

Audit and Standards Committee

10 June 2021

CIPFA Financial Management Code – Warwickshire County Council Self- Assessment 2020/21

Recommendations

The Audit and Standards Committee is asked to consider and comment on the Council's assessment of its compliance with the CIPFA Financial Management Code.

1. Purpose of the Report

- 1.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) is a UK-based accountancy body focussed on public financial management. As well as being the professional body to which most local government accountants belong, it is also the body that issues the accounting standards and codes of practice with which all local authorities are required to comply.
- 1.2. In 2019 CIPFA issued a Financial Management Code (the Code) designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The Code is a series of financial management standards that set out the professional standards needed if a local authority is to meet the minimum standards for financial management acceptable to taxpayers, customers and lenders. CIPFA's judgement is that compliance is obligatory if a local authority is to meet its statutory responsibility for sound financial administration. Beyond that, CIPFA members must comply with it as one of their professional obligations.
- 1.3. The Code requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management such that compliance with the Code will help strengthen the framework that surrounds financial decision making. The broad headings in the Code are:
 - Responsibilities of the Chief Financial Officer and Leadership Team;
 - Governance and Financial Management Style;
 - Long to Medium Term Financial Management;
 - The Annual Budget;
 - Stakeholder Engagement and Business Plans;

- Monitoring Financial Performance; and
- External Financial Reporting.

1.4 2021/22 is the first full year of compliance with the Code and the extent of compliance will be one of the factors considered by the external auditors in reaching their judgement on the Authority's value for money. Due to the Covid pandemic and the impact it has had on local authorities, CIPFA are encouraging a proportionate approach is adopted adherence to some parts of the Code demonstrating a direction of travel.

1.5 The Council's approach to demonstrating compliance has been to self-assess the extent to which our current processes, practices and procedures meet the principles and standards set out in the Code. And, rather than introducing changes purely to demonstrate compliance with the Code, we will only introduce changes we believe will add value. Our assessment is that the Council already meets the standards set out in the Code. The assessment also sets out how our planned improvements to the Council's financial management demonstrates that we will continue to meet and exceed the standards expected. The self-assessment is attached at **Appendix A**.

2. Financial Implications

2.1. There are no financial implications arising from this report.

3. Environmental Implications

3.1. There are no environmental implications arising from this report.

4. Background Papers

4.1. None.

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Elected Members have not been consulted in the preparation of this report.