

Contains Confidential or Exempt Information	NO
Title	Financial Management Code Assessment
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Portfolio(s)	Cllr Steve Donnelly – Inclusive Economy
For Consideration By	Audit Committee
Date to be Considered	27 February 2024
Implementation Date if Not Called In	N/A
Affected Wards	N/A
Keywords/Index	CIPFA, Financial Management Code

Purpose of Report:

This report is to inform Audit Committee members of the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code and its requirements and demonstrates the self-assessment undertaken while working towards full compliance with the code in 2023/24.

The council has undertaken a self-assessment against each of the criteria identified. It is the opinion of the Strategic Director, Resources that the council is financially resilient, however a set of improvement actions have been identified to enhance the council's work in this area.

1. Recommendations

Members are recommended to:

- 1.1 Note the council's self-assessment of compliance with the Financial Management Code.

2. CIPFA Financial Management Code

Background

- 2.1 CIPFA published the Financial Management Code (FM Code) in October 2019, which is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.
- 2.2 The FM Code outlines six principles of good financial management, these six principles are the benchmarks against which all financial management should be judged. CIPFA's view is that all financial management practices should comply with these six principles:

- 1) Organisational **leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.

- 2) **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
 - 3) Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
 - 4) Adherence to professional **standards** is promoted by the leadership team and is evidenced.
 - 5) Sources of **assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
 - 6) The long-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.
- 2.3 To enable authorities to test their conformity with the six principles of good financial management, the FM Code translates these six principles into 17 financial management standards. Appendix 1 shows the Council's self-assessment against these 17 standards which are illustrated below:



2.4 Each local authority must demonstrate that the requirements of the FM Code are being satisfied. Demonstrating this compliance with the FM Code is a collective responsibility of elected members, the chief finance officer (CFO) and their professional colleagues in the leadership team. It is for all the senior management team to work with elected members in ensuring compliance with the FM Code and so demonstrate the standard of financial management to be expected of a local authority.

3. Financial
None

4. Legal

- 4.1 Section 20 and 21 of the Local Audit and Accountability Act 2014 requires auditors to be satisfied that the body “has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources”.

5. Value For Money

The FM Code includes standards relating to value for money and details are included in the appendix to this report.

6. Sustainability Impact Appraisal

None

7. Risk Management

None

8. Community Safety

None

9. Links to the 3 Key Priorities for the Borough

Good financial management underpins the delivery of council priorities.

10. Equalities, Human Rights and Community Cohesion

None

11. Staffing/Workforce and Accommodation implications:

None

12. Property and Assets

None

13. Any other implications:

None

14. Consultation

None

15. Timetable for Implementation

None

16. Appendices

Appendix 1 – Financial Management Code self-assessment

17. Background Information

- Cabinet Report: Budget Strategy and MTFs 2024/25 to 2026/27 (7 February 2024)
- Audit Committee Report: CIPFA Financial Management Code Assessment (28 February 2023)
- CIPFA Financial Management Code 2019
- National Audit Office Code of Audit Practice 2020
- Local Audit and Accountability Act 2014

Consultation

Name of consultee	Post held	Date sent to consultee	Date response received	Comments appear in paragraph:
Internal				
Emily Hill	Strategic Director, Resources	08/02/2024	10/02/2024	Throughout

Report History

Decision type:	Urgency item?
For information	No
Report no.:	Report author and contact for queries:
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