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**ANNUAL GOVERNANCE STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2012**

**AUGUST 2012**

**Warrington Council is committed to the highest standards of corporate governance.**

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

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

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

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

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# Annual Governance Statement for the year ended 31 March 2012

## 1. Scope of Responsibility

Warrington Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded, accounted for and is used economically, efficiently and effectively. Warrington Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, Warrington Borough Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Warrington Borough Council approved and adopted a revised local Code of Corporate Governance on 20 April 2011 that is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework: *Delivering Good Governance in Local Government*, and the governance requirements of the 2010 CIPFA statement on the: *Role of the Chief Financial Officer in Local Government*.

This statement explains how Warrington Borough Council has complied with the code and also meets the requirements of regulation 4 (2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment)(England) Regulations 2006 in relation to the publication of a statement on internal control.

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

## 2. The Purpose of the Governance Framework

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Warrington Borough Council's policies, aims and objectives; to evaluate the likelihood of those risks being realised and their impact should they be realised; and to manage them efficiently, effectively and economically.

## Annual Governance Statement for the year ended 31 March 2012

The annual governance statement is the means of reviewing and reporting on the Council's overall governance arrangements. This governance statement is an open and honest self-assessment of the Council's performance across all of its activities, with a clear statement of the actions being taken or required to address areas of concern.

The governance framework has been in place at Warrington Borough Council for the year ended 31 March 2012 and up to the date of approval of the annual report and statement of accounts.

### 3. Governance Framework

The key elements of the systems and processes that comprise Warrington Borough Council's governance arrangements are included in the 6 principles of good governance identified in the revised CIPFA/SOLACE framework, as follows:

***Principle 1 - Focusing on the purpose of Warrington Borough Council and on outcomes for the community and creating and implementing a vision for the local area.***

#### 3.1 Strategic Planning

A Sustainable Community Strategy was developed and published in March 2009 by the Warrington Partnership led by the Council. This is currently under review and will be replaced by a Warrington Wellbeing Strategy in July 2012. 'One Warrington: One Future' sets out a vision through a set of five ambitions for the Borough; this vision was developed following extensive consultation with members of the Partnership and Warrington's residents and interest groups. In pursuing this vision, the Council and its partners have prioritised closing the gaps in the quality of life experienced by our most disadvantaged communities.

The refreshed Council Strategy 2012-2015 sets out the vision and key priorities for the Council over a 3 year period. The Corporate Plan reflects the Council's contribution to the Sustainable Community Strategy and its other (largely internally focused) improvement priorities. It is refreshed on a regular basis, and a new Corporate Plan 2012-2015 has been produced to deliver the Council Strategy. Under the constitution, the Corporate Plan is approved each year by Full Council.

The Council's strategic plans are communicated to a wide range of stakeholders through media; PR; events; and regular forms of communications such as briefings and reports. All of the Council's major plans and strategies are published and available for download on the website/intranet.

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### **3.2 Financial Planning**

In producing the 2012-15 Medium Term Financial Plan, residents, businesses and specific stakeholder were consulted on the proposed savings initiatives via information on the Council's website, post cards in all public buildings and targeted meetings. Consultation responses were reported to the Overview and Scrutiny Committee in advance of the Executive Board recommendation to full Council to set the Annual Budget for 2012-13.

### **3.3 Interests in Companies**

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts. In the Authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses. The Council had interests in two limited companies during the financial year:

- Warrington Borough Transport
- Connexions

Warrington Borough Transport is wholly owned by Warrington Borough Council and is consolidated into the Group Accounts as a subsidiary.

During 2011/12 Warrington Borough Council owned 33% of Connexions. Connexions is consolidated into the Group Accounts. The coalition Government signalled, then confirmed, intentions for significant changes to Local Authority accountabilities for Connexions related services. The new arrangements and accountabilities have seen adjustments across all Local Authorities in England, with 2011/12 a transitional year as arrangements are adjusted to meet the new requirements. Warrington Borough Council developed a comprehensive Transition Plan to manage the risks associated with the closure of Connexions. The financial risks were highlighted in a report to the Executive Board in November 2011 and these and other risks such as service maintenance, performance and reputational issues were actively managed by the formation of a co-ordinated group. The group had representation from HR, Finance, Legal, Commissioning and 14-19 and vulnerable pupil services/teams.

### **3.4 Financial Management**

The Council has a proven track record of financial management and robust monitoring arrangements in place to manage its finances in year.

For 2011-12 the as part of the Service Challenge process, the Council agreed savings proposals of £22.8m to be delivered across all services. The main emphasis for the achievement of savings was via transformation and efficiency projects where possible, including re-focusing of resources to the prevention

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agenda to avoid more costly reactive solutions. Despite the extent of the savings needed, focus was maintained on protecting front line delivery as much as possible.

During the 2012-13 Service Challenge process investment was identified in a number of key services as a result of statutory or regulator pressures, in spite of a further savings target of £14m required for 2012-13. Additional resources were provided for the Medium Term Financial Plan Reserve to ensure the Council can meet its financial obligations for 2012-13. This was approved to ensure that the Council will not be exposed to unexpected cuts that may have an adverse impact on the delivery of front line services.

The forecast year end position for 2011-12 is a balanced budget as the annual savings target has been achieved. Whilst there was some delay in delivering some savings projects in 2011-12 the majority of savings have been achieved via the original means, however where it was evident that some of the original proposals would not be achieved in year, alternative savings were found to offset them.

The authority's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

### **3.5 Performance Management**

Warrington's Performance Management framework ensures that progress against key plans and strategies is monitored routinely in order that timely action can be taken to address any performance issues. A Corporate Data and Information Assurance Strategy has been produced which addresses the requirements for data quality. An internal audit review of the performance framework completed in 2011/12 provided a substantial assurance over the design of the framework.

