Report of:	Meeting	Date	Item no.
Head of Finance (S151 Officer)	Audit Committee	19 June 2018	9

DRAFT ANNUAL GOVERNANCE STATEMENT 2017/18

1. **Purpose of report**

   1.1 To approve the draft Annual Governance Statement (AGS) for 2017/18 for inclusion in the Annual Statement of Accounts in July 2018 following a review of the council's governance arrangements.

2. **Outcomes**

   2.1 Evidence that the council has effective governance arrangements in place.

3. **Recommendations**

   3.1 The Committee is asked to review and formally approve the draft AGS, which incorporates the council's Code of Corporate Governance.

4. **Background**

   4.1 The AGS is a valuable means of communication. It enables an authority to explain to the community, service users, taxpayers and other stakeholders its governance arrangements and how the controls it has in place manage risks of failure in delivering its outcomes.

   4.2 In accordance with the Accounts and Audit Regulations 2015 the council is required to prepare an AGS, which is published alongside the Statement of Accounts. The first AGS was approved by the Audit Committee in May 2008.

   4.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) have jointly issued a framework and guidance in relation to the AGS; 'Delivering Good Governance in Local Government'. The guidance urges local authorities to prepare a governance statement in order to report publicly on the extent to which they comply with their own code of governance on an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes

in the coming period. The process of preparing the governance statement should itself add value to the corporate governance and internal control framework of an organisation. It also recommends that when complying with the guidance, authorities should use it in a way that best reflects their structure, type, functions and size.

4.3 The framework recognises that effective governance is achieved through seven core principles;

A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law;
B. Ensuring openness and comprehensive stakeholder engagement;
C. Defining outcomes in terms of sustainable economic, social and environmental benefits;
D. Determining the interventions necessary to optimise the achievement of the intended outcomes;
E. Developing the entity's capacity, including the capability of its leadership and the individuals within it;
F. Managing risks and performance through robust internal control and strong public financial management; and
G. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

5. Key Issues and proposals

5.1 The draft AGS and action plan for 2017/18 are attached at Appendix 1 and 2 and have been prepared following a workshop which was attended by key officers of the council who have the most appropriate knowledge, expertise and levels of seniority to consider the extent to which the organsiation complies with the principles set out in paragraph 4.3.

5.2 The Leader of the Council and the Chief Executive have signed the statement certifying that they are aware of the governance issues within the Authority and of the measures that are needed to mitigate them.

Financial and legal implications	
Finance	None arising directly from the report.
Legal	Effective audit and risk management assist in good governance and the probity of council actions.

Other risks / implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with an x.

risks/implications	✓ / x
community safety	x
equality and diversity	x
sustainability	x
health and safety	x

risks/implications	✓ / x
asset management	x
climate change	x
data protection	x

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List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

Appendix 1 – Draft Annual Governance Statement 2017/18

Appendix 2 – Annual Governance Statement Action Plan – 2017/18

DRAFT ANNUAL GOVERNANCE STATEMENT 2017/18

1.0 INTRODUCTION TO CORPORATE GOVERNANCE

1.1 Good governance leads to good management, good performance, good stewardship of public money, good public engagement and ultimately leads to good outcomes for the citizens and the service users of Wyre. Good governance also enables the council to pursue its corporate vision effectively, as well as underpinning that vision, with mechanisms for control and management of risks.

2.0 SCOPE OF RESPONSIBILITY

2.1 Wyre Council is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded and properly accounted for, and that funding is used economically, efficiently and effectively. Wyre 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.

2.2 In discharging this overall responsibility, Wyre Council is responsible for putting in place suitable arrangements for the governance of its affairs, which facilitate the effective exercise of its functions and includes arrangements for the management of risk.

2.3 Wyre Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE 'Delivering Good Governance in Local Government' framework.

3.0 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

3.2 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 meet the targets in our 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 Wyre Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

3.3   The governance framework has been in place at Wyre Council for the year
       ended 31 March 2018 and up to the date of approval of the annual
       statement of accounts.

4.0   WYRE COUNCIL'S LOCAL CODE OF CORPORATE GOVERNANCE

4.1   The Chartered Institute of Public Finance and Accountancy (CIPFA) and the
       Society of Local Authority Chief Executives (SOLACE) have published a
       framework and guidance for delivering good governance in local government.
       The guidance helps local authorities to interpret the overarching principles
       contained in the framework prior to developing and maintaining their own
       'local' corporate governance arrangements. The framework recognises that
       effective governance is achieved through seven core principles and 21 sub-
       principles.

