

**3CODE OF CORPORATE GOVERNANCE AND
ANNUAL GOVERNANCE STATEMENT
WDA/25/08**

Recommendation

That:

1. the revised Code of Corporate Governance be approved;
2. the Annual Governance Statement be signed by the Authority's representatives; and
3. the Authority approves its inclusion in the Statement of Accounts 2007/08.

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Report of the Director

1. Purpose of the Report

To seek Members' approval to amend the Code of Corporate Governance to reflect the new CIPFA/SOLACE framework, agree the findings of the annual assessment and approve the Annual Governance Statement for inclusion in the Statement of Accounts 2007/08.

2. Background

- 2.1. The Authority approved the current Code of Corporate Governance at its meeting on 20th April 2007.
- 2.2. The Primary Assurance Group is responsible for the assessment and review of the Authority's corporate governance arrangements. The group consists of the Assistant Director – Strategy and Resources, the Corporate Services Manager and the Business Support Manager, in consultation with the Director, the Assistant Director - Operations and the Treasurer. A copy of the group's Terms of Reference is attached at Appendix 1A.
- 2.3. The Primary Assurance Group has undertaken its annual assessment of internal control and governance arrangements for 2007/08, the findings of which are presented in this report.

3. Revised Code of Corporate Governance

- 3.1. The Authority's Code of Corporate Governance was based on a framework recommended by CIPFA/SOLACE. During the last twelve months, the CIPFA/SOLACE framework has undergone a comprehensive review resulting in a revised framework published in 2007.

- 3.2. The new framework defines standards of good corporate governance by establishing six core principles. The core principles require that an authority is:
- Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
 - Members and officers working together to achieve a common purpose with clearly defined functions and roles.
 - Promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
 - Developing the capacity and capability of Members and officers to be effective.
 - Engaging with local people and other stakeholders to ensure robust local public accountability.
- 3.3. The Authority's Code of Corporate Governance has been amended to reflect the CIPFA/SOLACE framework and is attached at Appendix 1 for Members' consideration.

4. Annual Assessment and Review – Improvement Plan

- 4.1. The Primary Assurance Group has undertaken an assessment of the Authority's corporate governance arrangements using CIPFA guidance which incorporates the new framework.
- 4.2. A summary of the findings of this assessment is attached at Appendix 1B. This includes details of evidence to provide assurances and where appropriate, areas of improvement and actions to be taken.
- 4.3. The key areas of improvement identified which will strengthen the Authority's corporate governance arrangements are:
- Strengthen the Authority's role in the District Council's Local Strategic Partnership arrangements.
 - Clarification of roles and responsibilities in terms of officers and officer groups.
 - Review of Codes of Conduct.

- 4.4. As part of this annual assessment, the Primary Assurance Group has sought a Statement of Assurance from the Director of Waste Disposal. A copy of the statement is attached at Appendix 2.
- 4.5. 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 3.
- 4.6. The internal control arrangements of the joint board of Bidston Methane Limited were also considered and 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. The statement is attached at Appendix 4.
- 4.7. Members are asked to consider the findings of the assessment and approve the Improvement Plan.

5. Annual Governance Statement

- 5.1. Regulation 4(2) of the Accounts and Audit (Amendment) (England) Regulations 2006 requires authorities to prepare a statement of internal control in accordance with 'proper practices.'
- 5.2. 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.
- 5.3. 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.'
- 5.4. An Annual Governance Statement has been produced by the Primary Assurance Group on this basis and is attached at Appendix 1C.
- 5.5. Members are requested to approve the Annual Governance Statement and agree to it being signed by the Authority's representatives indicated.

6. Conclusion

Members are asked to approve the Code of Corporate Governance and associated improvement plan and the Annual Governance Statement for inclusion within the Statement of Accounts 2007/08.

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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.