we process.

Nevertheless, due to the volume and sensitivity of the data we handle, information security remains a high risk area. The Council has continued to suffer data losses during the year and on each occasion officers from Internal Audit have worked with the Council's Data Protection Officer to ensure the breach is properly investigated, that adequate remedial action is taken and lessons learned are communicated widely. On each occasion the ICO has been satisfied with the Council's response and has not enforced any form of penalty.

Enhanced ownership of all data related issues is being promoted through the completion of Information Asset Owners (IAO) Assurance Statements. Internal Audit facilitates this process by obtaining a signed Assurance Statements from each Information Asset Owner (IAO), defined as Assistant Directors, confirming that adequate information governance arrangements are in place within their service area. As part of this declaration, IAO's are also required to outline any measures needed to strengthen these arrangements. Internal Audit will be working with IAO to embed a more consistent approach to information governance, data security and the maintenance of up to date Information Risk Registers across the Council.

Particular work is ongoing in respect of Council officer's who access third party data to ensure that appropriate management control exists and employees are aware of their responsibilities and the consequence to them and the Council for any transgressions.

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 their absence and the allegations of gross misconduct found to be proven.

The matter was referred to the police and the former employee was charged with the misappropriation of £37,000. In February 2016, they were sentenced to a 10 months prison sentence which was suspended for two years and 240 hours of unpaid work.

The £37,000 has since been recovered in full from the employee's pension fund. On conclusion of the investigation, an internal audit report was issued and a number of recommendations to improve the internal controls were agreed by management.

Housing Benefits Subsidy

The Council's Housing Benefit Subsidy claim has been qualified each year since 2005/2006 and reported accordingly by the Council's external auditor for a variety of reasons.

A range of issues were identified in respect of the 2013/2014 Subsidy Claim and all were 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 did not impact until the following Financial year (i.e. 2014/2015 Subsidy claim).

The accounting arrangements for the issues were fully assessed to ensure legislative compliance and also the least financial impact for the Council. Even so this will result in some form of financial loss to the Council, with the final amount still subject to DWP confirmation and recovery.

The external auditor reported (August 2015) that *"The Council continues to recognise the needs for additional training support of benefits assessors as well as strengthening the internal quality reviews to ensure that the number of errors are reduced."*

One area that has contributed to the control issues in 2014/2015 has been the insufficient volumes of quality checking regimes. This can be explained in part due to the lack of resource and service demand pressures some of which are out of our control (eg Welfare Reform Bill) which has led to a dip in our performance around accuracy levels.

The situation has been further compounded by the change in personnel and approach by external audit. One of the main changes is that the Local Authority now carries out much of the transaction testing in behalf of External Audit. This takes a significant time to perform, is extremely resource intensive and has reduced the capacity for quality assurance checks.

All of the above have contributed to the issues and problems associated with the 2014/2015 claim. It is recognised that any potential loss needs mitigating, and to ensure this management, Financial Services and Internal Audit have worked on several areas to bring about a major culture change, with responsibility, accountability and shared objectives across all management and staff levels.

With these controls in place there have still been issues with the 2015/2016 claim. Monitoring has identified that initially error rates have been at an unacceptable level in terms of processing claims.

To address these issues, further changes have been implemented across the service. A Housing Benefit Subsidy Claim Improvement Plan has been developed to address a number of key concerns to mitigate further risk and to improve performance. Allied to this extensive management information is now available identifying errors, types, responsible officers, and corrective action taken to ensure that data accuracy is improved in a timely manner.

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.:-

| | |
|----------------|--|
| May 2015 | "Council sanctions are legal despite protests" |
| June 2015 | "Under-fire councillor still out in the cold" |
| June 2015 | "Watchdog panel accused of bias." |
| June 2015 | "£110,000 that's how much Council spent on disciplinary investigations about councillors in a year." |
| June 2015 | "Conduct probe series cost £356k." |
| September 2015 | "Volunteer cleared of Council bias." |
| October 2015 | "Park dispute rumbles on over cost claim." |
| November 2015 | "Tempers flare during heated full Council meeting." |
| November 2015 | "Court showdown." |
| November 2015 | "Cop abuse Councillor won't face disciplinary." |
| February 2016 | "Councillor to sue over "libellous" election attack." |
| March 2016 | "Spotlight turned on councillor expenses." |
| March 2016 | "Councillor punished for swear word use." |
| March 2016 | "Funding row resurfaces after warning." |