4.2   It should be noted that the CIPFA/SOLACE guidance is not prescriptive and
       authorities are encouraged to use it in a way that best reflects their structure,
       type, functions and size.

5.0   HOW WE COMPLY WITH THE CIPFA/SOLACE FRAMEWORK

5.1   Set out below is how the council has complied with the seven core principles
       set out in the CIPFA/SOLACE framework during 2017/18.

**Core Principle A - Behaving with integrity, demonstrating strong commitment to
ethical values, and respecting the rule of law.**

Behaving with integrity

- Established codes of conduct define expected standards of personal behaviour for
  both staff and Members.
- The Council has a set of values for its staff reflecting public expectations about the
  conduct and behaviour of individuals.
- The Council has a Member Code of Conduct in place that helps to achieve high
  standards of conduct for elected Members.
- Induction training is in place for both staff and newly elected Members.
- Arrangements are in place to ensure that Members and employees of the council
  are not influenced by prejudice, bias or conflicts of interest in dealing with different
  stakeholders.
- A register of interests is maintained for Members and officers.
- An up-to-date register of gifts and hospitality is maintained and is reviewed
  annually by the Monitoring Officer and the Audit Committee.
- There is an efficient Standards Committee.
- Arrangements are in place for whistleblowing, to which all officers, Members and
  all those contracting with the council have access. The policy is reviewed annually
  by the Audit Committee.
- Arrangements are in place so that conflicts of interest on behalf of Members and
  officers are avoided.
- Effective, transparent and accessible arrangements are in place for dealing with

complaints.

Demonstrating strong commitments to ethical values

- The Head of Governance (Chief Internal Auditor) champions ethical compliance for both officers and Members.
- Protocols are in place for partnership working. These are documented in the council's Financial Regulations and Financial Procedure Rules.
- A competency framework, listing required behaviours and values, is currently used to drive recruitment and performance reviews are undertaken as part of the performance appraisal system.
- Policies and procedures are in place and are regularly reviewed for dealing with unacceptable behaviours.

Respecting the rule of law

- The authority has complied with the Chartered Institute of Public Finance and Accountancy (CIPFA) statement on the Role of the Chief Financial Officer in Local Government.
- The Constitution sets out the responsibilities of elected Members by defining the decision-making powers of the Council, Executive, Overview and Scrutiny and regulatory and other committees, providing clear terms of reference, and describing roles and functions.
- The Head of Governance (Chief Internal Auditor) has extensive internal audit experience and is professionally qualified. She is a certified and chartered auditor (CIA, CMIIA) and also holds a Qualification in Internal Audit Leadership (QIAL).
- Anti-fraud and anti-corruption policies are in place and reviewed annually by Audit Committee.
- The Monitoring Officer is responsible to the council for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.
- Up to date job descriptions and person specifications are maintained for the Chief Executive, Section 151 Officer and the Monitoring Officer.
- All staff have completed training in respect of the Data Protection Act 2018 and the incorporated General Data Protection Regulations.
- Regular training is provided to elected Members who sit on regulatory committees such as Planning, Licensing and the Audit Committee.
- Specific legislative requirements are observed, as well as the requirements of general law, and in particular the key principle of good administrative law, rationality, legality and natural justice form part of procedures and decision-making.
- Proper professional advice on matters that have legal or financial implications is available and when sought, recorded in advance of decision-making.
- Limits of lawful activity are recognised by the ultra vires doctrine and managers strive to utilise their powers to the full benefit of the community.
- All allegations concerning breaches of the code by elected Members are thoroughly investigated.

Core Principle B – Ensuring openness and comprehensive stakeholder engagement.

Openness

- A business plan is published annually giving information on the council's strategic narrative, priorities and performance measures which is shared with all officers, Members, partners and the community.
- An annual statement of accounts is produced with an easy to read narrative report.
- The annual efficiency statement is published with the revenue estimates.
- The Head of Finance (Section 151 Officer) is responsible for publishing annual accounts, in a timely manner and within statutory deadlines, to communicate the council's activities and achievements, its financial position and performance.
- The council as a whole is open and accessible to the community, service users and its officers and is committed to openness and transparency in all its dealings, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.
- The council has recently participated in a Local Government Association peer review.
- Annual staff meetings are held encouraging staff engagement.
- The council has been awarded a 4 star rating in the last annual SOCITM (Society of Information Technology Management) review.
- The council complies with the Local Government Transparency Code 2015 and a recent audit review gave 'substantial assurance' that the council was complying with the Code.
- Wyre Voice, an information leaflet produced by the council, is delivered to every household twice a year. The autumn edition includes an annual report highlighting achievements.
- Periodic reports are produced on Overview and Scrutiny function activity.
- Key decisions are published in the schedule of executive decisions.
- Audio recordings of Council meetings are available on the council's website.

