

**CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE  
STATEMENT  
WDA/21/11**

**Recommendation**

That:

1. Members note the findings of the Annual Corporate Governance Assessment;
2. the revised Terms of Reference for the Primary Assurance Group be approved;
3. the revised Code of Corporate Governance be approved;
4. the Annual Governance Statement be approved and signed by the Authority's representatives; and
5. the Authority approves the inclusion of the Annual Governance Statement in the Statement of Accounts 2010/11.

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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 Code of Corporate Governance Assessment and to approve the revised Code of Corporate Governance and the Annual Governance Statement for inclusion in the Statement of Accounts 2010/11.

**2. Background**

- 2.1 Members approved the existing Code of Corporate Governance at a meeting of the Authority held on 18<sup>th</sup> April 2008. 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 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 2010/11, the findings of which are presented in this report.
- 2.4 On the basis of these findings, the Annual Governance Statement for 2010/11 is attached at Appendix 1 for Members' approval and inclusion in the Statement of Accounts 2010/11.

**3. Annual Assessment and Review**

- 3.1 The Primary Assurance Group (PAG) has undertaken its annual assessment of the Authority's corporate governance arrangements. The assessment is based on the current CIPFA/SOLACE guidance.

- 3.2 The review considered the implementation of the improvements identified during the previous year's annual assessment. A summary of the outcome of the previous year's plan is attached at Appendix 2 for Members' information.
- 3.3 This year's assessment has been informed by that of the previous year. It identifies new areas of improvement whilst reflecting actions completed which have strengthened the Authority's internal controls and those actions which need to be carried into the forward year.
- 3.4 From this assessment, an improvement plan has been produced for the forward year. The plan summarises the areas for improvement where the Authority's arrangement can continue to be strengthened. A copy of the plan is attached at Appendix 3 and a full copy of the Annual Assessment is attached at Appendix 4.
- 3.5 In addition to this work, the Primary Assurance Group Terms of Reference and the Authority's Code of Corporate Governance have been updated to reflect the change in senior officer designations.
- 3.6 Copies of the revised documents are attached at Appendix 5 and Appendix 6 respectively for Members' approval.
- 3.7 The key areas for improvement identified during the assessment include:
- Delivery of the Strategic and Operational Reviews
  - Agreement of the Inter Authority Agreements by the Merseyside Waste Partnership
  - Review of the Joint Municipal Waste Management Strategy
  - Finalisation of the Service Level Agreement for support services from St Helens MBC.

#### **4. Quality Assurance**

- 4.1 The Authority's Internal Auditors have reviewed both the outcomes from the previous year's Code of Corporate Governance Assessment and the current review.
- 4.2 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. Full details of their findings will be presented to a future meeting of the Authority.

- 4.3 Corporate Governance arrangements will continue to be kept under review by the Authority's Internal Auditors and whilst it is not thought necessary to conduct reviews annually, it will be included at regular intervals in future audit plans.

## **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;
  - Mersey Waste Holdings Limited as an organisation included in the Authority's Group Accounts; and
- 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 includes a supplement which defines the form and content of a governance statement that meets the requirements of the above regulations.
- 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 An Annual Governance Statement has been produced by the Primary Assurance Group on this basis and is attached at Appendix 1 and reflects that no significant governance issues have been identified.

6.5 Members are asked to approve the Annual Governance 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

## **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 approve the revised Terms of Reference for the Primary Assurance Group and the revised Code of Corporate Governance; note the findings of the Annual Code of Corporate Governance Assessment; and approve the Annual Governance Statement attached at Appendix 1 for inclusion within the Statement of Accounts 2010/11.

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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.