Key Performance Indicators are clearly identified for each ambition in the Corporate Plan, and are used to monitor and manage delivery. Business plans, at Directorate and Service levels, identify measures that enable achievement of corporate priorities to be assessed, taking into account financial, operational, people and customer measures. Resource and risk management are embedded within the business planning framework. Business plans are reviewed annually and approved by Executive Directors.

Formal quarterly reports go to Strategic Management Board (SMB) and the Executive Board and to Overview & Scrutiny committees, who use performance data to help determine their work programme and challenge performance. The general public is able to access performance reports that are taken to the Executive Board or Partnership Board from the relevant pages on the Council/Partnership websites.

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

### 3.6 The Constitution

The Council's constitution includes details of the role and responsibilities of the Executive Board; committees; the full Council; and Chief Officers and the rules under which they operate. The constitution has been subject to review during 2011/12 and the revised Constitution is to be presented to full Council in June 2012. The Council's political structure and roles and responsibilities of Executive Members are detailed on its website. There is an annual schedule of meetings for all committees agreed at the start of each municipal year.

The constitution defines the process for making key decisions. These are recorded on a corporate pro-forma and are subject to statutory call-in procedures. The Council's scheme of delegation is included in its constitution and the scheme of delegated decisions and financial delegation continues to be embedded across the Council.

The Full Council of democratically elected members annually approves all changes to the Council's constitution. The Council's constitution defines how the Council operates and takes decisions regarding, for example the:

- Strategic aims and objectives of the Council
- Political management organisational structure
- Financial and other procedure rules
- Scheme of delegation to members and senior officers

The Executive Board takes executive decisions jointly. The Executive Board receives regular reports on the overall performance of the Council. Executive members hold regular meetings with their respective portfolio Executive Director in order to ensure effective liaison on key issues and major projects and programmes.

For the last three years a cross party group of senior members have overseen many of the major transformational changes through the Transforming Warrington board. Following a review in February 2012, this work will be now integrated into the corporate performance framework and the board has ceased to operate. An improvement and efficiency programme is under development in order to ensure strategic oversight and to focus organisational development in this area.

### 3.7 Working with Key Partners

Warrington's Health and Wellbeing board (HWB) operated in shadow form during 2011/12. The Board has overseen the production of a Joint Strategic Needs Assessment (JSNA) which is central to joint commissioning. The development of



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the JSNA was led by the Board with input from the Council, NHS Warrington, GP consortia and other partners, and there will be a new legal obligation for these agencies to have regard to the JSNA in exercising their commissioning functions. Warrington HWB will also prepare “a joint wellbeing strategy” coordinating intentions from the NHS, social care, public health, and other health determinants such as housing, education, environment and economy.

An Integrated Commissioning Board was established with health partners with the purpose of overseeing the investment in integrated health and social care services. As well as improvement in local services, the Board will ensure seamless integration, improved outcomes, foster effective partnership working, and to enable barriers between health and social care to be overcome. The Board reports to the Health and Wellbeing Board and to WBC and NHS Warrington. Governance arrangements around integrated commissioning will be further strengthened in 2012/13 as public health responsibility transfers to the Council and PCT health commissioning responsibility transfers to the new Clinical Commissioning Group. A Commissioning Framework has been developed and shared with key partners.

Formal planning for the transition of Public Health began in March 2011, when a Joint Local Authority and Primary Care Trust Public Health Transition Steering Group was established. This group has senior Local Authority, Public Health and Commissioning Consortium Group membership and reports to the Cheshire Wirral and Warrington (CWW) Primary Care Trust Cluster Board.

A Public Health Transition Plan, has been prepared jointly by the Executive Director of Neighbourhood and Community Services of Warrington Borough Council and the Director of Public Health. In addition there is a Milestone Delivery Plan which is reviewed monthly by the steering group.

Risks to the programme are recorded on the Public Health Transition Risk Register and reported to the CWW PCT Cluster Board and Public Health Governance Committee. An Overall risk of the programme is recorded on the Neighbourhood and Community Services Directorate's risk register, which will feed up to the Council's strategic risk register. Currently delivery of the Warrington Public Health Transition Plan is rated as GREEN for delivery by the Department of Health.

Warrington Partnership is the Local Strategic Partnership (LSP) for Warrington. The Partnership Agreement has been updated and approved by the Partnership Board and the improvement plan continues to be implemented. The Partnership Board is reviewing the relationship with the shadow Health & Well Being Board and investigating future governance arrangements.

Warrington Safeguarding Children's Board is a statutory Board and is responsible for co-ordinating delivery of services to children and young people in Warrington and published its annual report in September 2011.

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Warrington Children and Young People's Partnership published a new four-year Children and Young People's Plan in autumn 2011 following a review of the previous plan.

Warrington Borough Transport (WBT) was set up in accordance with the provision of the Transport Act 1985 to take over the Council's passenger transport undertaking. The Council wholly owns WBT but is not liable for any losses; WBT is a company limited by share capital, governed by the Companies Act, and subject to different statutory rules and accounting policies than the Council.

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

### 3.8 Governance Arrangements

The Council maintains high standards of governance:

- The Solicitor to the Council & Assistant Director Corporate Governance is the appointed Monitoring Officer for the Council whose functions include maintenance of the constitution, supporting the Standards Committee and ensuring lawfulness of decision making. The Council's Standards Committee seeks to promote and maintain high standards of conduct of Council's members.
- The Council has Codes of Conduct for both members and officers together with induction processes and a range of policies and procedures. These are supported by performance appraisal systems and a register of interests.
- The Legal Service is accredited and annually assessed against national governance and performance criteria as part of the Law Society 'Lexcel' standard. The standard gives assurance upon the Service's procedures, standards of conduct, business planning and risk management procedures. The accreditation gives assurance on the Legal Service's ability to support the governance of the authority.
- The Chief Finance Officer is the responsible officer to the Council for the proper management of its financial affairs in order to meet the statutory requirements of Section 151 of the Local Government Act 1972. The Chief Finance Officer is a member of the senior management board, as required by the governance requirements of the 2010 CIPFA statement on the: *Role of the Chief financial Officer in Local Government*, and has access to the Chief executive and to other executive directors.