Engaging comprehensively with institutional stakeholders

- The leisure management partnership board meets regularly to oversee the operation of the council's leisure centres and pools.
- Key partnerships are periodically reviewed through the internal audit plan and the Financial Regulations and Financial Procedure Rules include advice and guidance which can assist officers in managing the key risks of partnership arrangements.
- Corporate guidance has been issued on consultation and public involvement mechanisms offering practical steps and advice.
- The council maintains links with the parish and town councils by regular attendance at the Lancashire Association of Local Councils (LALC) meetings and has recently held training for them in relation to the new Data Protection Act and the General Data Protection Regulations.
- Clear channels of communication are in place with all sections of the community and other stakeholders including monitoring arrangements to ensure that they operate effectively, e.g. flood forums, the Fylde and Wyre Health and Wellbeing Partnership Board, the Waste Management Partnership Board and the Leisure Management Partnership Board.

<u>Engaging with individual citizens and service users effectively</u>

- The council's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and are clearly articulated and disseminated.
- Arrangements are in place to enable the council to engage with all sections of the community effectively. These arrangements recognise that different sections of the community have different priorities and there are explicit processes for dealing with these competing demands.
- In February 2018 a Digital Hub was launched at Fleetwood Market in partnership with the Citizens Advice Bureau to provide additional support to residents to help them develop their digital skills.
- The council has undertaken significant stakeholder engagement as part of the preparation of the local plan.
- The council commissions a biennial 'Life in Wyre' survey. The last survey took place in 2016.
- A 'together we make a difference network' is in place which is essentially asset based community development. This informal membership network led by the council is made up of council officers, elected Members and partners from all sectors with the aim to enable local people to make a difference in their local communities.
- A consultation portal is available which lists details on the consultations that are taking place across the Borough.

Core Principle C – Defining outcomes in terms of sustainable economic, social, and environmental benefits.

<u>Defining outcomes</u>

- The Council has made a clear statement of its vision, priorities, key programmes and projects in its business plan (2015 – 2019) which is used for service and corporate planning.
- The business plan includes a set of measures defining outcomes which are reported quarterly to the Overview and Scrutiny Committee.
- Quarterly performance monitoring is publically reported.
- There are effective arrangements to deal with failure in service delivery.
- There is a corporate complaints procedure with annual reports from the Local Government Ombudsman being available on the website.
- The medium term financial plan (MTFP) / revenue estimates and capital programme are soundly based and are designed to deliver the council's strategic priorities.
- The value for money indicators are reviewed annually with the results being reported to Cabinet and Overview and Scrutiny Committee annually.
- The council's approach to value for money is reflected in the annual efficiency statement reported to Cabinet with targets and achievements being regularly reported.
- Strategic and operational risk registers are maintained and workshops are held throughout the year to review current risks and identify new risks. The risk

registers are reviewed quarterly, in line with the business plan and the efficiency programme.

Sustainable economic, social and environmental benefits

- The council embraces community engagement and involvement and encourages neighbourhood engagement and works collectively with ward councillors, parish and town councillors, community groups and other partner organsiations to identify local issues and priorities.
- Our business plan states a number of priorities which will improve the health and wellbeing of our communities.
- Relationships have been established with clinical leads from the Blackpool, Preston, Morecambe Bay and Fylde and Wyre clinical commissioning groups with a view to influencing service provision.
- The business plan is subject to an equality impact assessment on an annual basis and equality objectives are established and published on the website.
- The development of the local plan has been subject to extensive consultation.
- Individual capital projects are equality impact assessed promoting access to services.
- Our 'together we make a difference' initiative works with the community to identify priority projects, makes links with partners, develops relationships with key stakeholders and helps facilitate the delivery of community priorities.

Core Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes.

Determining interventions

- There are mechanisms in place for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.
- Those making decisions are provided with information that is fit for purpose and relevant.
- Limits of lawful activity are recognised by the ultra vires doctrine and managers strive to utilise their powers to the full benefit of the community.
- Proper, professional advice on matters that have legal or financial implications is available and when sought, recorded in advance of decision making.
- The Section 151 Officer now sits on the Digital Transformation Board.

