

**WIRRAL COUNCIL****ANNUAL GOVERNANCE STATEMENT 2007/2008****1. Scope of Responsibility**

- 1.1. Wirral Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively, Wirral 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.
- 1.2. In discharging this overall responsibility Wirral Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3. Wirral Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. A copy of the code is on our website at [www.wirral.gov.uk](http://www.wirral.gov.uk). This statement explains how Wirral Council has complied with the code and also meets the requirements of regulation 4 of the Accounts and Audit Regulations 2006 in relation to the publication of a statement on internal control.

**2. The Purpose of the Governance Framework**

- 2.1. The governance framework comprises the systems and processes, culture and values for the direction and control of the Authority and its 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.
- 2.2. 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 not fully achieving policies, aims and objectives and therefore provides a reasonable rather than 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 Wirral Council 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.

- 2.3. The governance framework has been in place for a number of years at Wirral Council and, in particular, for the year ended 31 March 2008 and up to the date of approval of the Statement of Accounts.

### **3. The Governance Framework**

Key elements of the systems and processes that comprise the governance arrangements include:

- 3.1. Wirral Council has now revised its Corporate Plan setting out its objectives and there is an accompanying Performance Plan in which achievement of the objectives is monitored.
- 3.2. Wirral Council facilitates policy and decision making via a Cabinet Structure with Cabinet Member portfolios. There are Overview and Scrutiny Committees covering all portfolios. An Audit and Risk Management Committee provides independent assurance to the Council on risk management and control, and the effectiveness of the arrangements the Council has for these matters. The Constitution is reviewed annually by the Monitoring Officer and is codified into one document which is available on the intranet and external web pages.
- 3.3. Wirral Council ensures compliance with established policies, procedures, laws and regulations - including risk management. There is a comprehensive corporate induction programme in place and information regarding policies and procedures is held on the intranet, which continues to be enhanced and developed. The Council has a strong Internal Audit function and well established protocols for working with External Audit. The Audit Commission through its Inspectorate functions also reviews compliance with policies, procedures, laws and regulations within their remit.
- 3.4. The Council has adopted a "Local Code of Corporate Governance" in accordance with the CIPFA/SOLACE Delivering Good Governance Framework 2007. The local code contains appropriate monitoring and reporting procedures, and can be found on the Council website.
- 3.5. Services are delivered by trained and experienced people. All posts have a detailed job description and person specification. Individual training needs are constantly identified through the Key Issues Exchange process and fed into the Departmental Training plan and addressed by the Corporate Training Group.
- 3.6. The Council has designated the Head of Legal and Member Services as the Monitoring Officer. It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations.
- 3.7. Wirral Council has continued to enhance and strengthen its internal control environment through the introduction of new policies and procedures.

- 3.8. The Council has robust systems for identifying and evaluating all significant risks, developed and maintained with the pro-active participation of all those associated with planning and delivering services. The Council adopted a revised Risk Management Policy and Strategy in 2007. This explains the methodology which provides a comprehensive framework for the management of risk throughout the Council. A cross-departmental risk management group has defined Terms of Reference to develop a comprehensive performance framework for risk management and to embed risk management across the Authority. A Corporate Risk Register is in place and appropriate staff have been trained in the assessment, management and monitoring of risks. A designated Risk Management Officer has been appointed and has approached embedding risk management in accordance with best practice guidance as a “top down” process via presentations, training and the facilitation of workshops to promote this process.
- 3.9. Wirral Council ensures the economical, effective and efficient use of resources, and secures continuous improvement in the way in which its functions are exercised, by having regard to a combination of economy, efficiency, and effectiveness.
- 3.10. The Comprehensive Performance Assessment (CPA) framework currently assesses the Council as 2 star and improving adequately. The Audit Commission annual assessment of the Council identified that the Council is making good progress in a number of its priority areas.
- 3.11. The financial management of the Authority is conducted in accordance with the Financial Procedure Rules set out in the Constitution. The Council has designated the Director of Finance as Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972. The Council has in place a three year Financial Strategy, updated annually, to support the medium term aims of the Corporate Plan. A rigorous system of monthly financial monitoring ensures that any significant budget variances are identified in a timely way, and corrective action is initiated.
- 3.12. The Council has an objective performance management framework. The system is driven by the Corporate Plan which focuses attention on corporate priorities. This is cascaded through departmental service plans, individual employee key issue exchanges and actions plans. It is clearly laid out in the annual service and financial planning and performance management cycle. Committees monitor and scrutinise progress against targets and performance in priority areas affecting relevant service areas, and consider and approve corrective action where necessary.
- 3.13. The Council has an objective and professional relationship with external auditors and statutory inspectors, as evidenced by the Annual Audit and Inspection Letter.

