

**CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE
STATEMENT**
WDA/09/16

Recommendation

That:

1. Members note the findings of the Annual Corporate Governance Assessment and approve the Improvement Action Plan for 2016/17;
2. the revised Code of Corporate Governance be approved; and
3. the Annual Governance Statement be approved and signed by the Authority's representatives for inclusion in the Statement of Accounts 2015/16.

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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 Governance Assessment which includes proposed amendments to the Code of Corporate Governance and an Improvement Action Plan for 2016/17. Members are also asked to approve the Annual Governance Statement for inclusion in the Statement of Accounts 2015/16.

2. Background

- 2.1 The Authority has a Code of Corporate Governance in place, and the latest version was approved at a meeting of the Authority held on 28th June 2013. This code is based on a framework recommended by CIPFA/SOLACE which defines standards of good corporate governance.
- 2.2 A Primary Assurance Group has been established and 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 and the Director of Operations in consultation with the Chief Executive.
- 2.3 The Primary Assurance Group has undertaken its annual assessment of internal control and governance arrangements for 2015/16, the findings of which are presented in this report.
- 2.4 On the basis of these findings, the Annual Governance Statement for 2015/16 is attached at Appendix 1 for Members' approval and inclusion in the Statement of Accounts 2015/16 to be published later this year.

3. Annual Assessment and Review

- 3.1 The Primary Assurance Group has undertaken its annual review which included:

- a review of the Code of Corporate Governance

- a review of the progress made in relation to the improvement plan agreed during last year's review;
 - the annual assessment of the Authority's compliance with the Code of Corporate Governance and the identification of improvements to strengthen arrangements in the forward year.
- 3.2 The review of the Code of Corporate Governance highlighted a number of minor amendments to reflect the changes in the Authority's Performance Management Framework. A revised copy of the Code is attached at Appendix 2 for Members' consideration.
- 3.3 As part of the annual assessment, the Primary Assurance Group reviewed the work undertaken to deliver last year's Improvement Action Plan. The majority of actions have been completed and those which are still ongoing have been carried forward to 2016/17. Most notable of these is the organisational review (CG5) which will need to take account of changes to staff and contractual demands in the coming year, and the review of the Joint Recycling and Waste Management Strategy (CG7) which will now be timed for after the completion of the Leaders and Chief Executives Strategic Review.
- 3.4 For Members' information, the Improvement Action Plan for 2015/16 has been updated to indicate progress made in the year and is attached at Appendix 3.
- 3.5 This year's assessment noted the work undertaken during 2015/16 to strengthen the Authority's internal control and identified new areas for improvement. A copy of the Improvement Action Plan for 2016/17 is attached at Appendix 4 and a full copy of the annual assessment is attached at Appendix 5.
- 3.6 Key areas for improvement identified during the assessment included:
- Contribution to the Strategic Review to be undertaken by the Merseyside and Halton Councils Leaders and Chief Executives Group (CG3).
 - A review of the Authority's services and infrastructure which will identify efficiencies and feed into the above Strategic Review (CG2).

4. Quality Assurance

- 4.1 The Authority's Internal Auditors periodically review Corporate Governance arrangements to ensure that the systems in place operate effectively. The last review was undertaken in 2014 and reported to Members on 25th July 2014.
- 4.2 A further review was included in the Internal Auditor's 2015/16 Audit Plan, however, it was noted by the auditor that significant changes to the Authority's Performance Management Framework were being implemented during 2015/16 and the review has been rescheduled for 2016/17.

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 to confirm they are maintaining robust internal control systems on which the Authority must rely in preparing its accounts.
- 5.2 The following statements have been received from, and considered by the Primary Assurance Group:
- The Authority's Chief Executive;
 - St Helens MBC as provider of key services including finance and auditing; and
 - Mersey Waste Holdings Limited as an organisation included in the Authority's Group Accounts;
- 5.3 Copies of the statements are attached at Appendix 6, 7 and 8 for Members' information.

6. Annual Governance Statement

- 6.1 Regulation 3 of the Accounts and Audit Regulations 2015 requires authorities to prepare and approve an annual governance statement.
- 6.2 The CIPFA/SOLACE Framework defines the form and content of the governance statement to meet the requirements of the above regulations. The format of the statement was updated by CIPFA/SOLACE in 2012 and the proposed statement attached at Appendix 1 is based on this.

- 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 The Annual Governance Statement drafted by the Primary Assurance Group reports that no significant governance issues have been identified and Members are asked to approve the Statement and agree that it be 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 key risks have been identified:

Identified Risk	Likelihood Rating	Consequence Rating	Risk Value	Mitigation
Weaknesses in internal control mechanisms are not identified.	1	4	4	Annual Assessment
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. Legal Implications

- 10.1 The work undertaken ensures that the Authority has a sound system of internal control and is in compliance with Regulation 3 of the Accounts and Audit Regulations 2015.

11. Financial Implications

11.1 There are no financial implications associated with this report.

12. Conclusion

12.1 Members are asked to note the findings of the Annual Assessment and approve the revised Code of Corporate Governance and the Improvement Action Plan for 2016/17. Members are also asked to approve the Annual Governance Statement for inclusion within the Statement of Accounts 2015/16 to be published later this year.

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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.