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- The Audit and Corporate Governance Committee is politically balanced and does not include any Executive Board members. The Committee has a dedicated programme of training; during 2011/12 this included financial management and risk management training. A working group from the committee completed a self assessment of the committee's effectiveness in February 2012 using the checklist from CIPFA's 'toolkit for local authority committees' and the committee agreed further development areas. The committee oversees the work of the Internal and External Audit, and promotes and maintains high standards in relation to the operation of the Council's Code of Corporate Governance, ensuring that an adequate risk management framework and associated control environment is in place and that the Council's financial and non-financial performance is properly monitored. The Audit and Corporate Governance Committee, independent from Executive and Scrutiny functions, is required to gain and monitor the necessary assurances as to the Council's internal control, governance, financial management and reporting framework. Support is provided through an officer governance group chaired by the Assistant Chief Executive and attended by the Chief Finance Officer and senior officers across Audit, Legal, Information Governance, Performance and other directorates as required for assurance purposes. The group maintains a clear improvement plan; this is regularly monitored and updated.
- The Council has an established joint consultation framework with its recognised Trade Unions and this provides a sound basis for effective debate, discussion and full consultation on the introduction of new operational policies and the review and refresh of existing policies. This framework exists not only to satisfy the Council's statutory requirements under collective bargaining and consultation, but also enables the benefits of full Trade Union engagement and involvement to be realised. This best practice approach to policy review enables the appropriate consideration of external factors on operational policies and the opportunity to obtain valued feedback on proposals prior to implementation. This framework further ensures that organisational impacts of policy change are considered fully by all service areas prior to any implementation processes, and that actions identified within feedback can be progressed in a timely manner.
- The Council's whistle-blowing policy is available to all managers and staff via the Intranet. A revised version of the whistle-blowing policy has been produced and is currently in draft and being consulted upon through the joint consultation framework. The revised policy supports the Council in its obligations in respect of the Bribery Act 2010 which came into force on the 1<sup>st</sup> July 2011.
- The Council's anti fraud, bribery and corruption statement and policy incorporates the requirements of the Bribery Act. An Internal Audit review of the Council's response to the Bribery Act 2010 was completed and a

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substantial assurance opinion was provided. Work has also continued to investigate matches that are highlighted by the National Fraud Initiative. Regular reports are provided to the Audit and Corporate Governance committee on the work undertaken in the Council to combat fraud and corruption.

- The Council's Complaints Policy has been reviewed and is available on the Council's Internet site together with an overview of the complaints procedure. A leaflet has also been produced to assist the public who want to make a complaint. Revised processes have been developed which should ensure that all complaints are now managed through the Customer Relationship Management (CRM) System. This should, in turn, improve the quality of performance data and provide information which can be used consistently to inform service delivery. Internal communication, awareness raising and monitoring of the revised policies and processes is planned to continue in 2012/2013. Action agreed in the 2011/12 internal audit report on data quality with regard to complaints is being implemented.
- Equality and Diversity continues to be a key priority for the Council. We have set out our commitment in our Equality and Diversity Policy 2012-2015. The policy will be implemented and monitored by an Equality and Diversity delivery plan.
- In accordance with the Equality Act 2010 and the General Equality Duty we have published equality pledges which will help us to focus our attention on priority equality issues so that we can deliver improvements in policy making, service delivery and employment. The equality pledges are:
  - To protect the most vulnerable
  - To support the local economy.
  - To build strong and active communities for all
- Warrington Borough Council is committed to delivering on the equality pledges and it has a dedicated working group to ensure that this happens – the Equalities Steering Group, this is chaired by the Assistant Chief Executive.
- In accordance with the Equality Act 2010 we have also published equality monitoring information on our population, our services and who uses them, and our workforce.
- All Schools are subject to a rolling programme of audit. Internal Audit Services report regularly to the Schools Forum and the Children and Young People's Services Directorate on findings from schools' audits. Internal Audit work continues to provide assurance that schools in Warrington have effective systems of financial management. Of the 12 schools audited in 2011-12 two achieved a "High" assurance rating and

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nine schools achieved a “Substantial” assurance rating. One school received a “Minimal” assurance opinion and a full action plan was agreed by the school to improve the financial controls in place. An internal audit of the Pupil Referral Unit resulted in a “limited” assurance opinion. Actions were agreed with the unit that will improve the financial management arrangements. The revised self assessment process for schools ‘the Schools Financial Value Statement (SFVS)’ came into force during 2011/12.

- A mapping exercise of Council policies is almost completed which will support the development of a corporate programme for renewal and update. A framework/guidance for the development of policy and strategy documents is also being developed which will form the basis of future policy development arrangements. Ongoing improvement and development of the Council’s ‘policy watch’ and policy resource intranet page continues.

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

### 3.9 Decision Making

The Council’s constitution provides the framework for the decision making process; this is currently under review. Reports to the Council’s Committees require documented consideration of a range of issues in support of any recommendations made therein. These include consideration of risk, and equality and diversity issues. The Council’s constitution and decision making processes are under review currently in light of the Localism Bill.

The Overview and Scrutiny Committee function scrutinises and reviews decisions made or actions taken in connection with the discharge of any Council functions. A robust scrutiny process has been developed and the scrutiny arrangements with the following committees are currently under review:

- Neighbourhoods and Communities
- Children Young People and Skills
- Economy and Resources
- Environment and Housing
- Health and Wellbeing

Scrutiny committees work closely with the Executive Board and the Strategic Management Board and a call-in protocol is in place. Work plans for the committees are aligned closely with the sustainable community strategy and are drawn up in consultation with LSP partners. Scrutiny Officers support member development across the region by serving on the steering group for the North West Strategic Scrutiny Network.

