

## CIPFA Financial Management Standards – Self Assessment

Ref.	CIPFA Financial Management Standard	Current Status	Planned Developments	Status
<b>1</b>	<b>Responsibilities of the CFO and Leadership Team</b>			
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money	<ul style="list-style-type: none"> <li>• The Council Plan sets out how we will use our resources to deliver on our core outcomes and priorities.</li> <li>• Through our performance management framework, we monitor delivery of the Council Plan.</li> <li>• Benchmarking information from CFOInsights, the CIPFA Resilience Index and the LGA/LGIU Inform dashboard is used to compare our service/financial performance to other authorities.</li> <li>• Use of Power BI to improve use of data, analysis and developed dashboards for monitoring and decision making and a golden thread from Council to Service business plans, including performance, finance, risk, and assurance.</li> <li>• All investments (both revenue and capital) are evaluated to consider the value to the Authority and this independent evaluation forms part of the decision-making process.</li> <li>• Where performance (either service or financial) is identified as an issue of concern through in-year monitoring reviews are instigated with a clear value for money focus.</li> <li>• All reports to Member bodies, Corporate Board, and service management teams include a financial implications section that comments on the value for money of the provided by the decision.</li> <li>• Where savings are required as part of the annual MTFS refresh Services are required to prioritise 'right-sizing' budgets and identifying efficiency improvements before considering service reductions.</li> <li>• All tenders consider VFM by considering the quality of service and not just price and, in many cases, quality is given a higher weighting.</li> </ul>	<ul style="list-style-type: none"> <li>• Integrated Planning approach for the 2022/23 Council Plan and MTFS refresh to include thematic strategic conversations with members, leadership team.</li> <li>• Strategy toolkit/audit.</li> <li>• Further develop the use of Power BI.</li> <li>• Comprehensive approach to the use of benchmarking information.</li> </ul>	<b>GREEN</b>

B	The Authority complies with the CIPFA “Statement of the Role of the CFO in Local Government”	<ul style="list-style-type: none"> <li>• The SD Resources is the Authority’s s151 officer. He is a key member of Corporate Board, helping it to develop and implement strategy and to resource and deliver the organisation’s strategic objectives sustainably and in the public interest.</li> <li>• The AD – Finance (deputy s151 officer) also attends Corporate Board.</li> <li>• The SD Resources is actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the organisation’s financial strategy.</li> <li>• The SD Resources leads the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.</li> <li>• The AD-Finance, reporting to the SD Resources, leads and directs a finance function that is resourced to be fit for purpose. Both are professionally qualified (CIPFA) and suitably experienced.</li> <li>• The 5 principles laid out in CIPFA’s Statement on the Role of the Chief Financial Officer in Local Government are met.</li> </ul>		GREEN
<b>2 Governance and Financial Management Style</b>				
C	The Leadership Team demonstrates in its actions and behaviours responsibility for governance and internal control	<ul style="list-style-type: none"> <li>• Set of core behaviours which are demonstrated on a day to day basis by senior managers to support the cultural change and transformation of the organisation.</li> <li>• The behaviours are supported our values; to be high performing, collaborative, customer focused, accountable, and trustworthy.</li> <li>• The behaviours and values are integral to 1:1s and appraisal conversations as well as key to the way we recruit and develop colleagues.</li> <li>• We have arrangements to provide assurance that our behaviours are being upheld and that members and officers demonstrate high standards of conduct. These include:</li> </ul>	<ul style="list-style-type: none"> <li>• Complete the review of the constitution, standing orders, delegations and financial rules and procedures.</li> </ul>	GREEN

