

<b>REPORT TO:</b>	Audit Committee
<b>REPORT NO:</b>	HF/30/17
<b>DATE:</b>	23 March 2017
<b>LEAD OFFICER:</b>	Head of Finance
<b>CONTACT OFFICER:</b>	David Stewart (Tel: 292738)
<b>SUBJECT:</b>	Annual Governance Statement
<b>WARD:</b>	N/A

## **1. PURPOSE OF THE REPORT**

To inform the Audit Committee of reported progress on the Annual Governance Statement 2016 (AGS) Action Plan for Wrexham County Borough Council and to update the Committee on the production of the 2017 AGS.

## **2. EXECUTIVE SUMMARY**

- 2.1** The purpose of the AGS Action Plan is to enable continuous improvement of WCBC's governance framework.
- 2.2** Following the compilation of the 2016 AGS, an Action Plan for improvements required over 2016-17 was produced. Both the AGS and the Action Plan were reported to the Audit Committee of 2 June 2016.
- 2.3** Progress on the actions contained in the Plan is monitored during the year by officers. This report provides the Committee with reported progress to 31 December 2016.
- 2.4** Work is progressing on producing the 2017 AGS in accordance with new regulatory guidance.

## **3 RECOMMENDATIONS**

**That the Audit Committee:**

- 3.1 notes the progress reported on the Annual Governance Statement action plan and challenges it where it believes this to be necessary.**

- 3.2 considers any changes to the format of the AGS which could improve presentation.**
- 3.3 considers any issues that may require inclusion in the 2017 AGS.**

## **REASON FOR RECOMMENDATION**

To enable the Audit Committee to fulfil its functions as set out in the WCBC's constitution, i.e., (3) To review the council's corporate governance arrangements against the governance framework and consider the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.

## **4. BACKGROUND INFORMATION**

### Progress on 2016 AGS Action Plan

- 4.1 Production of an AGS is a statutory requirement. It is required to be published as part of the Annual Statement of Accounts, but because its purpose concerns corporate governance rather than just *financial* governance, WCBC also publish it as a separate document. Its purpose is to provide assurance regarding WCBC's governance arrangements and to highlight any significant control issues.
- 4.2 The ongoing review process for producing the AGS for the year ended 31 March 2016 identified the following significant control issues, which are stated in Section 6 of the AGS:
- 6.1 - To continue to implement the requirements of the Well Being of Future Generations (Wales) Act 2015, building on our experience as an early adopter of the Act's requirements to integrate social and environmental wellbeing considerations into strategic decision making.*
- 6.2 - The continuing need for schools to account for their corporate governance responsibilities more effectively.*
- 6.3 - To ensure that there is sufficient capacity to provide effective HR support for both the Reshaping Programme and for routine workforce-related issues.*
- 6.4 - To develop and implement an ICT Strategy that complements the Information Management Strategy, covers current and medium-term business needs and is clearly aligned to the Council's strategic priorities.*
- 6.5 - To ensure from our continued monitoring and review, that the governance framework remains effective and appropriate and that it is not weakened as a result of the Reshaping Programme.*

- 4.3 The AGS Action Plan, to in the AGS, contained the detailed actions necessary to address issues 6.1 – 6. 4. These are referenced to in the Action Plan. The Plan also contained other actions necessary to maintain good governance.
- 4.4 Item 6.5 relates to the whole governance framework. Any effects that the Reshaping Programme may have on this are monitored by Heads of Department who are required to record and manage any specific risks through their departments' risk and control registers. Summaries of the registers are reported to the Audit Committee at six monthly intervals, the last such report being on 23 February 2017.
- 4.5 The AGS Action Plan was agreed by the Audit Committee on 2 June 2016.
- 4.6 At the end of Quarters 2, 3 and 4, the officers to whom the actions are allocated are asked to provide a brief summary of progress on each action. These are reviewed and challenged by an officers group<sup>1</sup> which is chaired by the Head of Finance, and then reported to the SMT.
- 4.7 Reported progress for Quarter 3 (to 31 December 2016) is attached at Appendix A. The comments of the officers' group are included where appropriate.
- 4.8 Five actions (Nos 3, 8, 9,13 & 20) as being delayed. Despite the importance of these actions, none of the delays are currently considered to be critical to the governance of WCBC. Either reasons for the delays have been provided or the action has since been completed.
- 4.9 All other sixteen actions due to date were reported as being either 'complete' or 'on track'.

