

**CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE  
STATEMENT**  
**WDA/20/13**

**Recommendation**

That:

1. Members note the findings of the Annual Corporate Governance Assessment;
2. the revised Code of Corporate Governance be approved;
3. the Annual Governance Statement be approved and signed by the Authority's representatives; and
4. the Authority approves the inclusion of the Annual Governance Statement in the Statement of Accounts 2012/13.

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**CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE  
STATEMENT  
WDA/20/13**

**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; to approve a revised Code of Corporate Governance; and to approve the Annual Governance Statement for inclusion in the Statement of Accounts 2012/13.

**2. Background**

- 2.1 Members approved the existing Code of Corporate Governance at a meeting of the Authority held on 24<sup>th</sup> 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 2012/13, the findings of which are presented in this report.
- 2.4 On the basis of these findings, the Annual Governance Statement for 2012/13 is attached at Appendix 1 for Members' approval and inclusion in the Statement of Accounts 2012/13.

**3. Annual Assessment and Review**

- 3.1 The Primary Assurance Group (PAG) has undertaken its annual review which included:
- a review of the Authority's Code of Corporate Governance;

- a review of the progress made in relation to the improvement plan agreed for 2012/13;
  - the annual assessment of the Authority compliance with the Code of Corporate Governance and the identification of improvements to strengthen arrangements in 2013/14.
- 3.2 As a result of the annual review, minor amendments to the Code of Corporate Governance have been identified to reflect the work that the Authority currently undertakes to deliver good governance. A revised copy is attached at Appendix 2 for Members' approval.
- 3.3 The action plan agreed by Members as a result of the previous year's annual assessment has been updated to indicate where actions have been completed and those actions which will continue through to 2013/14. A copy is attached at Appendix 3 for Members' information.
- 3.4 The annual assessment carried out by PAG each year is based on the current CIPFA/SOLACE guidance which was updated in 2012. As a result of this update, PAG has implemented a new form of assessment which directly links to the six core principles for good governance as defined in the current guidance.
- 3.5 The peer review of Mersey Travel has also informed the process this year. The same key lines of enquiry used in Mersey Travel's review have been applied to assess the Authority's position and areas for improvement have been reflected in the Corporate Governance Annual Assessment.
- 3.6 To ensure that the new form of assessment is fit for purpose, PAG compared the outcome of this assessment to the assessment carried out in previous years. PAG identified a number of assessment areas included in the previous version that remained relevant and should be retained. These have therefore been included as an additional section to this year's assessment to ensure that the review continues to be challenging and robust.
- 3.7 The assessment this year reflects those actions implemented in 2012/13 to strengthen the Authority's internal control and identifies areas for improvement in the forward year. A copy of the action plan is attached at Appendix 4 and a full copy of the Annual Assessment is attached at Appendix 5.

3.8 Key areas for improvement identified during the assessment included:

- Code of Conduct for Members – whilst the Authority is not a ‘relevant authority,’ for the purposes of the Localism Act 2011, current arrangements have been reviewed in light of its enactment. Areas of inconsistency between District and MWDA have been identified and therefore the voluntary adoption of a Code of Conduct for Members will be considered by the Authority in 2013.
- Inter Authority Agreements – the Agreement between MWDA and Halton is well progressed and both parties are working towards adoption ahead of the completion of the RRC. The agreement between the Authority and the constituent Merseyside councils is not a requirement of the RRC and further dialogue is proposed after the completion of the RRC to determine the most appropriate way forward.
- Communications Strategy – the Authority will review its Communication Strategy in the coming year to strengthen both internal and external forms of communication to ensure that the Authority’s vision and its intended outcome for the community is understood and implemented.

#### **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 An audit will be undertaken during 2013/14 which will review the work of the Primary Assurance Group and in particular this year’s Corporate Governance Assessment. The outcome of this review will be reported to Members in due course.

#### **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; and
- Mersey Waste Holdings Limited as an organisation included in the Authority's Group Accounts;

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 defines the form and content of a 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 the new guidance.
- 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 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:

<b>Identified Risk</b>	<b>Likelihood Rating</b>	<b>Consequence Rating</b>	<b>Risk Value</b>	<b>Mitigation</b>
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
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## **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 Assessment; approve the revised Code of Corporate Governance; and approve the Annual Governance Statement for inclusion within the Statement of Accounts 2012/13.

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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.