		<ul style="list-style-type: none"> <li>○ codes of conduct for officers and members (including gifts and hospitality, registering interests, anti-fraud, and whistleblowing); and</li> <li>○ inclusion of ethical values in policies and procedures for all areas including procurement and partnership working. <a href="http://www.warwickshire.gov.uk/conduct">http://www.warwickshire.gov.uk/conduct</a></li> <li>● Our Constitution sets out the framework to ensure that all officers, key post holders and Members are able to fulfil their responsibilities in accordance with legislative requirements so that we are efficient, transparent, accountable to our citizens and compliant with the law.</li> <li>● We have consistent governance arrangements for our two wholly owned trading companies; Warwickshire Legal Services Trading Ltd and Educaterers Ltd.</li> <li>● The Assistant Director – Finance and Monitoring Officer both attend Corporate Board to ensure strong financial governance and oversight of decision-making.</li> <li>● All reports to Member bodies, Corporate Board, and service management teams are required to include a financial implications section that is signed-off by a senior finance manager and a representative of the Finance Service attends all meetings.</li> <li>● Assistant Directors are also asked to complete an Assurance Statement at the end of each financial year which confirms the management of risk and internal controls in place during the year.</li> <li>● Equality Impact Assessments are completed as part of implementing changes to policies, activities, and services to ensure they do not discriminate against certain groups or individuals.</li> </ul>		
D	The authority applies the CIPFA/SOLACE “Delivering Good Governance in Local Government: Framework (2016)”	<ul style="list-style-type: none"> <li>● Approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework <i>Delivering Good Governance in Local Government (2016)</i>. Further information is on our website: <a href="http://www.warwickshire.gov.uk/corporategovernance">http://www.warwickshire.gov.uk/corporategovernance</a></li> </ul>	<ul style="list-style-type: none"> <li>● Refreshed Local Code of Corporate Governance approved by the Audit and Standards Committee, with refreshed training and guidance planned for 2021.</li> </ul>	GREEN

		<ul style="list-style-type: none"> <li>• The Annual Governance Statement explains how the Council has complied with its Code of Corporate Governance.</li> <li>• The system of internal control is designed to manage risk to a reasonable level based on continuing processes designed to: <ul style="list-style-type: none"> <li>○ identify and prioritise the risks that could prevent us from achieving our policies, aims and objectives;</li> <li>○ assess how likely it is that the identified risks will happen, and what will be the result if they did; and</li> <li>○ manage the risks efficiently, effectively, and economically.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Induction training for all new Members, following the May 2021 elections, includes a focus on governance, code of conduct and officer/member relations.</li> </ul>	
E	The financial management style of the authority supports financial sustainability	<ul style="list-style-type: none"> <li>• The Council's financial management style and approach to risk is a balance of stewardship and enabling, aligned to the hierarchy of financial management styles (delivering accountability, supporting performance &amp; enabling transformation) set out in the code.</li> <li>• The characteristics of the Council's financial management style are: <ul style="list-style-type: none"> <li>• A consistent structure and approach to delegation of financial responsibilities and authority,</li> <li>• Budget holder responsibility;</li> <li>• Financial management support aligned to service structure and documented through an agreed Service Offer;</li> <li>• Enabling ethos, supporting improvement of performance, development, and transformation, including a dedicated Projects Team within Finance;</li> <li>• Finance representation on the Project Boards for all major projects;</li> <li>• Finance attendance at all Service Management Teams; and</li> <li>• A comprehensive suite of finance training for managers.</li> </ul> </li> <li>• Sustainability, strategic risk management and stewardship is delivered through the s151 role.</li> <li>• All reports to Member bodies, Corporate Board, and service management teams are required to include a financial implications section that is signed-off by a senior finance manager and a</li> </ul>	<ul style="list-style-type: none"> <li>• Complete the development of an overarching financial framework for the organisation that aims to more explicitly embed the principles of the CIPFA Financial Management Code into the culture of the organisation.</li> <li>• Continue to develop the financial literacy of managers and ensure that they have access to the performance and financial information needed to deliver their services effectively. Including the implementation of mandatory training.</li> </ul>	GREEN

