

**CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE
STATEMENT
WDA/18/12**

Recommendation

That:

1. Members note the findings of the Annual Corporate Governance Assessment;
2. the Annual Governance Statement be approved and signed by the Authority's representatives; and
3. the Authority approves the inclusion of the Annual Governance Statement in the Statement of Accounts 2011/12.

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Report of the Chief Executive

1. Purpose of the Report

- 1.1 To inform Members of the findings of the Annual Code of Corporate Governance Assessment and to approve the Annual Governance Statement for inclusion in the Statement of Accounts 2011/12.

2. Background

- 2.1 Members approved the existing Code of Corporate Governance at a meeting of the Authority held on 24th June 2011. This code is based on a framework recommended by CIPFA/SOLACE which defines standards of good corporate governance.
- 2.2 The Authority has established a Primary Assurance Group (PAG) which is responsible for the continuing assessment and review of the Authority's corporate governance arrangements in line with the above code. The group consists of the Authority's statutory officers (Monitoring Officer, Treasurer and Clerk), in consultation with the Chief Executive and the Director of Operations.
- 2.3 The Primary Assurance Group has undertaken its annual assessment of internal control and governance arrangements for 2011/12, the findings of which are presented in this report.
- 2.4 On the basis of these findings, the Annual Governance Statement for 2011/12 is attached at Appendix 1 for Members' approval and inclusion in the Statement of Accounts 2011/12.

3. Annual Assessment and Review

- 3.1 The Primary Assurance Group (PAG) has undertaken its annual assessment of the Authority's corporate governance arrangements. The assessment is based on the current CIPFA/SOLACE guidance.

- 3.2 The review considered the implementation of the improvements identified during the previous year's annual assessment. A summary of the work undertaken in 2011/12 is attached at Appendix 2 for Members' information.
- 3.3 This year's assessment has been informed by that of the previous year. It identifies new areas of improvement whilst reflecting actions completed which have strengthened the Authority's internal controls during 2011/12 and those actions which need to be carried into the forward year.
- 3.4 From this assessment, an improvement plan has been produced for the forward year. The plan summarises opportunities for improvement where the Authority's arrangements can continue to be strengthened. A copy of the plan is attached at Appendix 3 and a full copy of the Annual Assessment is attached at Appendix 4.
- 3.5 The key areas for improvement identified during the assessment include:
- Signing of the Inter Authority Agreement between the Authority and Halton.
 - Review of Governance Arrangements, specifically how Authority meetings are conducted in relation to consultation with district councils.

4. Quality Assurance

- 4.1 The Authority's Internal Auditors periodically review Corporate Governance arrangements to ensure that the systems in place operate effectively.
- 4.2 Such a review was undertaken and reported to Members in September 2011. The auditor found that appropriate controls were in place to monitor and manage governance arrangements and no recommendations for improvement were identified.

5. Statements of Assurance

- 5.1 As part of the annual assessment, the Primary Assurance Group require Statements of Assurance from key officers and organisations which are responsible for maintaining robust internal control systems on which the Authority must rely in preparing its accounts.
- 5.2 The following statements have therefore been received and considered by the Primary Assurance Group:
- The Authority's Chief Executive;

- St Helens MBC as provider of key services including finance and auditing;
- Mersey Waste Holdings Limited as an organisation included in the Authority's Group Accounts; and

5.3 Copies of the statements are available upon request.

6. Annual Governance Statement

- 6.1 Regulation 4 of the Accounts and Audit (England) Regulations 2011 requires authorities to prepare and approve an annual governance statement.
- 6.2 The CIPFA/SOLACE Framework includes a supplement which defines the form and content of a governance statement that meets the requirements of the above regulations.
- 6.3 The guidance states that 'A good governance statement should be an open and honest assessment of the organisation's performance across all of its activities, with a clear statement of the action being taken or required to address areas of concern.'
- 6.4 An Annual Governance Statement has been produced by the Primary Assurance Group on this basis and is attached at Appendix 1 and reports that no significant governance issues have been identified.
- 6.5 Members are asked to approve the Annual Governance Statement and agree to it being signed by the Authority's representatives as indicated.

7. Risk Implications

- 7.1 The review of corporate governance and internal control arrangements is a statutory requirement and failure to undertake an effective review may lead to weaknesses in the direction and control of the Authority's functions.
- 7.2 The following has been identified to manage such risks:

| Identified Risk | Likelihood Rating | Consequence Rating | Risk Value | Mitigation |
|-------------------------------------------|--------------------------|---------------------------|-------------------|-------------------|
| Weaknesses in internal control mechanisms | 1 | 4 | 4 | Annual Assessment |

| | | | | |
|--------------------------------------------|---|---|---|----------------------------------------------------------------------|
| are not identified. | | | | |
| Failure to deliver continuous improvement. | 2 | 3 | 6 | Improvement Plan identified and monitored by Primary Assurance Group |

8. HR Implications

8.1 There are no HR implications associated with this report

9. Environmental Implications

9.1 There are no environmental implications associated with this report.

10. Financial Implications

10.1 There are no financial implications associated with this report.

11. Conclusion

11.1 Members are asked to note the findings of the Annual Code of Corporate Governance Assessment; and approve the Annual Governance Statement attached at Appendix 1 for inclusion within the Statement of Accounts 2011/12.

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The background documents to this report are open to inspection in accordance with Section 100D of The Local Government Act 1972 - Nil.