



## **ANNUAL GOVERNANCE STATEMENT FOR** **THE YEAR ENDED 31<sup>ST</sup> MARCH 2009**

Corporate Governance is the system by which the Wigan & Leigh Housing Company directs and controls its functions and relates to the community. A key aspect of corporate governance is the requirement to put into place *“effective risk management systems, including systems of internal control”*. Wigan & Leigh Housing is committed to the highest standards of corporate governance as outlined in this Annual Governance Statement.

## **Annual Governance Statement for the year ended 31<sup>st</sup> March 2009**

### **1. Introduction**

The Annual Governance Statement provides appropriate disclosures to detail the extent to which the Wigan & Leigh Housing Company is carrying out its activities in accordance with proper practices, viz.:-

- Acknowledgement of the Company's responsibility for ensuring that a sound system of internal control is maintained and reviewed (including the review process followed).
- Confirmation that the system of internal control was in place for the duration of the financial year and remained so up until the date of approval of the annual accounts to provide reasonable assurance of effectiveness.
- Reference to an ongoing risk management process designed to identify and prioritise the risks to the achievement of the Company's policies, aims and objectives.
- A description of the key elements of the Company's assurance and internal control environment (see Appendix 1).
- Confirmation that the results of the review of the effectiveness of internal control have been discussed by the Company and where appropriate, details of actions taken/proposed to deal with significant control issues.

### **2. Performance, Vision Purpose and Values**

In 2006 Wigan & Leigh Housing Company updated its Vision for Social Housing developed in 2001 to "*Better Homes, Brighter Futures*" with five goals

- Better Housing Services
- Better Neighbourhoods
- Decent Homes
- Access to affordable housing
- Housing services for vulnerable people

The Vision has been used to shape a new Governance structure, officer structure and the Delivery and Business Plan 2007-2010. It was subject to extensive consultation having been developed together between the Board, and the Company's tenants and partners.

During 2007/08 the Vision was subject to a further review which has resulted in the expansion of Better Neighbourhoods to include a "sense of place" with the aim of promoting greater tenant involvement and a broader community engagement.

### **3. Scope of Responsibility**

Wigan & Leigh Housing Company, through its Board Members and officers, is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively. In discharging this accountability, Board Members and senior officers are responsible for putting in place proper arrangements for the governance of the Company's affairs and the stewardship of the resources at its disposal.

### **4. Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate risk, and can therefore only provide reasonable, 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 Wigan & Leigh Housing's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they occur and to manage them efficiently, effectively and economically.

### **5. The Assurance Framework and Internal Control Environment**

Wigan & Leigh Housing's system of internal control (see Appendix 1) is based on ongoing management and review processes introduced to minimise the impact of risks to the achievement of the Company's policies, aims and objectives. This system of internal control has been in operation throughout the financial year ended 31<sup>st</sup> March 2009 and up to the date of approval of the annual report and accounts.

The Company is governed by a Memorandum of Association and Articles of Association in accordance with the Companies Act 1985. The Memorandum set out briefly the Company details and specifies in legal terms its objects and powers. The Articles are more detailed and deal with the Company's internal affairs including Board membership, appointment and removal of Board Members, Board Member powers and how they exercise and delegate them, the proceedings of Board Meetings and the appointment of Company Secretary. The Board also delegates powers to the Chief Executive and to Committees and sub-groups via a Scheme of Delegations.

In summary Wigan & Leigh Housing's Internal Control Environment includes:-

- A Board structure consisting of 14 Directors comprising tenants, Council nominees and independent members.
- A high level vision embedded in the business planning, delivery, risk management, and performance management frameworks.

- A Governance, Standards and Audit Committee to oversee the work of the Internal and External Audit functions and provide independent assurance of the effectiveness of:-
  - a. The Company's governance arrangements.
  - b. The Company's risk management framework and the associated control environment.
  - c. Standards of conduct throughout the Company.
- A Business, Investment and Performance Committee to oversee the business and performance of the Company and in particular to:-
  - a. Monitor revenue and capital expenditure including the determination of investment priorities and programmes.
  - b. Agree performance targets on local and national performance indicators and monitor performance.
  - c. Approve service improvement and value for money reviews.
- An Appointment & Appeals Panel responsible for the appointment and dismissal of senior officers and hearing and determining appeals from staff and Board Members for dismissals and grievances.
- An Internal Audit function that consistently meets all professional standards, (as assessed by the Audit Commission) supports the Company in the achievement of its improvement agenda and has responsibility for the continual review of major financial controls and the wider internal control environment.
- A private firm of external auditors bound by the ethical guidelines of the Institute of Chartered Accountants in England and Wales who provide an annual opinion on the company's financial statements, balance sheet and profit and loss for the year, in accordance with United Kingdom Generally Accepted Accounting Practice.
- Corporate Governance arrangements that are assessed annually by Internal Audit.
- A risk management framework and a comprehensive Risk Register approved by the Board and monitored by the Governance, Standards & Audit Committee. The framework demonstrates that risk management arrangements are robust and embedded within the Company's key processes of business planning and performance management.
- The ongoing development of a performance management framework, with clearly defined performance management targets, that includes both statutory performance information, locally developed indicators and progress against agreed priorities. The framework includes the use of "at risk indicators" where additional reporting and scrutiny occurs.
- The achievement and maintenance of national accreditation and standards such as Investors in People and the Equality Standard for Local Government, Codes of

Conduct and other associated procedures designed to ensure that staff are appropriately skilled to deliver the Company's aims and objectives and conduct themselves in a proper manner.

## **6. Review of Effectiveness**

Wigan & Leigh Housing Company has responsibility for the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of Internal Audit, the executive managers within the Company, who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies.

From the Internal Audit work undertaken in 2008/09 and as reported to the Governance, Standards & Audit Committee on 14<sup>th</sup> May 2009 it is the opinion of the Head of Audit & Risk Management Services that Wigan & Leigh Housing Company operates an effective overall control environment.

## **7. Significant Internal Control Issues**

No significant internal control issues have been identified. However, it should be noted that the recent revisions of the Company's Corporate Governance arrangements recognise that this framework will be subject to an annual review.

An overview of these arrangements is outlined at Appendix 2. It also highlights some sensitive issues within the public arena that the Wigan & Leigh Housing Company is addressing and which provide practical illustrations of the Company's commitment to effective governance.

On the basis of our own knowledge of the Company's structure, performance and operations and from the opinion of the Head of Audit & Risk Management as detailed above, we are satisfied that Wigan & Leigh Housing's internal control/corporate governance arrangements are adequate and are operating effectively. We are satisfied that the enhancements identified will further improve our governance and internal control arrangements. We will assess their implementation and the effectiveness of dealing with the issues outlined as part of the work of the Governance Review Group and also the formal risk management process.

Signed:

The image shows two handwritten signatures in black ink. The signature on the left is 'Geoff Roberts' and the signature on the right is 'Ashley Crumbley'. Both signatures are written in a cursive, flowing style.

Geoff Roberts, Chairman & Ashley Crumbley, Chief Executive, on behalf of the Board and Senior Officers of Wigan & Leigh Housing Company.

Date: 3 June 2009