Planning interventions

- The Council's business plan is refreshed annually and is subject to review by Overview and Scrutiny prior to approval by Full Council. The business plan is refreshed and published annually.
- Business plan actions are managed by officers and monitored by Cabinet and the Overview and Scrutiny Committee.
- The business plan is developed taking into account the life in Wyre survey and other demographic information, including locality plans, neighbourhood profiles, state of Wyre reports and public health reports.
- Service quality is regularly reviewed via the council's formal complaints system,

the Waste Management Partnership board and the Leisure Management Partnership Board.

- The business plan includes a set of measures which are reported quarterly to the Overview and Scrutiny Committee.
- The MTFP, revenue estimates and capital programme are published annually and are key documents for forecasting our budget requirements and planning ahead.
- An efficiency programme compliments the MTFP ensuring sustainability going forward.
- We explore opportunities to work with our partners and collaborate on funding applications.

Optimising achievement of intended outcomes

- The MTFP is agreed annually in October and updated regularly with a revised projection being presented to Management Board and published with the revenue estimates in February.
- The MTFP, revenue estimates and capital programme are soundly configured to meet the requirements of the business plan.
- The MTFP sets out the framework for corporately managing the council's resources in the years ahead.

Core Principle E – Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Developing the Entity's capacity

- There is an agreement between the council and the YMCA identifying arrangements for the management of the council's health and fitness centres.
- Effective mechanisms exist to monitor service delivery through the Overview and Scrutiny arrangements and quarterly performance reports highlight where corrective action is necessary.
- A key activity in the council's business plan is to continue the programme of works to maximise the use of our assets.
- The council subscribes to the APSE advisory service, with a view to benchmarking its front line services.
- Benchmarking is undertaken via relevant Lancashire professional groups e.g. revenues, audit, finance etc.
- The council plays an active role in the Fylde and Wyre health and wellbeing partnership.
- The council's performance appraisal system allows for documentation of the development of the individual through their personal development plan.
- Commercial awareness training has been provided for all staff.
- The council's Chief Internal Auditor and Insurance Officer are currently undertaking these roles for Lancaster City Council on a contractual basis.
- The Internal Audit Service recently received a 'full compliance' overall opinion when assessed against the Public Sector Internal Audit Standards (PSIAS).
- The council regularly benchmarks Member's allowances as part of the review undertaken by the independent remuneration panel.

<u>Developing the capacity of the entity's leadership and other individuals</u>

- The Chief Executive is responsible and accountable to the council for all aspects of operational management and is required to attend regular performance appraisal meetings with the Leader of the Council.
- The Head of Finance (Section 151 officer) is responsible to the council for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.
- There is an established pay and grading structure for employees referred to as the job evaluation system and a process for appeals.
- There is a clearly defined management structure and a scheme of delegation to officers, which is underpinned by the Members' Code of Conduct and a protocol for officer / Member relations.
- There are published job descriptions and established protocols, which ensure that the Leader and Chief Executive establish their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.
- Financial Regulations and Financial Procedure Rules are reviewed annually by the Audit Committee.
- Career structures are in place for Members and officers to facilitate succession planning.
- Effective management arrangements are in place both at the top of and throughout the organisation to support the health and wellbeing of officers.
- The council assesses the skills required by Members and officers and makes a commitment to develop these to enable roles to be carried out effectively.
- The council ensures that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the council.
- Training programmes are tailored to meet individual needs and there are opportunities for Members and officers to update their knowledge on a regular basis.
- All elected Members and staff have personal development plans.
- Skills are developed on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.
- Arrangements are in place via the volunteering initiative to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Authority.
- A competency framework exists to ensure that all staff have appropriate skills enabling them to deliver high quality services.

Core Principle F – Managing risks and performance through robust internal control and strong public financial management.

<u>Managing risk</u>

- Risk management is embedded into the culture of the council, with Members and managers at all levels recognising that risk management is part of their job.
- The risk management policy is refreshed annually and approved by the Audit Committee.
- Following an ICT service review by SOCITM, the council has recently implemented an IT risk register which will be reviewed on a quarterly basis.
- Strategic and operational risk registers are maintained and workshops are held regularly to review current risks and identify any new risks.
- Information asset registers are in place ensuring compliance with legislation and demonstrating best practice in information governance.

Managing performance

- Performance is regularly reported to Corporate Management Team and Cabinet.
- The council has an Overview and Scrutiny Committee which allows for constructive challenge and enhances the council's performance overall.
- There are effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.
- There is a calendar of dates for submitting, publishing and distributing timely reports to the council's committees.
- An Annual Report is published quarterly on the council's website.