		<p>representative of the Finance Service attends all meetings. This will highlight any financial sustainability concerns in relation to the decision being recommended.</p> <ul style="list-style-type: none"> <li>• Finance Delivery Leads attend Directorate Leadership Team meetings to ensure financial risks and implications are considered across the portfolio of agenda items.</li> </ul>		
<b>3</b>	<b>Long to Medium-Term Financial Management</b>			
F	The authority has carried out a credible and transparent financial resilience assessment	<ul style="list-style-type: none"> <li>• The budget resolutions include the s151 Assurance Statement on the robustness of reserves and estimates.</li> <li>• A reserves strategy is approved as part of the suite of budget papers on an annual basis.</li> <li>• The SD Resources undertakes and issues a detailed reserves risk assessment each year and sets out clearly the minimum level of reserves it is prudent for the Authority to hold.</li> <li>• The MTFS includes an assessment of future resilience issues and level of reserves.</li> <li>• The financial resilience of the Authority, including use of the CIPFA Financial Resilience Index is reviewed annually by the SD Resources and reported to Corporate Board and informally to Members as part of their budget deliberations.</li> </ul>	<ul style="list-style-type: none"> <li>• Review the approach and content of the financial resilience assessment to reflect the planned major investments in WPDG and WRIF.</li> </ul>	GREEN
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	<ul style="list-style-type: none"> <li>• It is Council policy and practice to set budget and MTFS that is balanced not only for the next financial year, but also over the medium term (5 years).</li> <li>• The positioning of the budget report within the wider suite of consistent annual financial cycle reporting ensures that the understanding of sustainability is central to reporting throughout the financial year.</li> <li>• An interactive financial planning model if used as part of the MTFS process allowing senior managers and political leaders to adjust the drivers of spend and resourcing to understand the impact on the annual budget and the 5-year MTFS. The model includes the flexibility</li> </ul>	<ul style="list-style-type: none"> <li>• Embed the new approach to risk management and monitoring the Council's/Services' risk appetite and risk tolerance levels against actual exposure to risk.</li> </ul>	GREEN

		<p>to use reserves to support activity on a temporary basis but ensures the MTFS is balanced and sustainable.</p> <ul style="list-style-type: none"> <li>• Budget reporting to Members includes a sensitivity analysis of the key drivers that highlights the impact of changes in estimated inflation, taxbases, government grant, spending need, council tax levels and business rates.</li> <li>• The Council’s Risk Management Strategy defies processes for identifying, assessing, managing, and monitoring financial and operational risks.</li> </ul>		
H	The authority complies with the CIPFA “Prudential Code for Capital Finance in Local Authorities”	<ul style="list-style-type: none"> <li>• Capital treasury and investment activities are managed line with the Prudential Code for Capital Finance in Local Authorities, as well as associated statutory guidance (e.g. Investment Guidance; Minimum Revenue Provision Guidance; Treasury Management Guidance).</li> <li>• Fundamental to this is the setting of prudential and commercial investment indicators in the Treasury Management and Investment Strategies agreed as part of the suite of budget reports, and the subsequent monitoring and reporting of activity against these.</li> <li>• Mid-Year Review and Outturn reports are considered by Corporate Board, Cabinet and the Resources and Fire Overview and Scrutiny Committee.</li> </ul>	<ul style="list-style-type: none"> <li>• The further integration of revenue, capital and treasury policy and budget setting, together with subsequent monitoring to ensure processes remain robust in light of decisions to create WPDG and the WRIF.</li> </ul>	GREEN
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	<ul style="list-style-type: none"> <li>• It is Council policy and practice to set budget and MTFS that is balanced not only for the next financial year, but also over the medium term (5 years). 2020/21 was not exception to this.</li> <li>• The rolling 5-year MTFS demonstrates that the finances of the authority are allocated in accordance with the priorities of the organisation and that the underpinning finances remain robust and our service delivery sustainable.</li> <li>• In setting the MTFS framework it is acknowledged by Council that if future spending needs exceed the indicative levels, further budget reductions will need to be identified and delivered to ensure the budget remains sustainable.</li> </ul>	<ul style="list-style-type: none"> <li>• The development of an integrated planning approach for 2022-23 is designed to further enhance the golden thread between the Council Plan, MTFS and service delivery plans.</li> </ul>	GREEN