#### 2017 AGS

- 4.10 The AGS is required to be produced in accordance with official guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE).
- 4.11 This guidance was renewed in 2016 through a new framework published by CIPFA and SOLACE, 'Delivering Good Governance in Local Government', which applies to all UK local authorities. The guidance note specifically for Welsh authorities was received in November and work is now progressing to implement any agreed changes to the Council's governance arrangements.
- 4.12 The 2017 AGS will need to comply with the new guidance. In contrast to the previous guidance, AGS will no longer need to follow a particular format provided that key principles are met. It is therefore intended to produce the 2017 AGS in a more 'reader-friendly' style and format, including tables and other visual aids where this benefits presentation. The Audit Committee may care to make suggestions concerning the format.

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<sup>1</sup> WAGS – Wrexham Annual Governance Statement Group – officers from various governance functions.

- 4.13 The AGS will, continue to be informed from the various sources of assurance available to the Council, such as Internal Audit, External Audit, the Risk and Control Registers, Heads of Departments' Internal Control Assurances and any identified gaps in assurance. The Audit Committee may care to recommend items for inclusion, although the final decision rests with the AGS signatories (The Council Leader and the Chief Executive).
- 4.14 The new CIPFA / SOLACE guidance will require the Council's Governance Code to be renewed. The Audit Committee will be informed of this and of any other planned changes that may result from the new guidance.

## 5. IMPLICATIONS

- 5.1 **Policy Framework** – there are no policy framework implications resulting from this report.
- 5.2 **Budget** – there are no budget implications resulting from this report.
- 5.3 **Legal** – there are no legal issues resulting from this report.
- 5.4 **Staffing** – there are no staffing implications resulting from this report.
- 5.5 **Equality/Human Rights** – Members are advised to consider the full Equality Impact Assessments which are available at <http://vmwinsqld/equalityisalive/Menu.aspx> report numbers FIN/EIA00076/2016. Members of the public can request a copy of the full Equality Impact Assessment from the Contact Officer names in the header box of this report. A summary of the Equality Impact Assessment is attached as Appendix B.
- 5.6 **Risks** - there are no risks resulting from this report.

BACKGROUND PAPERS	LOCATION	WEBSITE INFO.
Annual Governance Statement for the year ended 31 March 2016.		<a href="http://www.wrexham.gov.uk/english/council/documents/annual_governance_statement.htm">http://www.wrexham.gov.uk/english/council/documents/annual_governance_statement.htm</a>
Audit Committee Terms of Reference	Constitution	<a href="http://www.wrexham.gov.uk/english/council/documents/constitution.htm">http://www.wrexham.gov.uk/english/council/documents/constitution.htm</a>
'Delivering Good Governance in Local Government' (CIPFA and SOLACE) – Framework Document and Guidance Note for Welsh Authorities	Internal Audit	N/A

ANNUAL GOVERNANCE STATEMENT 2016: ACTION PLAN FOR IMPLEMENTATION IN 2016-17

Ref	Element of Governance Framework	Required Action	Outcome Required	AGS Ref	Alloc to:	Target Date	Not due	Complete	On track	Delayed	No progress	Progress to 30 Sept 16	Progress to 31 Dec 2016
												M	N
A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	Audit	<b>Implement any improvements identified as result of the Audit Committee survey of members and officers</b>	Audit Committee is fully enabled to provide independent assurance concerning the adequacy of the risk management framework, the internal control environment the integrity of financial reporting and the annual governance processes.	N/A	HF	Sept 16		✓				Improvements agreed by Audit Committee	No further comment
2	Audit	<b>Report the results of external assessment of Internal Audit to the Audit Committee and ensure that any recommendations are implemented</b>	Compliance with the Public Sector Internal Audit Standards	N/A	HF	Dec 16		✓				Not yet due but report anticipated for December Audit Committee	Reported to December Audit Committee. Generally compliant with 328 out of 334 standards. Action Plan agreed.
3	Asset Management	<b>Procure and implement the specialist asset management system</b>	Effective performance management arrangements for land and property assets	N/A	HHE	Sept 16				✓		Waiting to see if Orchard system can meet needs. Will not be purchasing a new system.	Existing systems cannot in their present form provide for a replacement database for the estate management module. A meeting with one of the providers is scheduled at the end of January to establish if they can produce a module for the estates management and if so at what cost/timescale
4	Committees	<b>Review the progress against the delivering effective scrutiny action plan and identify further actions required (by the Delivering Effective Scrutiny working group and Scrutiny Facilitators, Lead Members and HoDs.)</b>	Co-ordinate forward work programmes more effectively so that scrutiny and Executive Board meetings work seamlessly together.	N/A	HF	May 16		✓					No further comment