Robust internal control

- An effective internal audit function is adequately resourced and maintained.
- Internal audit reviews are conducted under the Auditing Practices Board guidelines and in line with Public Sector Internal Audit Standards (PSIAS).
- In accordance with the Accounts and Audit Regulations 2015, an annual assessment of the council's systems of internal audit is carried out using the PSIAS and the checklist provided in the Local Government Application Note published by CIPFA. The standards also require an external assessment be carried out every five years. In April 2018 the Internal Audit Services received a 'full compliance' overall opinion following an external assessment carried out by Allerdale Borough Council and Preston City Council.
- The Head of Governance (Chief Internal Auditor) has developed a quality assurance improvement programme to ensure the continual improvement of the internal audit service.
- An effective Audit Committee is in place, which is independent of the Executive and the Overview and Scrutiny function.
- The Audit Committee undertakes an annual review of its own effectiveness against the checklist in the CIPFA guidance 'effective audit committees' and is satisfied that it meets the required standard.
- Both the Head of Governance (Chief Internal Auditor) and Senior Auditor have extensive experience and are both professionally qualified. The Chief Internal Auditor is a Chartered Auditor and also holds a Qualification in Internal Audit Leadership. The Senior Auditor is a Certified Auditor.
- The implementation of internal audit reports recommendations is monitored by the Internal Audit Team and the Audit Committee.
- Counter-fraud policies are in place and reviewed annually. The effectiveness of these policies is reviewed on a regular basis.

- Robust whistleblowing arrangements are in place.

Managing data

- The council has recently trained all staff on the new General Data Protection Regulations (GDPR) using an e-learning package.
- The council has appointed a Data Protection Officer who is responsible for ensuring the council's compliance with the Date Protection Act 2018 and the incorporated GDPR.
- Information Asset Registers are in place to demonstrate the council knows what data it processes, where it is stored and how it is shared internally and externally.
- Information is stored securely and confidential waste disposal arrangements are in place. Regular security sweeps of the council's buildings take place to test compliance.
- Key performance data is regularly reviewed for accuracy by internal audit.

Strong public financial management

- Those making decisions are provided with information that is fit for purpose, relevant, timely and gives clear explanations of technical and financial issues and their implications.
- An up to date register of gifts and hospitality is held and is annually inspected by the council's Audit Committee and the Monitoring Officer.
- There is an established pay and grading structure in place for employees.
- Financial Regulations and Financial Procedures Rules are reviewed annually and any changes are presented to the Audit Committee for approval.
- Registers of interests are maintained for both officers and elected Members.
- The External Auditors issued an unqualified value for money conclusion for the 2016/17 financial year.

Core Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability.

Implementing good practice in transparency

- The council complies with the Local Government Transparency Code 2015.
- Wyre Voice, an information leaflet produced by the council is delivered to every house in the Borough.
- An easy to read 'narrative report' accompanies the Statement of Accounts.
- The Local Government Ombudsman annual report is published on the council's website.

Implementing good practices in reporting

- Annual presentations are delivered for elected Members concerning the council's finances as part of the production of the revenue estimates, the capital programme and the update of the MTFP.

- A set of questions and answers supports the financial position at the year-end illustrating key issues for members of the Audit Committee and the relevant stakeholders.
- The annual efficiency statement is published alongside the revenue estimates as part of the report to Cabinet in February.
- The Annual Governance Statement is regularly reviewed by the Section 151 Officer and the Head of Governance (Chief Internal Auditor). The action plan is monitored by the Corporate Management Team and reported to Audit Committee.
- The value for money indicators are reviewed annually with the results being reported to Cabinet.
- Project management information is available for elected Members to view using the TEN system.
- Executive update reports are prepared and delivered by portfolio holders to Full Council.

Assurance and effective accountability

- The council ensures that all priority one audit recommendations and a sample of priority two and three recommendation are subject to a follow-up audit ensuring that recommendations are acted upon.
- An effective internal audit function is resourced and maintained enabling them to deliver an annual internal audit opinion.
- In accordance with the Audit and Account Regulations 2015, an annual assessment of the effectiveness of the internal audit function is completed.
- The Audit Committee work programme provides the opportunity for the Head of Governance (Chief Internal Auditor) to have a private and confidential discussion with the Audit Committee Members.
- The council participates in RIPA inspections every three years. All recommendations following the last review in 2015 have been implemented.
- The recent SOCITM inspection of the authority's website resulted in a 4 star rating.
- Key partnerships are periodically reviewed through the internal audit plan with delivery via third parties being included in the assurance reviews undertaken annually.
- The Financial Regulations and Financial Procedure Rules include partnership guidance which can assist officers in managing the key risks of any partnership arrangements.
- Clear terms of reference exist for the key partnerships, clarifying arrangements for accountability, for example the Waste Management Partnership, the Leisure Management Partnership, Fylde and Wyre Health and Wellbeing Board and the Community Safety Partnership.