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

- 4.1. Wirral 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 executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit annual report, and also by comments made by the external auditors and other review agencies and inspectorates:
- 4.2. The Council has developed key policy documents, such as the Corporate Plan and Statement of Intent through which the Council expresses its objectives and puts in place the mechanisms by which it can monitor their achievement. Regular progress reports are presented to Cabinet and subject to scrutiny. Departmental Service Improvement Plans that contain a variety of performance indicators and targets, that are regularly reviewed are maintained on the Performance Information Management System, support these plans.
- 4.3. Directorate, Divisional and Service unit business plans contain a variety of performance indicators and targets that are regularly reviewed.
- 4.4. The Council Constitution, which is annually reviewed by the Monitoring Officer, sets out the responsibilities of both Members and senior managers. In particular the Council has identified the three statutory posts as follows:-
  - Head of Paid Service - Chief Executive
  - Chief Financial Officer - Director of Finance
  - Monitoring Officer - Head of Legal and Member Services
- 4.5. The Head of Legal and Member Services (Monitoring Officer) has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Constitution is reviewed annually.
- 4.6. The Council continues to assess how its overall corporate governance responsibilities are discharged. In particular the Council has adopted the CIPFA/Solace Delivering Good Governance Framework, has developed a local Code of Corporate Governance and is working towards the National Good Governance Standard.
- 4.7. The arrangements for the provision of internal audit are contained within the Financial Regulations which are included within the Constitution. The Director of Finance is responsible for ensuring that there is an adequate and effective system of internal audit of the accounting and other systems of internal control as required by the Accounts and Audit Regulations 2006. The internal audit provision is managed by the Chief Internal Auditor and operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government 2006.

- 4.8. The Wirral Internal Audit Plan is prioritised by a combination of the key internal controls, assessment and review on the basis of risk and the corporate governance arrangements, including risk management. The work is further supplemented by reviews around the main financial systems, scheduled visits to Council establishments and assistance with fraud investigations. The resulting work plan is discussed and agreed with the Chief Officers and the Audit and Risk Management Committee and shared with the external auditor. Regular meetings between the internal and external auditor ensure that duplication of effort is avoided. All Wirral Audit reports include an assessment of the adequacy of internal control and prioritised action plans to address any areas needing improvement. These are submitted to Members, Chief Officers, School Heads and Chairs of Governors as appropriate.
- 4.9. Wirral Internal Audit is subject to regular inspection by the external auditors who place reliance on the work carried out by the internal auditors and indicate in their most recent review that “internal audit provide an effective service that makes a good contribution to the control environment of the Council”.
- 4.10. The review of the effectiveness of the system of internal control reflects best practice guidance identified by the CIPFA Finance Advisory Network and is informed by:
- Directorate assurance based on management information, performance information, officer assurance statements and Scrutiny Committee reports;
  - the work undertaken by Wirral Internal Audit during the year;
  - the work undertaken by the external auditor reported in their Annual Audit and Inspection Letter;
  - Other work undertaken by independent inspection bodies.
- 4.11. From the work undertaken by Wirral Internal Audit in 2007/08 the Chief Internal Auditor was able to provide 'reasonable assurance' on the key areas of risk management, corporate governance and financial control. In this context 'reasonable assurance' means that the systems can be relied upon to prevent error, fraud or misappropriation occurring without detection, and that nothing was found that would materially affect the Council standing or Annual Accounts. Internal Audit did identify a number of concerns that required remedial action and these were reported to the appropriate Chief Officer or Senior Manager during the year.

## **5. Significant Governance Issues**

- 5.1. The Council, working with strategic partners and local communities has agreed the following strategic objectives:-
- To create more jobs, achieve a prosperous economy and regenerate Wirral.

- To create a clean, pleasant, safe & sustainable environment.
- To improve health and well being for all, ensuring people who require support are full participants in mainstream society.
- To raise the aspirations of young people.
- To create an excellent council.

5.2. These form the basis for the Corporate Plan and Performance Improvement Plans referred to above and provide the focus for the improvements which are being made in all areas of the Council.

5.3. Continued improvements in the way that the Council manages the delivery of Corporate Governance that include the implementation of the new CIPFA/SOLACE Delivering Good Governance Framework via the Corporate Governance Monitoring Group, the preparation of a revised Code of Corporate Governance and the formulation of a Corporate Governance Communications Group to propagate the required cultural changes by raising awareness and understanding should ensure that arrangements in this area remain effective.

5.4. The Comprehensive Performance Assessment (CPA) identified the Council as improving adequately and categorised as "two stars". The Audit Commission noted that "the Council is making good progress in a number of its priority areas but environmental services are an area for improvement. It has made good improvements in terms of reducing crime and fear of crime and in the regeneration of the area. Educational attainment continues to improve and poor housing is being addressed. Environmental services performance has deteriorated compared to others but the Council is beginning to show good improvements as recycling rates are improving" Specific areas for improvement were identified by the CPA Corporate Assessment in the following areas:

- Improvement in the Planning system for the turnaround of cases,
- Continued improvement in helping older people live at home,
- Reduction in the number of road accidents.

Appropriate actions agreed with the Audit Commission are currently being implemented to address all of the issues identified and transform service delivery in those areas, with the intention of achieving three star status.