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The Monitoring Officer and Officers from Democratic and Member Services monitor reports to members to ensure propriety of decision making and that legal advice is included where necessary and appropriate. Council lawyers are involved in policy development and scrutiny processes. There are regular meetings of officers with statutory responsibility for conduct and ethics issues.

### **3.10 Risk Management / Resilience and Business Continuity / Emergency Planning**

Risk management arrangements are embedded in the Council and there is a risk management policy, strategy and guidance document to assist with the monitoring and reporting of risk, which will be reviewed and updated annually. This explains the methodology which provides a comprehensive framework for the management of risk throughout the Council. The revised risk management strategy, policy and guidance document has been developed during April 2012 and will be ready for circulation by the end of May 2012. Risk management training was undertaken in 2011/12 at the Welcome to Warrington and New Managers courses. Training for Audit and Corporate Governance committee members was provided in March 2012 and further training will be provided in 2012/13.

The Risk Management and Business Continuity group meets on a quarterly basis and reviews both the strategic and directorate risk registers and receives updates from the Directorate leads on the risk registers and the business continuity plans. The group acts as a forum to facilitate discussion to monitor existing risks and the Council's general risk environment, ensuring new risks are identified and considered as part of the horizon scanning process. The group also monitors incidents, and the response to incidents, to identify corporate learning and ensure business continuity and recovery plans are fit for purpose. The group provides assurance to the officer Governance group that risk management processes are embedded and risks are regularly reviewed and updated.

A strategic risk register is in place and is updated regularly. The strategic risk register identifies risks to the achievement of strategic priorities as set out in the corporate plan. The strategic risk register was presented to the Strategic Management Board on a quarterly basis during 2011/2012, and was presented in September 2011 and in April 2012 to the Audit and Corporate Governance committee.

Health and Safety continues to be a key focus area for the Council, there is a robust school inspection programme in place, with High Schools being inspected annually and Primary Schools inspected on a 3 year rolling programme. In addition the Council is reviewing all Health and Safety arrangements, policies and guidance notes to ensure they remain up to date and legislatively compliant. To support the policies and guidance notes Standard Operating Procedures have been introduced and will continue to be developed as a management tool to ensure key areas of risk are managed in an effective, consistent manner.

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An internal audit report during 2011/12 provided a substantial assurance opinion on the Council's governance and risk management arrangements and provided assurance that risk management processes are embedded. Further work is planned during 2012/13 to assess business impact of key systems to inform the business continuity and recovery strategy.

The Civil Contingencies Act 2004 places a duty on the Council to plan, respond and recover from emergency situations. The initial process is to assess the risks on a Local Resilience Forum (LRF) basis to determine the priorities from the multi-agency perspective to ensure the communities of Cheshire, Halton and Warrington remain safe. The Council assesses the risks to the area as part of the LRF Risk Assessment process, the risk profile and priorities each year are informed by both the national risk register and the geographic make-up of the county, in addition to responding to any specific emerging intelligence from a national perspective which would require immediate attention.

The risks identified are first captured on the Community Risk Register which is reviewed annually, then assessed to determine what (if any) further mitigation works are required once the emergency response plans in place have been identified and considered. The LRF has an annual testing & training programme of emergency response plans which the Council is part of, in addition to the Council's own internal testing and awareness raising programme.

### 3.11 Financial Controls

The Council's financial controls are strong. With specific regard to the Council's financial control arrangements these include:

- A Medium Term Financial Plan 2010-2013.
- Comprehensive budgeting and budget monitoring systems.
- Clearly defined capital expenditure and treasury management guidelines.
- Regular reporting of the Council's budget and performance to the Executive; Council; Economy and Resources scrutiny committee; and Audit and Corporate Governance Committee.
- Formal project management disciplines.
- Clear targets to measure financial and other performance.
- Clearly defined arrangements for devolved financial management.
- Corporate Financial and Contract Procedure Rules revised during 2011/12.
- Anti Fraud Bribery and Corruption policy updated during 2011/12.
- Published fraud response plan for the reporting and resolution of suspected fraudulent activities.

Internal Audit reviews of key financial systems along with detailed substantive testing to support the annual accounts 2011/12 provided assurance that controls are robust. The Council's key ICT system SAP underpins the Finance, Payroll, Procurement and Human Resources functions. Recommendations in the SAP security report issued during 2010/11 were addressed during 2011/12 and were subject to follow up by Internal Audit in February 2012. Follow up work confirmed

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that work had been undertaken by ICT to secure high level access to the system and close down external access, resulting in a more robust control environment. The planned process for implementing complex passwords in 2012/13 once implemented will also provide further control over the system.

The Corporate Procurement Strategy which was approved by the Executive Board in February 2010 is currently under review. The Strategic Procurement Panel has met regularly during 2011/12; the Panel ensures that procurement processes and procedures are robust, reflect the Council's core values and support the achievement of its strategic aims and objectives. The Panel oversees the governance framework for procurement to ensure that appropriate controls are in place, and decision making is at the right level, timely, and promotes a strategic approach.

### **3.12 Information Governance and ICT Governance**

The Council has stated a commitment to high standards of governance, including information governance. The officer Governance Group receives regular updates around information governance at their meetings and has reviewed the information governance action plan in place. The Executive Director Environment and Regeneration has been nominated as the Council's Senior Information Risk Owner (SIRO).