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.:-

| | |
|----------------|---|
| June 2015 | Terracotta Barmy. |
| June 2015 | Council has lost a quarter of its staff in five years |
| July 2015 | Council policy on new homes in spotlight |
| July 2015 | Chief hits back over start-up disappointment |
| July 2015 | Care Chief – more must be done for children in care |
| August 2015 | Concern over rising tide of housing terminations |
| September 2015 | Call for councils to curb use of bailiffs |
| October 2015 | Sure Start centres face axe to save £60m |
| November 2015 | Fury at £1.6m cut to public health grant |
| November 2015 | Social care complaints increasing in numbers |
| November 2015 | Children damaged by social care failures |
| November 2015 | Bailiffs visit 40,000 Wigan homes over unpaid Council Tax |
| December 2015 | Council chiefs deny any plans to axe staff |
| December 2015 | Tax rise “forced on us” says Leader |
| January 2016 | Authority justifies Council Tax collection methods |
| February 2016 | Council defends 15 minute home visits |
| February 2016 | Shock as recycling rates decline |
| February 2016 | 11% drop in social care jobs |
| March 2016 | Recycling mix-up costs us thousands |

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

| | |
|-----------|---|
| May 2015 | Nearly time to Call the Council.” |
| July 2015 | “Council documentary a major hit with viewers.” |

| | |
|----------------|--|
| August 2015 | “Haigh Hall plan passed.” |
| August 2015 | “Borough road schemes hit cash jackpot.” |
| September 2015 | “Residents to get paper copies of bin leaflets.” |
| October 2015 | “Adoption strategy is an inspiration.” |
| November 2015 | “Borough’s floral displays scoop up awards.” |
| November 2015 | “Tidiest town centre in the North West.” |
| November 2015 | “Talking to twitter to promote Council services.” |
| November 2015 | “Council pledges to listen as it looks to shape future.” |
| November 2015 | “Council praised for restorative justice work” |
| December 2015 | “Top honours for bereavement services.” |
| January 2016 | “Fantastic team helped cope with crisis.” |
| February 2016 | “Council staff are UK’s happiest.” |
| March 2016 | “High-flying role models power to equality prize.” |
| March 2016 | “Drop in Children’s Services complaints.” |

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 2014/2015 Audit Findings Report), viz.:-

- *“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.”*
- *“The Council has well established financial 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 an effective in-house internal audit function. Internal Audit plans are approved by the Audit, Governance and Improvement Review committee. Internal Audit provides assurance that new systems and processes are working in accordance with the aims of the system and controls in place.”*

Other Issues

Members Standards

The Council this year has received fewer complaints than previous years. There have been a total of 8 complaints 2 of which were brought by Members. Several complaints have not been upheld as whilst the behaviour may have been inappropriate, it was determined it had not occurred whilst the individuals were holding themselves out as Councillors.

The complaints have continued to involve a small number of Members across the political spectrum and outcomes have resulted in attempts to resolve the matter by informal resolution such as an apology.

The investigations are lengthy, time consuming and costly. A number of investigations may be resolved due to non-re-election of the members. However that outcome is dependent on the Committee's agreement and a report to the next meeting of the Standards Committee on these complaints needs to be presented. An annual report will also be presented to the next meeting of the Standards Committee. This year, the Committee has recognised that the growth of social media has presented the Committee with additional responsibilities and the Council takes this responsibility seriously. Training has been provided on social media and in addition, the Council has endorsed The Deal for Councillors placing the commitment to the Code of Conduct at the heart of Members arrangements.

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 investigation into how the programme was made was ordered by the Chief Executive with reporting lines direct to the Leader of the Council.

The investigation team moved as soon as practicably possible to reach its conclusion. The investigation initially looked at all those employees both involved with the programme's production and also who appeared in the programme. The focus of the investigation quickly moved to the oversight of the production and specifically in the role of two senior members of staff.

The investigation team found that there were a number of deliberate management failings however most fundamental was the clear lack of briefing and communication provided to senior leaders, specifically the Leader and the Chief Executive.

Neither the Chief Executive nor the Leader were made aware of the initial viewing on the 3rd June nor informed of the film's contents and the negative portrayal of the Council. The evidence from the investigation suggested that there was a deliberate failure to alert the Chief Executive and the Monitoring Officer of the obvious reputational risks to the Council and to individual officers. The failure to alert the leadership to the contents of the programme and to draw attention to the potential breach of the filming agreement meant that the key “balanced view” clause the agreement contained was not challenged.

No information about the programme was shared with the Chief Executive until the 12th June, which was two days after a second viewing of the film by the two senior officers. The evidence showed that this briefing was inadequate and did not reflect the true content of the film and the likely consequences for the council. A briefing to all senior council managers on 16th June 2015 also failed to accurately convey how bad the programme was.

The investigation concluded that there was evidence to suggest that the actions to misinform the Chief Executive and not inform the Monitoring Officer at any time between 3rd June 2015 and until the programme aired on 23rd June 2015 were deliberate. This prevented the Council from engaging appropriately with the programme makers and from seeking further changes or giving members of staff the opportunity to withdraw their consent, and therefore led to a failure to protect the staff involved.

As a consequent of the investigation two senior officers resigned, one during the course of the investigation and the other at the point of a formal disciplinary hearing. A third senior officer was dismissed.

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.

Relevance Check

Service Area: Internal Audit

Service Lead: Nicola Welch, Chief Internal Auditor

Date: 26 May 2016

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