- 5.5. The Council has completed significant work to implement the Risk Management Framework within all departments to ensure that risks are identified and appropriate actions taken by relevant individuals to mitigate risks. Consequently, the Council has been assessed against the CIPFA five point Risk Maturity Model as 'Risk Defined' and improving, a good mid point score that acknowledges the nature of the work that has been undertaken to date. Further developments are scheduled and must be completed in the following areas to ensure that the infrastructure remains in place to advance the risk maturity and further embed risk management into the culture of the organisation:
- 5.5.1. Competency frameworks, job descriptions and performance appraisal systems in operation for Chief Officers and senior managers should be reviewed and details of responsibilities and targets included where appropriate.
- 5.5.2. The work being undertaken to further update the Corporate Risk Management Strategy should include the following:
- a statement to positively encourage risks to be considered as opportunities as well as threats.
  - a definition of the role of the Members in the identification of corporate risks and evaluation of the effectiveness of the Corporate Risk Management Strategy.
  - the Corporate Risk Management Strategy should be made available on the Intranet site.
- 5.5.3. The Council is currently developing a Corporate Risk Management Training Programme that will provide appropriate Members and officers with relevant training at specified intervals.
- 5.5.4. A framework is in the process of being established in order to formalise procedures to encourage the open and transparent reporting of risk management control failures across the Council.
- 5.5.5. The Council is currently considering the establishment of a body to coordinate day to day responsibility for monitoring risk management issues and overseeing the implementation of actions required to mitigate risks identified.
- 5.6. Equality and Diversity is a key element of the Council Plan and through equality impact assessments the Council has identified a number of priority actions to improve ways for people, particularly young people, hard to reach and disengaged groups to communicate with and influence the Council, tackling the causes of community unrest. It is important that these developments continue, particularly with respect to engaging the younger people of the Borough as the existing 'links' in this area are not consistent with those for other groups.

- 5.7. The Council continues to be actively involved in developing the way it works with partners and organises itself to deliver services. Developments are continuing in this area to update the partnership register and clarify the legal status all of the partnerships identified and the applicability of Council Codes of Conduct to partners.
- 5.8. The Council has, in its role as the Local Area Agreement (LAA) Accountable Body, established amongst its partners a commitment to a clear and common vision for Wirral and it is recognised that each of the partners identifies with their role in achieving this vision. The terms of reference for the Local Area Agreement Programme Board (LAAPB) identify its role in ensuring that the partnership achieves its targets and takes remedial action where necessary. However, whilst each of the member bodies has their own codes of conduct and shares a vision, the standards and behaviour are not explicitly articulated and consideration is being given to the preparation of a more formal agreement identifying shared values, expected behaviours, rights and duties that partner organisations should sign up to.
- 5.9. The Council continues to develop and implement extensive efficiency programmes to improve services and respond to the challenges of the Gershon report and the need to identify significant savings in both the current and future years.
- 5.10. Internal Audit has concluded that, based on the work undertaken, overall throughout the Council there are sound systems of internal control in place. However, improvements in the internal control environment can always be made and reports have been produced and discussed with Chief Officers and Members during the year that recommend appropriate actions to be taken within an agreed timescale to address weaknesses and improve systems of control in key areas that include the following:
- 5.10.1 The Council is fully committed to providing as safe an environment as is practicable for all its employees and for all customers and visitors who use its facilities. The recent introduction of the Corporate Manslaughter Act 2007 allowed for reviews of the existing health and safety management systems to ensure that they are in line with the Council vision. The Council has undertaken substantial work during the year to address a significant number of issues identified regarding the effectiveness of the physical security arrangements in operation at the major office complexes.
- 5.10.2 Work is continuing across the Council to address a number issues identified following a review of the effectiveness of the Recruitment and Selection policies and procedures in operation.
- 5.10.3. Following an internal governance review and subsequent comments by the Audit Commission a revised Whistleblowing Policy has been prepared for the Council that is to be widely publicised on the Internet site, the local Intranet and through the staff team briefing process,



- 5.10.4. The Council has recently produced a detailed ICT Strategy,
- 5.10.5. The Council Constitution is currently being reviewed for fitness for purpose and compliance with best professional practice as part of the annual governance review process.
- 5.10.6. Information security has improved but still remains a key issue within the Council. Revised standards have been produced and these need to be fully implemented during the year to prevent and minimise risk of the occurrence of fraud.
- 5.11. The Council is implementing the Single Status agreement which was made nationally between the National Joint Council (NJC) for Local Government and Signatory Trades Unions on 1 April 1997. This sets out the review of Pay and Grading which is designed to equalise terms and conditions of service for most Council employees. An integral part is the application of a job evaluation exercise covering all affected posts to ensure consistency, fairness and a justification for differences of grade and salary between jobholders.
- 5.12. We propose over the coming year to take any necessary steps to ensure that all of the above matters are addressed as appropriate to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_  
Chief Executive

Signed: \_\_\_\_\_ Date: \_\_\_\_\_  
Leader of the Council