The Information Governance Group monitors the required actions to address information governance risks, and the roll out of the required training to all relevant officers. An internal audit review during 2011/12 noted that significant progress has been made in establishing an information governance framework; a great deal of work has been undertaken to establish the framework and elements such as data breach reporting, data protection, and data sharing. There is still a significant amount of work required particularly around awareness raising and a programme of training for staff. A 'Limited' assurance opinion was provided overall and action has been agreed and work is underway to address the issues raised in the report.

The Council has established improved data sharing arrangements with its partners and an information sharing framework and protocol is in place. A partnership data sharing programme board the 'Warrington Information Sharing Partnership' (WISP) is in place to monitor and review all information flows between partners.

ICT Governance has been a focus area for the officer Governance Group during 2011/12. Work has been developed with internal audit to map assurances for all system areas. Management of ICT risks and ICT security incidents is robust and has been highlighted as good practice, the certification of conformance to the best practice ISO27001 information security management standard has been updated by external accreditors.



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An internal audit review was undertaken to establish how resilient the Council would be in terms of recovery and timely return to normal service, should a major adverse incident occur affecting the main data centre. An overall 'minimal' assurance opinion was given. A full action plan has been agreed by management and a sub group of the Corporate Risk & Business Continuity group has been established to action the recommendations in the report. Internal Audit will continue to follow up the remaining actions.

The strategic oversight of the Council's key ICT system SAP has been improved during 2011/12 through the introduction of a SAP Governance Group that is chaired by the Assistant Chief Executive. This group comprises of senior officers representing Finance, HR, Payroll, ICT and Audit. The group is responsible for reviewing the original implementation of SAP to assess whether it is meeting its perceived benefits, and if not to consider options to rectify this. The SAP Governance Group has met regularly since November 2011 and has overseen the production of a SAP Improvement Plan and the reorganisation of the SAP support that is delivered by Council staff. The SAP Improvement Plan covers several workstreams each of which is led by a member of the SAP Governance Group and is available for all members of staff to view on the Council's intranet. An operational SAP Working Group has also been established that represents the system users and will take forward developmental issues and training requirements.

### 3.13 Projects and programmes

Specific governance arrangements are put in place for major programmes and projects, often based on the industry standards from the Cabinet Office Best Management Practice Suite: Managing Successful Programmes and Prince 2. Support is provided by a dedicated team within the Assistant Chief Executive's directorate. A report was presented to SMB in February 2012 outlining a new approach to the oversight of corporate projects and programmes, and to the oversight of improvement and efficiency, building on the existing line management arrangements.

Major projects during 2011/12 have included the development of the Bridge Street area which is a key component of the Warrington Regeneration Programme. This is a long term project expected to last between 10 and 15 years. An internal audit report around the project management and governance arrangements gave an overall substantial assurance opinion.

Major project work was undertaken during 2011/12 to prepare for the transfer of the leisure and culture services to a new Trust from May 2012. Services from each of the Council's Directorates provided support to the transition process. A Project Board and Project Team was created to ensure the structures, governance and finance in place for the two new organisations were established in a robust manner.

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Warrington is responding to Government policy concerning community asset transfer. A Community Asset Transfer Planning group was established in August 2011 to support the development of an Asset Transfer Strategy and Policy, which provides a robust framework for community groups wishing to own and manage assets. A number of asset transfers have already been undertaken, including the asset transfer of Grappenhall Library and Great Sankey Library. Warrington Borough Council's Executive Board made the decision to make these buildings available for third sector organisations to manage via community asset transfer following a decision to close the libraries.

**Principle 5 - Developing the capacity of Members and Officers to be effective.**

### 3.14 Member Training and Development

An elected member learning and development framework is in place. This is aimed at ensuring that members are given as much support as possible to aid them when making decisions. The member's personal development plans are undertaken by officers from within Democratic and Member Services. There are regular meetings between the Leader of the Council and the Chief Executive including the Leader undertaking personal review and development interviews with the Chief Executive. There is an induction process and training programme in place for all newly-elected members.

### 3.15 Officer Training and Development

The officer development framework takes the form of Performance Review and Development appraisals (PR&D) which are in operation across the Council. The Council introduced a longer term leadership development programme which includes a set of competencies that are aimed at improving the leadership of the Council now and for the future. During 2011/12 training continued as part of the leadership programme and the Futures Programme for middle managers and the roll-out of 360 degree appraisal for members of the leadership group was continued.

The people and workforce strategy has been revised for 2011-2014 which links directly to the corporate priorities. Delivery of the strategy is via the annual workforce plan. The Council's organisational review identified a reduction in staffing numbers in the future. One of the main challenges for the people and workforce strategy is to develop the capacity and engagement of a reduced workforce in order to maintain service delivery.

An innovative organisational change approach has been adopted where all services have been challenged to deliver improvements and efficiencies within the constraints of current finances. Through this service challenge process, a comprehensive programme of changes have been identified and are in the process of implementation, all supported by business cases and overseen by the Organisational Development Board.

## Annual Governance Statement for the year ended 31 March 2012

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

### 3.16 Engagement Strategy

The Corporate Directorate Engagement Group is leading on the development and implementation of an updated Partnership Engagement and Involvement Strategy. The current Strategy defines how all the members of the Partnership ensure that local residents are encouraged and supported to have more influence and power to change and improve their lives, through consultation, engagement and involvement. The Strategy outlines approaches to engagement with communities of special interest and identity; and also the coordination of engagement across the Partnership. The updated Strategy will build on this, and various consultation and engagement methods will be recognised to ensure it also includes groups that are harder to reach.