6.0   RISK MANAGEMENT

6.1   The council has adopted a corporate risk management policy and operates a fully integrated risk management system across the organisation. Relevant officers have received training in risk management enabling the

production of operational risk registers with associated risk action plans, which are reviewed on a regular basis.

6.2   Each year the council's Corporate Management Team (CMT) holds a strategic risk workshop, to identify and prioritise strategic risks and to produce an action plan. Significant business risks that may impact upon the council's priorities have been identified and assessed, and appropriate control measures are in place. The report and associated action plan is presented to Management Board and Audit Committee and progress is monitored on a regular basis through the CMT.

6.3   Following a recent review of the ICT Service by SOCITM, the council has now formulated an ICT risk register. This is reviewed quarterly by Internal Audit and the Service Director for Performance and Innovation.

7.0   <u>REVIEW OF EFFECTIVENESS</u>

7.1   In accordance with the Accounts and Audit Regulations 2015, the council must ensure that it has a sound system of internal control which:

   a) facilitates the effective exercise of its functions and the achievement of its aims and objectives,
   b) ensures that the financial and operational management of the council is effective; and
   c) includes effective arrangements for the management of risk.

7.2   The council is also responsible for conducting a review each financial year of the effectiveness of the system of internal control.

7.3   The Head of Finance (Section 151 Officer) is responsible for the proper administration of the council's financial affairs. This includes responsibility for maintaining and reviewing Financial Regulations and Financial Procedure Rules, to ensure they remain fit for purpose, submitting any additions or changes necessary to the Audit Committee for approval and reporting, where appropriate, breaches of the Regulations to the Cabinet and/or the Council.

7.4   The Head of Finance (Section 151 Officer) also has responsibility for:

   • overseeing the implementation and monitoring the operation of the Code of Corporate Governance;
   • maintaining and updating the Code in the light of latest guidance on best practice; and
   • reporting annually to the Corporate Management Team and to Members on compliance with the Code and any changes that may be necessary to maintain it and ensure effectiveness in practice.

7.5   Wyre Council's internal audit service, via a specific responsibility assigned to the Head of Governance (Chief Internal Auditor) is required to provide an independent and objective opinion to the council on its risk management, governance and internal control environment. The Chief Internal Auditor's Annual report for 2017/18 concluded that the council has in place

satisfactory controls to be able to maintain an adequate and effective internal control environment.

7.6 The Chief Internal Auditor also stated that whilst significant progress has been made in ensuring the council's readiness for compliance to the Data Protection Act and the incorporated GDPR, there is still a considerable amount of work to be completed going forward and therefore recommended that this be documented in the AGS.

7.7 Following an AGS workshop with key officers across the council, compliance to the governance framework and the core principles has been reviewed by the Head of Finance (Section 151 Officer), the Head of Governance (Chief Internal Auditor) and the Audit Committee.

8.0   VALUE FOR MONEY CONCLUSION

8.1 The External Auditors issued an unqualified value for money conclusion in their most recent review for 2016/17. This means that they are satisfied that the council has proper arrangements for securing financial resilience and challenging how it secures economy, efficiency and effectiveness. To arrive at that conclusion they looked at the council's financial governance, financial planning and financial control processes, as well as reviewing how the council prioritises its resources, improves efficiency and productivity.

9.0   SIGNIFICANT GOVERNANCE ISSUES

9.1 No significant governance issues have been raised that require documenting separately in the Annual Governance Statement.

9.2 Following the workshop with the council's key officers, minor issues have been identified which have been documented in an action plan that will be monitored by Corporate Management Team and reported to the Audit Committee in November each year.
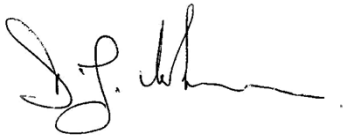
10.0   REVIEWING AND REPORTING ARRANGEMENTS

10.1 The CIPFA/SOLACE guidance recommends that authorities should undertake annual reviews of their governance arrangements to ensure continuing compliance with best practice as set out in the framework.