Ref	Element of Governance Framework	Required Action	Outcome Required	AGS Ref	Alloc to:	Target Date	Not due	Complete	On track	Delayed	No progress	Progress to 30 Sept 16	Progress to 31 Dec 2016
A	B	C	D	E	F	G	H	I	J	K	L	M	N
5	Corporate Planning	<b>Embed the five Sustainable Development principles across how we work, as required by the Well-being of Future Generations Act, using our next steps action plan. This focuses on demonstrating progress across the following areas:</b> <ul style="list-style-type: none"> <li>• Reshaping</li> <li>• Strategic Planning, budgeting and reporting</li> <li>• Increase understanding across WCBC</li> <li>• Procurement and commissioning</li> <li>• Delivering better services</li> <li>• Audit &amp; scrutiny</li> </ul>	Council's planning process considers, and can evidence consideration of, sustainable development and specifically that consideration is given to the long term, prevention, integration, collaboration and involvement as set out within the Act.	6.1	HF	March 17			✓			Recently introduced symbols to Friday Bulletin to provide some evidence.	Remains on track.
6	Ethical Governance	<b>Ensure the Employee Code of Conduct is communicated to all employees</b>	Staff exemplify high standards of conduct and effective governance, which support the objectives set out in the Council Plan	N/A	HCCS	Sept 16		✓				Issued with contracts for new starters. Communicated in Friday bulletin. Published on SAM	No further comment
7	Financial Management	<b>Ensure that there more robust approach to managing transfer to Purchase to Pay system across the Council</b>	Increased efficiency, greater use of contracted suppliers and reduced risks of error and fraud.	N/A	HF	March 17			✓			Not yet due – but usage being monitored	Recent implementation (January) of Intelligent Capture modules will aid increased usage.
8	Health & Safety	<b>Ensure that the recommendations made by Zurich on inspection regimes is adequately responded to and that actions are implemented where necessary</b>	Reduced volume of Health & Safety incidents	N/A	HEP	June 16 March 17				✓		HODs requested to provide information – responses delayed.  Allocating further resources in Q4 to draft corporate inspection policy/ guidance & train staff.	Included in Corporate Health & Safety Action Plan.  Explanation provided to Audit Committee of 23 Feb 2017.
9	Human Resources	<b>Review and improve absence management data systems and processes</b>	Engagement by managers in compliance with absence management procedures and initiatives.	N/A	HCCS	Aug 16				✓		Issued revised SSP forms with instructions on process Pilot commenced on new reporting tool for managers Delay due to HR system problems	New reporting tool now available on MyView

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												M	N	
A	B	C	D	E	F	G	H	I	J	K	L	M	N	
10	Human Resources	Consider the future HR capacity requirements of the Council in reshaping the Corporate and Customer Services Department	HR capacity is adequate	6.3	HCCS	June 16		✓				HR resource deployed to support reshaping programme. HR revised structure to be implemented 1 April as part of this programme.	No further comment	
11	Information Management	Renew and update the Information Management Strategy and communicate to the workforce	Management of information assets so that the Council is better able to meet the outcomes contained in the Council Plan, and to comply with statutory requirements and the protection of personal information	N/A	HCCS	March 17		✓				Revised and approved by EB Sept 2016	No further comment	
12	Information Management	Ensure that information governance is reviewed as ICT systems and working practices are changed as a result of the Reshaping Programme		N/A	HCCS	March 17 (Ongoing)			✓				Ongoing	New team resource now appointed
13	Information Management	Continue to prepare for new Data Protection Standards (EU General Data Protection) Regs		N/A	HCCS	Ongoing				✓			Actions required have been analysed and are contained within an updated IM Action Plan	All Wales Online Learning Module now commissioned. Information Governance Manager commencing awareness raising workshops with DMTs. Information Asset Register needs to be implemented by March 2018
14	Information Management	Develop and implement an ICT Strategy that complements the Information Management Strategy, covers current and medium-term business needs and is clearly aligned to the Council's strategic priorities.		6.4	HCCS	March 17			✓				High level outline approved by EB (ICT Operating model & Investment)- draft Strategy under development	On track
15	Recruitment (Schools)	In regard to recruitment and selection in schools, ensure the findings of the planned Follow/up audit and the Scrutiny Task & Finish group are responded to and any recommendations implemented		The safe, fair and consistent recruitment of staff	6.2	HCCS	Dec 16		✓				Action plan progressed. Audit findings provided assurance.	Action complete
16	Risk Management	Ensure the Risk Management Group challenges departmental risk registers, based on	A consistent and robust approach to risk management across all service areas.	N/A	HF	March 17			✓			Challenge of two department registers scheduled for 19 Dec 16.	Two Departments challenged and further two to take place in January - March 2017.	