A Corporate Directorate Engagement Group was established in March 2012 to co-ordinate and advise on all consultation activity across the Council. A wide range of consultation and engagement activity was undertaken throughout 2011/12. This was collated and coordinated via the Partnership Engagement and Research Group and included:

- The Warrington Partnership Customer Insight Toolkit was published in October 2011. The purpose of the toolkit is to help public organisations in Warrington consult and involve local people in planning and delivering public services. The toolkit gives practical information to enable partners to carry out effective consultation and engagement.
- The online data observatory (DORIC), Consultation Portal was launched within the DORIC Data Observatory ([www.doriconline.org.uk](http://www.doriconline.org.uk)) with the aim of monitoring consultation and engagement activity across the Council.
- The Warrington Wise Profiles were published in October 2011, the information is used to build up customer knowledge and help re-design and market tailored services.

### 3.17 Freedom of Information

The Council has a robust process for responding to Freedom of Information requests that are received. During 2011/12 the use of the Customer Relationship Management system (CRM), for managing the FOI process, was explored. As part of the Open Data transparency agenda the Council has also published items of expenditure over £500 online.

## **Annual Governance Statement for the year ended 31 March 2012**

### **3.18 Neighbourhood Area Boards**

Neighbourhood Area Board activity is reported monthly at the Neighbourhoods Programme Board and to the portfolio holders for Neighbourhoods and Community. Quarterly activity is also reported via the Closing the Gap Score programme in the 10% most deprived areas.

### **4. Review of Effectiveness**

The Council has responsibility for conducting, 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 the managers within the Council, the Chief Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. The Council is advised on the implications of the result of the review of the effectiveness of the governance framework by the Overview and Scrutiny committee; the Audit and Corporate Governance committee; the officer Governance Group; and the Corporate Risk and Business Continuity group. The officer Governance Group maintains a comprehensive action plan to ensure continuous improvement of the governance arrangements are in place. The Audit and Corporate Governance Committee review the governance arrangements as part of their Terms of Reference and review the strategic risk register twice a year.

Internal Audit Services examine the effectiveness of the Council's internal controls. Based on evidence from planned audits and any special investigations, the Chief Internal Auditor reports to each meeting of the Audit and Corporate Governance committee on any major weaknesses that have been identified and highlights where improvements are considered necessary. Internal Audit have included reviews of fundamental financial systems during 2011/12 which was the second year of the SAP accounting system. Follow up work on the accounts receivable system provided assurance that agreed actions have been implemented, however action is still needed to improve controls in the system. Work undertaken in the Coroner's office provided a 'limited' assurance opinion over the financial controls. Action was agreed with management to improve the controls in place. Based upon the work undertaken, the Chief Internal Auditor provided the Council with an overall substantial assurance opinion on the arrangements for gaining assurance through the governance framework and on the controls reviewed as part of the internal audit work.

A full action plan is in place following the Audit Commission's Annual Governance report 2010/11. This is monitored by Officer Governance group. The action plan was agreed with SMB and reported in full to the Audit and Corporate Governance Committee on 15 March 2012.

## Annual Governance Statement for the year ended 31 March 2012

Key departmental officers provide formal assurance that the policies and procedures are being applied in the initiation, development and delivery of service plans, by their responses to the assurance statement questionnaires. Where gaps have been identified, action plans have been, or are in the process of being prepared.

### 4.1 Assurance in relation to the areas identified as significant control issues in the 2010/11 Annual Governance Statement

Recommendation	Action undertaken
<p>Ensure that the results of the internal audit investigation into the Ombudsman's report are acted upon and the Council takes the required action.</p>	<p>All staff were reminded of the retention guidelines in place for Council records by an article in 'Your Voice' and senior managers took responsibility for reviewing their directorate approach to records management following discussions at SMB and DMT meetings. The guidelines were included in the policy section on the intranet to ensure easy access. The Information Governance Group has included records management as an item on the agenda, and is in the process of a review of the retention policy. The Officer Governance Group has retained oversight of records management and receives updates from a representative from the Information Governance Group. A progress report has been requested by SMB for each directorate.</p> <p>A peer review of Planning was undertaken during 2011/12.</p> <p>The Council appointed a barrister to hold a public inquiry into the destruction of planning records and current record management procedures. The Inquiry was held in January 2012 and the barrister's report and findings have been received recently.</p> <p>Follow up work by Internal Audit in March 2012 indicated that four of the recommendations from the internal audit report have been implemented fully and the remaining four recommendations have been addressed partially and are being progressed.</p>
<p>Ensure that the recommendations in the SAP Security report are implemented.</p>	<p>The recommendations in the SAP security report have been addressed by the Chief Officer, Customer Access &amp; Technology and have been subject to follow up by Internal Audit in March</p>

## Annual Governance Statement for the year ended 31 March 2012

Recommendation	Action undertaken
	<p>2012. Internal Audit follow up work confirmed that SAP high level access has been secured and external access has been closed down; access to the SAP 'Production' system has also been restricted. Staff with high level access, such as Domain Administrator access, have been reviewed resulting in a reduction in number from 27 to 8 staff, and further reviews have been undertaken of SAP accounts that have elevated privileges. The restriction of access will provide for a more robust control environment. SAP passwords are now aligned with Active Directory security settings, and a process for implementing complex passwords has commenced; once implemented this will provide further control, over the system. A series of communications to the business commenced during March 2012.</p> <p>The SAP Governance Group has identified senior officers to lead on approval and review of security changes for each SAP business area (HR &amp; Payroll, Finance, ICT, and Procurement). This has now been completed and senior officers have 'signed off' the access approval. Improvements have been made to the SAP Leavers process.</p> <p>The SAP Security Audit has one recommendation incomplete - SAP security training for staff. This has been mitigated by the purchase of training materials in the form of security and supporting technical manuals. Formal training is being costed, reviewed and incorporated within the current round of Personal Development Reviews with implementation from April 2012 when budget will be made available.</p> <p>The follow up work by Internal Audit has provided evidence that controls over SAP security have been improved and that entity-level controls are now adequate.</p>

## Annual Governance Statement for the year ended 31 March 2012

### 4.2 Internal Assurance and External Inspections of Governance Arrangements

#### Adult Social Care Services

The Local Account is a new way for councils to communicate with local people about progress made on the past year's priorities for adult social care and about the quality of its services. An important aspect is to demonstrate how citizens and consumers have influenced the development and quality of local services and, in the future, how they can develop the local account itself. *Your care and support in Warrington*, Local Account 2010-11 was the first such publication. The account reflected a partnership approach to developing services. It raised awareness about adult social care in general and important areas such as safeguarding, hate crime, hidden carers and self-funders. It highlights social care in the widest sense working in partnership across and beyond the council. The account includes a message and endorsement from the local Healthwatch/LINK with a request for feedback on an attached questionnaire to be returned to Healthwatch/LINK. The account is written in a publicly accessible format and is available on the council website and in hard copy to read at libraries, neighbourhood centres and Contact Warrington (the Council's contact centre).

