

Report To:	AUDIT COMMITTEE
Date:	18TH OCTOBER 2021
Heading:	FINANCIAL MANAGEMENT CODE SELF-ASSESSMENT
Portfolio Holder:	CLLR DAVID MARTIN, PORTFOLIO HOLDER FOR FINANCE, REVENUES AND BENEFITS
Ward/s:	N/A
Key Decision:	NO
Subject to Call-In:	NO

Purpose of Report

To inform Audit Committee of the CIPFA Financial Management Code (the FM Code) Self-Assessment and action plan.

Recommendation(s)

- For Audit Committee to note the Council's position against the FM code Self-Assessment and the action plan.

Reasons for Recommendation(s)

Demonstrating compliance with the FM code is the collective responsibility of elected Members, the Corporate Leadership Team and Chief Finance Officer.

Alternative Options Considered

None – the report is to meet the requirement of the FM code, for elected Members to take collective responsibility, along with the Corporate Leadership Team and Chief Finance Officer to comply with the code.

Detailed Information

- 1.1 At the previous Audit Committee (26th July 2021) a report was presented introducing the FM Code as a framework to support good practice in financial management and assist in demonstrating financial sustainability.
- 1.4 The FM Code identifies 6 Principles 'CIPFA Statement of Principles of Good Financial Management' these are:
- **Organisational leadership** - demonstrating a clear strategic direction based on a vision in which financial management is embedded into the organisation
 - **Accountability** – based on medium term financial planning that drives the annual budget process supported by effective risk management, quality supportive data and whole life costs
 - **Transparency** - Financial management is undertaken with transparency at its core using consistent meaningful and understandable data, reported frequently and evidence of periodic and elected Member decision making
 - **Standards** - adherence to professional standards is promoted by the leadership team and is evidenced
 - **Assurance** – Sources of assurance are recognised as an effective tool mainstreamed into financial management, including political scrutiny and results of external audit, internal audit and inspection
 - **Sustainability** - 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
- 1.5 Specific standards are then identified to support each principle. Local Authorities are required to complete a self-assessment of the Council's assessed level of compliance with the standards contained in the FM Code. The completed self-assessment is in Appendix 1.
- 1.6 The FM code is not prescriptive, self-regulation is required to exercise professional judgement backed by appropriate reporting. The requirement is to demonstrate processes, satisfying the principles and financial management should be proportionate to the risks to the financial sustainability posed by scarce resources and demand for services.
- 1.7 The completed self-assessment demonstrates that we have processes in place to comply with each of the standards. Where actions have been identified these are to strengthen the position in relation to the standard. The actions identified are already planned actions identified through internal audit recommendations and service planning objectives.
- 1.8 The Table below summarises actions to be taken. Progress against the actions will be reported back to the Audit Committee

Standard	Action	Lead	Target Date

B	Review the current finance system as the current contract ends, with a view to either increasing the use of system functionality to deliver efficiencies and allow finance team to increase value adding support activities or replace it with one which better meets the needs of the Finance function. This will ensure the Finance function remains fit for purpose to support continued good financial management across the Council.	CFO	April 2023 (when existing system contract ends)
C	To ensure all agreed internal audit recommendations are implemented by the agreed implementation dates.	CLT and Audit Committee	On-going
E	To continue to further embed the Finance Business Partnering approach.	CFO	On-going
F & K	Development of the MTFS 2022-2027 to include scenario planning, sensitivity analysis and specific reference to the financial resilience assessment (February 2022).	CFO	February 2022
G	Report the updated MTFS 2022-2027 to CLT, Cabinet and Council.	CFO	February/ March 2022
H	To assess the implications and implement the new requirements arising from changes in the Prudential Code (Once the consultation is complete and revised code issued - expected Dec 2021 to be implemented for 2022/23).	CFO	February 2022
L	In conjunction with Cabinet, to consider a budget consultation process - online or through a panel, with a view to improving engagement and encouraging active participation in respect of the whole budget.	Cabinet/ CLT	June 2022 for 2023/24 Budget
M	Ensure compliance with the Option Appraisal Model and deliver targeted training where this may be required.	CLT/CFO	Ongoing

Implications

Corporate Plan:

Compliance with the FM Code will contribute to sound decision making, assessing financial resilience and demonstrate financial sustainability, all of which contribute to long term ability to deliver the Corporate Plan.

Legal:

Compliance with the FM Code supports the requirement of Section 151 of 1972 Local Government Act that requires Local Authorities to make arrangements for the proper administration of their financial affairs.

Finance:

The Chief Financial Officer (Section 151 Officer) has the Statutory Responsibility (supported by the management team and elected Members) for ensuring compliance with the FM Code.

Budget Area	Implication
General Fund – Revenue Budget	None
General Fund – Capital Programme	None
Housing Revenue Account – Revenue Budget	None
Housing Revenue Account – Capital Programme	None

Risk:

Risk	Mitigation
If compliance with the CIPFA Financial Management Code is not demonstrated, the Council's financial management, financial resilience and sustainability could be challenged and have a negative impact.	To complete a self-assessment to demonstrate the Council's compliance with the standards contained in the FM Code. Actions will be identified to address any gaps. The initial self-assessment and progress on implementing any actions will be reported to the Audit Committee.

Human Resources:

None

Environmental/Sustainability

None

Equalities:

None

Background Papers

CIPFA Financial Management Code 2019

CIPFA Financial Management Code Guidance notes

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