10.2 Each year, normally in April / May, a governance workshop is held with key officers of the council who have the most appropriate knowledge, expertise and levels of seniority to consider the extent to which the organsiation complies with the principles set out in the good governance framework. The principles are discussed in length and evidence is put forward to demonstrate how the council is meeting each of the principles. It is also an opportunity to identify any issues or gaps that could lead to a weaker governance structure. Following this meeting, the AGS and an action plan

of minor issues is submitted for consideration by the Leader and Chief Executive who then sign to certify they are aware of the governance issues within the Authority and of the measures that are required to improve the controls around the council's governance framework.

11.0   CERTIFICATION

As the Leader of the Council, I am aware of the governance issues within this Authority and of the measures that are needed to improve the control environment. Overall, my assessment of the control environment as at 31st March 2018 is satisfactory.

COUNCILLOR D HENDERSON
LEADER OF THE COUNCIL

As the Chief Executive, I am aware of the governance issues within this Authority and of the measures that are needed to improve the control environment. Overall, my assessment of the control environment as at 31st March 2018 is satisfactory.

G PAYNE
CHIEF EXECUTIVE

ANNUAL GOVERNANCE STATEMENT 2017/18

Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible
Information Governance	C/F 2016/17	Whilst the Council has made significant progress ensuring its readiness for the GDPR, there are still areas of concern, namely, data sharing and contracts.	The Data Protection Officer will ensure that where the information asset registers state that data is shared, a data sharing agreement is in place.

The DPO, Senior Solicitor and the Procurement Officer will continue to work through the contracts that contain personal data and ensure T&C's are GDPR compliant. | Data Protection Officer (DPO)

On-going

DPO, Senior Solicitor & Procurement Officer

On-going |
| **Money Laundering** | C/F 2016/17 | The MLRO and Deputy MLRO attended a course on the new Money Laundering and anti-Terrorist Regulations in January 2018. Whilst it was identified that there were elements within the new Regulations that do not apply to Local Authorities, the MLRO will need to ensure that all staff handling cash can identify any signs of laundering and know how to report it. | The MLRO and Deputy MLRO will identify the relevant members of staff that require training. | MLRO / Deputy MLRO

December 2018 |
| **Member Training** | C/F 2016/17 | The Council has agreed that all members will complete a Councillor Development Plan (CDP) and a Development Needs Analysis (DNA) to ascertain general training needs. However, it was identified that these have not been refreshed for some time and do not necessarily provide the information required to complete an | The current CDP and DNA will be refreshed prior to the next Election in May 2019. | Democratic Services Team

May 2019 |

Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible
		accurate skills and knowledge framework.		
Council's Constitution	C/F 2016/17	Following a number of restructures and local government changes it was identified that the constitution needs to be refreshed to ensure it is up-to-date and fit for purpose. Whilst some work has been completed, progress is slow. Phase one, which is the review of the Introduction, Articles and the Portfolio Holder responsibilities, is due to go to Council in June 2018. However, the main review is still outstanding.	CMT will decide what this review will cover and who will need to be involved.	Corporate Management Team / Democratic Services Team Timescale TBC
	2017/18	Although a number of key officers are involved in the implementation and roll out of policies and procedures in relation to information governance, there is currently no requirement to obtain committee approval. Given that the Audit Committee are responsible for Governance, it would seem appropriate that this is added to their terms of reference.	Given the importance of ensuring compliance with the new Data Protection Act 2018 and the incorporated GDPR, the Audit Committees Terms of Reference will be amended to include responsibility for information governance (IG), namely approving the Council's IG policies and procedures and championing the importance of compliance.	Democratic Services Manager / Head of Governance June 2018
Performance Appraisals	C/F 2016/17	The new appraisal framework has been in place for 12 months and there are a number of concerns that need addressing; • A number of PDP's still o/s; • The high level manager values still need to be reviewed; and • The self- booked 1-2-1's are not working as intended.	A 12 month review will be completed by the Head of Business Support.	Head of Business Support Summer 2018

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Equality	C/F 2016/17	Following an internal audit review of the Council's compliance to the Equality Act, a number of recommendations were made, one of which involved assigning overall responsibility for equality to the Head of Business Support. However due to resources the audit actions are still outstanding.	To ensure the work required can be adequately resourced, a decision needs to be made who in HR will be responsible for implementing the actions within the recent audit to ensure the organisation is compliant with the Equality Act.	Head of Business Support

September 2018 |
| **RIPA** | 2017/18 | Officers using RIPA to carry out surveillance and authorising officers last received training approximately three years ago. The Council's next inspection is November 2018. | RIPA training will be arranged prior to the inspection in November 2018. | Senior Solicitor