The Directorate Risk Register includes identified risks around delivery of Residential and Nursing Care, reviewed on a quarterly basis due to the cost and volume pressures on this market and the Council's budget. Externally commissioned or internally provided Adult Social Care services are subject to a range of robust Governance measures that focus on developing partnerships, monitoring and improving and ensuring value for money. This is underpinned by a range of formal operational activities and forums including:

- Formal contract monitoring and compliance across all Adult Social Care services including scheduled, responsive and unannounced monitoring visits.
- Regular Performance Monitoring reviews with provider agencies subject to Service Level Agreements and Contracts.
- Formal individual service risk assessments for services commissioned under the Supporting People Programme
- Performance reporting to the Supporting People Commissioning Body
- Established multi-agency forums to monitor, report and review service delivery.
- Established Peer Reviewing Frameworks with Warrington Link/Local Healthwatch and Warrington Speak Up group.
- Key Performance indicators relating to Residential and Nursing Care and Supported Accommodation for adults with a learning disability are incorporated in the Directorate Performance score card.

Financial governance arrangements in adult social care have been strengthened by the introduction of weekly "panels" which scrutinise all packages of care with a

## Annual Governance Statement for the year ended 31 March 2012

value in excess of £400 per week with a view to ensuring prudence, consistency and innovative alternative approaches to meeting needs. An internal audit review of personalisation and the personal budgets system provided substantial assurance that key aspects of the personalisation agenda have been implemented, with procedures and controls in place giving the necessary management assurances that the objectives are being achieved.

Internal Audit performed follow up work during the year on the 2010/11 internal audit report covering the finance systems and financial management arrangements in Adult Services. The review covered payments procedures and contained a 'minimal' assurance opinion. The follow up work and further internal audit reviews noted the action taken to implement the recommendations in the report. Further audit work was undertaken to review the plans to implement the replacement of the system which records service packages and client invoicing costs and a detailed action plan was produced to assist with the system development.

An internal audit review of client finances resulted in a significant number of findings arising from the review. These were presented in detail in the action plans issued for each service, and actions were agreed that will improve the controls in place.

### Children and Young People' Services

The 2011 Ofsted annual assessment of children's services judged Warrington as 'performs well', demonstrating significant and sustained improvement since the 2009 rating of 'inadequate'. The majority of services in Warrington are good or outstanding.

The unannounced inspection of Contact, Referral and Assessment in November 2011 found that Warrington had "taken robust action since the last unannounced inspection" and "progress has been rapid and child protection services have been strengthened". Additionally "performance on timescales for assessments has improved significantly and is now very good when compared with similar councils". There were no areas for priority action. The three areas for improvement, focusing on accurate recording of actions in respect of assessments and supervision of social workers, have now been addressed.

Specific service or settings Ofsted inspections in 2011-12 are:

- The percentage of childminders rated 'good' or better in Warrington has risen from 57% in March 2011 to the current figure of 65%. Implementation of the childminders' improvement plan will remain active during 2012-13.
- Prior to the move to the new two-bedded children's homes, St Katherine's Children's Home was judged as 'good', up from 'satisfactory'. Ofsted also judged Ross Close as 'good' in 2011.
- 34 primary and nursery schools were inspected in 2011-12 with 65% of these 'good' or 'outstanding'. Of the five secondary schools inspected during 2011-12, two were rated 'outstanding', two 'satisfactory' and one 'inadequate'. Fox



## **Annual Governance Statement for the year ended 31 March 2012**

Wood special school was judged 'outstanding'. Overall 87% of nursery and primary schools and 59% of secondary schools are judged as 'good' or 'outstanding'.

An internal Audit report covering the support for the needs of children with disabilities reviewed the processes and controls in place across the teams within the Children & Young People's Directorate. The review included policies and procedures in place along with financial controls and performance monitoring. The report contained a 'limited' assurance opinion. A full action plan was agreed by management and action has been taken to implement the recommendations in the report. Internal Audit will continue to follow up the remaining actions.

### **External Inspection Interception of Communications Commissioner's Office (IOCCO)**

The Council was subject to an inspection by the Interception of Communications Commissioner's Office (IOCCO) in July 2011 in relation to procedures in place in the Trading Standards section of the Environment & Public Protection Service. The inspection covered the application process for information requests from telecommunications providers. Internal Audit were asked to investigate the findings from the review which had highlighted errors in the reporting process. The inspector issued a formal report to the Council in September 2011 which contained a number of recommendations to strengthen control. Management responded promptly following the inspection and a full response to the Inspector's report has been provided; the use of the NAFN SPoC facility addressed the majority of the recommendations in the report. The recommendations contained in the internal audit report focused on further strengthening of controls within the Council and action was agreed to incorporate the recommendations into the IOCCO – RIPA action plan. The Audit & Corporate Governance Committee received a full update around the inspection and these applications will be included in future RIPA reports to the Committee. A further inspection was carried out by IOCCO in April 2012 which reported no adverse comments.

