

**CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE  
STATEMENT  
WDA/06/14**

**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 2013/14.

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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 and approve the Annual Governance Statement for inclusion in the Statement of Accounts 2013/14.

**2. Background**

- 2.1 The Authority has a Code of Corporate Governance in place, the latest version having been approved at a meeting of the Authority held on 28<sup>th</sup> 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 (PAG) 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 2013/14, the findings of which are presented in this report.
- 2.4 On the basis of these findings, the Annual Governance Statement for 2013/14 is attached at Appendix 1 for Members' approval and inclusion in the Statement of Accounts 2013/14 to be published later this year.

**3. Annual Assessment and Review**

- 3.1 The Primary Assurance Group (PAG) has undertaken its annual review which included:
- a review of the progress made in relation to the improvement plan agreed for 2013/14;

- the annual assessment of the Authority's compliance with the Code of Corporate Governance and the identification of improvements to strengthen arrangements in 2014/15.
- 3.2 The improvement plan agreed by Members last year has been updated to indicate where actions have been completed and those actions which will continue through to 2014/15. A copy is attached at Appendix 2 for Members' information.
- 3.3 The assessment this year reflects those actions completed in 2013/14 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 3 and a full copy of the Annual Assessment is attached at Appendix 4.
- 3.4 Key areas for improvement identified during the assessment included:
- Communications Strategy – development of a new strategy which will be informed by the analysis work currently being undertaken.
  - Review of Governance Arrangements and Constitution –Scheme of Delegation and Procedural Rules to be reviewed and updated.
  - Local Audit and Accountability Act – review of implications as a result of the Act.

#### **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 latest review was scheduled for 2013/14 and is currently underway.
- 4.2 This review looks at the work of the Primary Assurance Group, the Annual Governance Assessment and the areas identified for improvement this year's Corporate Governance Assessment is currently being undertaken by the Internal Auditors. Any recommendations for improvement will be implemented in the year and 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 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 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 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:

<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

## **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 and approve the Annual Governance Statement for inclusion within the Statement of Accounts 2013/14 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.