Ref	Element of Governance Framework	Required Action	Outcome Required	AGS Ref	Alloc to:	Target Date	Not due	Complete	On track	Delayed	No progress	Progress to 30 Sept 16	Progress to 31 Dec 2016
A	B	C	D	E	F	G	H	I	J	K	L	M	N
		comparison with other risk registers and service plans.											
17	Safeguarding	<b>(i) Ensure that Safeguarding Policy and Action Plan are approved by the Exec Bd</b>		N/A	HCSC	Sept 16		✓				Approved by Executive Board in July 2016	
		<b>(ii) Amend Action Plan to include:</b> a. allocations of actions to specific posts b. target dates for actions c. details of monitoring arrangements to ensure actions are effectively and promptly implemented	Statutorily compliant safeguarding arrangements	N/A	HCSC	Jan 2017		✓					<ul style="list-style-type: none"> <li>Amended Action Plan presented to SMT in December 2016.</li> <li>SMT will continue to receive quarterly reports of progress.</li> <li>Updated action plan to be presented to SMT highlights need for additional and ongoing awareness raising for all Council staff including a Newsletter/FB article and connect article on an ongoing basis.</li> <li>Due for further report to Exec Bd in Oct 2017</li> </ul>
18	Schools Governance	<b>Continue improvements to governance arrangements in schools by:</b>	Schools are better able to demonstrate compliance with statutory governance requirements										
		<b>(i) Reviewing how many schools complete the Governance Assurance Statement Declaration</b>		6.2	HoE	Dec 16		✓				To be reported to December Audit Committee	55 signed declarations (88%) received at 21 Dec 16 . The remaining 8 governing bodies are expected to submit by 31.01.2017 for 100% compliance. (61/63 received by 13 Feb – other two being pursued)
		<b>(ii) Continuing to remind governing bodies of their duty to ensure that all governors receive the mandatory training</b>		6.2	HoE	Ongoing			✓			Schools have been reminded of their responsibilities at strategic forum meetings of headteachers, Chairs of Governors and Local Authority Governors.	Ongoing as part of day to day work.

Ref	Element of Governance Framework	Required Action	Outcome Required	AGS Ref	Alloc to:	Target Date	Not due	Complete	On track	Delayed	No progress	Progress to 30 Sept 16	Progress to 31 Dec 2016
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		(iii) Establishing take-up of the E-learning module for schools governance		6.2	HoE	Dec 16						Not yet due	There is no e-learning module for 'school governance' as this is covered in mandatory governor induction. There are many plans for expanding e-learning but this is not one of them.
19	Service Continuity	Ensure up-to-date and relevant Service Continuity plans are in place for all critical services	Ability to deal with sudden and significant losses of staff, property and / or systems.	N/A	HCCS	March 17	✓					Not yet due	Not yet due, but ongoing effort to ensure plans are up-to-date
20		Ensure that all schools, in addition to the 30 who have returned a copy of their SCPs, have SCPs in place		6.2	HoE	Dec 16				✓		Not yet due Likely to be long term action	A request for updated plans has been sent to schools. We are currently receiving responses. These will be further updated in line with any change to personnel in schools and, as a minimum, checked and updated on an annual basis going forward.
21	Welsh Language	Ensure compliance with Welsh Language Commissioners' standards (includes translation of the Constitution)	Compliance with Welsh Language Commissioners' standards (includes translation of the Constitution)	N/A	HCCS	Sept 16		✓				All standards complied with (i.e., processes implemented) and ongoing improvements to ensure these are delivered consistently are underway  Processes in place to achieve compliance but known examples of non-compliance – being addressed.	No further comment

**Summary Of Audit Committee Report HF/30/17: Annual Governance Statement 2016 – Action Plan**

Please note, this is a summary of the assessment. Refer to the full text.

**Department:** Finance  
**Department Reference:** FIN/EIA00076/2016  
**Responsible Officer:** Mark Owen  
**Job Title:** Head of Finance  
**Completed Date:**

<b>Positive Impacts</b>	
<b>Impact</b>	<b>Description</b>
<b>All</b>	This is a retrospective report. There are no outcomes