

**CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE
STATEMENT
WDA/20/09**

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 2008/09.

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Report of the Director

1. Purpose of the Report

- 1.1 To inform Members of the findings of the Annual Code of Governance Assessment and to approve the Annual Governance Statement for inclusion in the Statement of Accounts 2008/09.

2. Background

- 2.1 Members approved the current Code of Corporate Governance at a meeting of the Authority held on 18th April 2008. The Code of Corporate Governance 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 assessment and review of the Authority's corporate governance arrangements in line with the above code. The group consists of the Monitoring Officer, Treasurer and Clerk, in consultation with the Assistant Director of Operations and the Director. A copy of the group's Terms of Reference is attached at Appendix 1.
- 2.3 The Primary Assurance Group has undertaken its annual assessment of internal control and governance arrangements for 2008/09, the findings of which are presented in this report.
- 2.4 On the basis of these findings, the Annual Governance Statement has been produced for 2008/09 for Members' approval and inclusion in the Statement of Accounts 2008/09.

3. Annual Assessment and Review

- 3.1 The Primary Assurance Group has undertaken an assessment of the Authority's corporate governance arrangements. The assessment is based on the CIPFA/SOLACE guidance introduced in 2007/08.

- 3.2 Findings of this assessment are attached at Appendix 2. This includes details of evidence of existing assurances and where appropriate, areas of improvement and actions to be taken in the forward year.
- 3.3 The key areas for improvement identified in the assessment to strengthen the Authority's corporate governance arrangements include:
- Agreement of the Inter Authority Agreements by the Merseyside Waste Partnership
 - Quality Assurance of Corporate Governance Assessment
 - Review of the Joint Municipal Waste Management Strategy
 - Appointment of Assistant Director (Finance)
 - Procurement of SLA for support services
 - WMRC Admin and Monitoring Process Review
 - Establishment of a Stakeholder & Community Liaison Advisory Panel (WMRC Contract)
 - Development of an Equality and Diversity Scheme
 - Review of the Risk Management Policy and Strategy
- 3.4 As part of this annual assessment, the Director of Waste Disposal has provided a Statement of Assurance, a copy of which is attached at Appendix 3.
- 3.5 The internal control arrangements of Mersey Waste Holdings Limited are also considered as part of the annual assessment as they form the group aspect to the Authority's activities. The Primary Assurance Group has received a Statement of Assurance signed by the Managing Director of the company and is satisfied with the supporting evidence. The statement is attached at Appendix 4.
- 3.6 Similarly, the internal control arrangements of Bidston Methane Limited were also considered as part of the assessment as they also form part of the group aspect of the Authority's activities. The Primary Assurance Group has received the necessary assurances from Novera Energy Limited, who manage the joint board, that there are no weaknesses in their control environment. This statement is attached at Appendix 5.

- 3.7 The Authority's Internal Auditors have reviewed both the outcomes from the previous year's Code of Corporate Governance Assessment and the current review. Their report is pending, however, the initial view from auditors is that they are satisfied with the systems in place to assess the Authority's governance arrangements and to deliver improvements. It is anticipated that the key recommendation from their findings will be to improve the review and monitoring arrangements by the Primary Assurance Group in relation to the implementation of improvements throughout the year.
- 3.8 Members are asked to consider the findings of the assessment and note the areas for improvement identified in Appendix 2.

4. Annual Governance Statement

- 4.1 Regulation 4(3) of the Accounts and Audit Regulations 2003 requires authorities to prepare a statement of internal control in accordance with 'proper practices.'
- 4.2 The CIPFA/SOLACE Framework includes a supplement which defines proper practices for the form and content of a governance statement that meets the requirements of the above regulations.
- 4.3 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.'
- 4.4 An Annual Governance Statement has been produced by the Primary Assurance Group on this basis and is attached at Appendix 6. It reports no significant governance issues, however, it does note the areas for improvement identified in para 3.3 above.
- 4.5 Members are asked to approve the Annual Governance Statement and agree to it being signed by the Authority's representatives as indicated.

5. Risk Implications

- 5.1 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.

5.2 The following has been identified to manage such risks:

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

6. HR Implications

6.1 There are no HR implications associated with this report

7. Environmental Implications

7.1 There are no environmental implications associated with this report.

8. Financial Implications

8.1 There are no financial implications associated with this report.

9. Conclusion

9.1 Members are asked to note the findings of the Annual Code of Corporate Governance Assessment and approve the Annual Governance Statement for inclusion within the Statement of Accounts 2008/09.

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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.