## Annual Governance Statement for the year ended 31 March 2012

### Conclusion

The review of the Council's governance arrangements for 2011/12 has been undertaken in order to produce this statement. The review highlighted a number of governance issues that require attention and action is being planned and/or taken as noted in the Statement. These actions have been combined with additional work being undertaken by the officer Governance Group to form a comprehensive improvement plan. No items of a significant nature affecting the Council's governance framework have been identified, however two main areas of attention for 2012/13 will be:

- to develop the ICT disaster recovery arrangements by increasing resilience to ensure that business continuity is maintained in the event of service failure.
- to implement the recommendations from the planning enquiry

**With the exception of the internal control issues that we have outlined in this statement, our review confirms that the Council has a generally sound system of internal controls that supports the achievement of its policies, aims and objectives and that those control issues have been or are being addressed.**

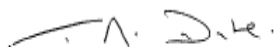
**Signed:**



.....  
Councillor Fitzsimmons  
Chair of the Audit and Corporate  
Governance Committee

**Date:** 17/10/2012...

**Signed:**



.....  
Timothy Date  
Solicitor to the Council and Head of  
Corporate Governance

**Date:**.....

**Signed:**



.....  
Councillor O'Neill  
Leader of the Council

**Date:**...17/10/2012.....

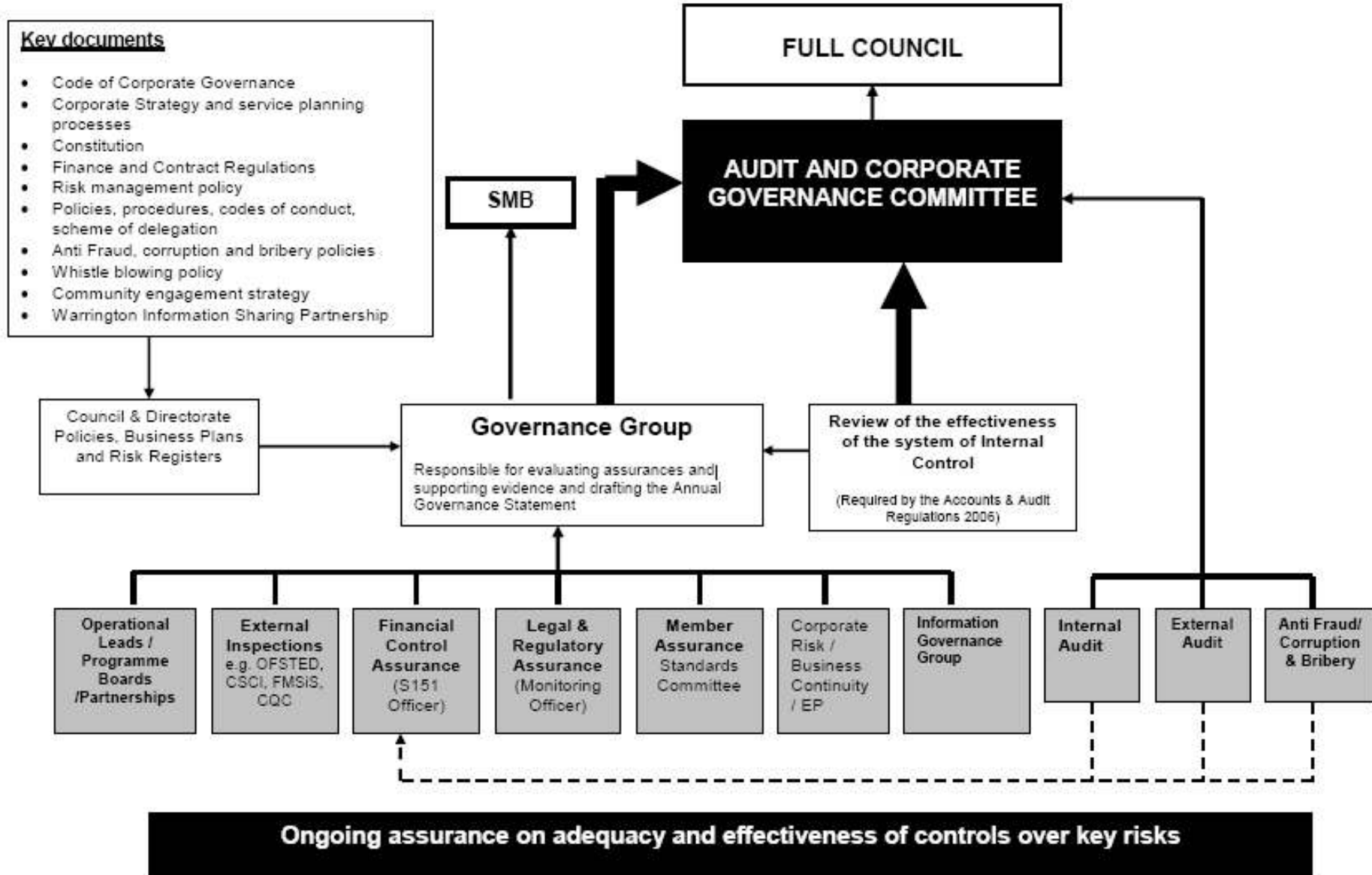
**Signed:**



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Diana Terris  
Chief Executive

**Date:**.....

### Annual Governance Statement Assurance Framework



**PRIORITIES**

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

**OBJECTIVE(s):**

The organisation manages its risks and maintains a sound system of internal control

The organisation has structured programme governance arrangements

LEAD	TASKS	Links to	DATE	PROGRESS	% comp
Executive Director Environment and Regeneration	Ensure that the results of the barrister’s investigation into the Planning department are acted upon and the Council takes the required action.				
Executive Director Environment and Regeneration	Ensure that the recommendations in the Disaster Recovery report are implemented.				