November 2018 |
| **Members Code of Conduct** | 2017/18 | Following a recent member investigation carried out by the MO at Blackpool Council it was suggested that the Members' Code of Conduct was not robust and required a number of changes to ensure it was robust and fit for purpose. | The Members' Code of Conduct will be reviewed. This review will also include a review of the social media policy. | Monitoring Officer and Democratic Services Manager

Timescale TBC |
| **Corporate Inductions** | 2017/18 | Owing to staff turnover, the council has streamlined the corporate inductions process. At present, new starters are presented with an induction manual and will spend an hour on their first morning with personnel from HR. There is a new starter checklist which is completed in part by HR but mainly by the line manager. Whilst other officers used to be involved in inductions (CMT, Head of Governance, | It is suggested that the corporate induction checklist be reviewed to ensure it covers all the necessary requirements, for example, completion of any data protection training and the meeting and greeting of key officers and is generally brought up-to-date. | Human Resources

Timescale TBC |

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		ICT) this has been phased out over time.		
Ethical Governance	2017/18	In previous years, the council has used an ethical governance survey to ensure both officers and members know and understand the council's key policies and procedures around expected behaviours. The last survey was completed several years ago.	An ethical governance survey will be carried out for both staff and members to refresh knowledge and understand and highlight any training requirements.	Head of Governance September 2018
Audit Committee	2017/18	Some of the current membership of the Audit Committee (AC) do not have the necessary skill set, set out by CIPFA in their 'practical guidance for Audit Committee' publication. Given the Audit Committee are responsible for signing off two of the council's most important statements (the Annual Governance Statement and the Statement of Accounts), it is suggested that CIPFA's guidance should be used when allocating members to the AC.	The CIPFA 'practical guidance of Audit Committees' should be used when appointing members to AC. The other regulatory committees (Planning and Licensing) should also be reviewed to ensure that any statutory or recommended guidance in relation to membership is considered when allocating membership.	Corporate Management Team / Leader of the Council Timescale TBC
Report Author Guidance	2017/18	Although report author training has recently been given, there are still a number of issues with report writing, namely; • Officers are not contacting the key officers at the start of the process for any financial or legal considerations. Incorrectly, this is still considered to be the final check; • The reports don't always give	Report authors will be reminded about the importance of involving key personnel at the start of the process rather than at the end. The implications box will be moved to the top of the report and ICT, DP / PIA implications will be included. Any decisions that require a PIA will not be cleared by CMT unless the PIA has been signed off by the	Corporate Management Team / Democratic Services Manager Timescale TBC

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		information on the number of options to consider, often the reports read as though the decision has been made and there is only one option; • The implications boxes are not always used and when they are, it's often incorrect; and • Other implications should be considered and documented within the report, for example ICT and Data Protection, including the needs for a Privacy Impact Assessment (PIA).	Data Protection Officer.	
Succession Planning	2017/18	A number of concerns were raised during the AGS workshop around the council's capacity in particular around the council's aging population and the reduced opportunity for succession planning.	A review of the council's age profile will be carried out to identify where there could be capacity issues in the future and where there is a need for succession planning.	Corporate Management Team Timescale TBC
Standing for Election checks	2017/18	Whilst the council fully complies with the Electoral Commission in relation to applying the necessary pre-qualification checks in relation to standing for elections, a number of issues have been raised around how these requirements are satisfied.	The Monitoring Officer will liaise with the Election and Information Governance Manager to ensure that more detailed checks are made when completing pre-qualification checks.	Monitoring Officer / Elections and Information Governance Manager May 2019
YMCA	2017/18	A number of issues around transparency and openness have been raised in relation to the arrangement in place between the council and YMCA, whereby the YMCA	A meeting with the YMCA has been arranged in June 2018 to discuss the outturn and the proposal for reducing the subsidy	Service Director Health and Wellbeing

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		operate and manage our Leisure Centres. The 2017/18 subsidy target was exceeded by just over £66,000. However this was not reported until May 2018, although a smaller overspend had been forecast in the new year. There has also been significant changes to the management of the YMCA which the council was not consulted on but which contributed to the overspend.	in future years. Any significant changes will need to be taken to Corporate Management Team and Management Board for agreement.	
Leadership Changes	2017/18	There has been a number of changes to the Leadership of the ruling group and Cabinet in late 2017 and early 2018 as well as changes to the Leadership of the opposition group in early 2018.	Changes to the Council's leadership and the leadership of the opposition group will require the development of new working relationships between officers and Members using the Code of Conduct and other guidance as support.	Corporate Management Team / Cabinet / Group Leaders / Monitoring Officer On-going