

**CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE
STATEMENT**
WDA/15/15

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. Members approve the inclusion of the Annual Governance Statement in the Statement of Accounts 2014/15.

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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 2014/15.

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 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 (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 2014/15, the findings of which are presented in this report.
- 2.4 On the basis of these findings, the Annual Governance Statement for 2014/15 is attached at Appendix 1 for Members' approval and inclusion in the Statement of Accounts 2014/15 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 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 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 2015/16. A copy is attached at Appendix 2 for Members' information.
- 3.3 The assessment this year took into account the actions which have been completed in the previous year to strengthen the Authority's internal control and identified new areas for improvement. A copy of the forward year's 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:
- The establishment of a reporting mechanism with the Merseyside Councils in relation to the Waste Development Fund and in compliance with the Memorandum of Understanding.
 - The approval and implementation of a Communications Strategy.
 - The approval and delivery of a Service Delivery Plan.

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 undertaken in 2014 and reported to Members on 25th July 2014.
- 4.2 The Internal Auditor's opinion was that there was substantive assurance that the necessary controls were in place, however, a number of recommendations were agreed to improve the Authority's governance arrangements.
- 4.3 The next corporate governance review has been included in the Internal Auditor's 2015/16 Audit Plan.

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 5 for Members' information.

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:

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 There are no legal implications associated with this report.

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 Annual Governance Statement for inclusion within the Statement of Accounts 2014/15 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.