		<ul style="list-style-type: none"> <li>The covid pandemic and the impact on our underlying taxation resource base has meant that the refresh for 2021-22, undertaken in 2020-21 was more fundamental than originally envisaged. However, the commitment to a 5-year balanced MTFS, with no unidentified savings remained in place.</li> </ul>		
<b>4</b>	<b>The Annual Budget</b>			
J	The authority complies with its statutory obligations in respect of the budget setting process	<ul style="list-style-type: none"> <li>The Council approves an annual balanced budget that enables the CFO to positively comment on the robustness of the estimates and the adequacy of the proposed financial reserves (s25 assurance statement).</li> <li>The supporting documentation meets the requirements to approve a capital strategy, the annual pay policy statement and the treasury management and investment strategies.</li> <li>Meeting dates are set to ensure compliance with statutory deadlines.</li> </ul>		GREEN
K	The budget report includes a statement by the CFO on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves	<ul style="list-style-type: none"> <li>A s25 assurance statement forms part of the budget resolution for each of the political groups. The commentary is specific to the content of the resolution.</li> <li>The CFOs s25 assurance statement includes commentary on the key risks to the deliverability of the budget. For 2020-21 these include the delivery of the planned budget reductions, the uncertainty of the national funding position, dedicated schools grant deficits, local government reform, pensions, treasury management and the impact on the MTFS.</li> </ul>		GREEN
<b>5</b>	<b>Stakeholder Engagement and Business Plans</b>			
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term	<ul style="list-style-type: none"> <li>Consultation with stakeholders is undertaken in setting the annual budget and capital programme, including the statutory consultation with business ratepayers and consultation with the trade unions.</li> <li>Wider consultation with residents is embedded as part of the engagement around the organisation's priorities and objectives.</li> </ul>		GREEN

	financial plan, and annual budget	<ul style="list-style-type: none"> <li>• Extensive stakeholder involvement undertaken as part of the development and implementation of service changes and major projects, with the extent of consultation required approved by Legal Services.</li> <li>• A corporate consultation and engagement framework and guidance provides overarching standards and best practice for all staff who undertake consultation and engagement activities and reflect current legislation around the “duty to inform, consult and involve” local communities and residents, and recognised best practice.</li> </ul>		
M	The authority uses an appropriate documented options appraisal methodology to demonstrate the value for money of its decisions.	<ul style="list-style-type: none"> <li>• For all revenue and capital projects requiring funding a proof of concept document is produced to assess alignment to the Councils strategic objectives and priorities and whether the investment is value for money and affordable. Approval is given the Gateway Group of ADs and Corporate Board to progress to a full business case.</li> <li>• A standard business case is then prepared for all new capital and revenue investment proposals. This includes AD sign off confirming the scheme is a priority in contributing to the delivery the corporate priorities and objectives, satisfaction with both the content of the bid and the rigour with which the business case has been compiled, and willingness to accept accountability for the delivery of the scheme benefits within the timeframe and cost envelope. Finance representatives review draft business cases to ensure financial implications are considered within the plans.</li> <li>• All business cases are reviewed by an independent Panel including legal and finance representatives.</li> <li>• The business case along with the evaluation then goes through a final approval process including the Gateway Group, Corporate Board and, where required, Elected Members at which point funding is approved.</li> <li>• As part of our commissioning and procurement all tenders consider VFM by considering the quality of service and not just price.</li> </ul>	<ul style="list-style-type: none"> <li>• Development of a standardised approach to benefits realisation and post project review and learning.</li> </ul>	GREEN



6 Monitoring Financial Performance				
N	The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	<ul style="list-style-type: none"> <li>• Monthly financial reporting to Corporate Board enables a prompt and proactive response to emerging risks and for mitigating actions to be identified.</li> <li>• Directorate Leadership Teams receive monthly reports on financial position and performance, which escalate areas of concern for Directorates to consider mitigating actions.</li> <li>• Separate reporting on the financial impact of the covid response, the additional funding received and the implications for the MTFS.</li> <li>• Where monitoring identifies areas of concern specific recommendations are made as to the further action required and any further exception reports needed. This covers both the revenue budget and major capital projects.</li> <li>• Corporate Board receives quarterly reports on performance and risk that highlight areas of concern and any changes to our strategic risks.</li> <li>• A Commercial Board monitors the performance of traded services and five cross-organisational Delivery Groups monitor the performance of projects and provide opportunities for a joint response to any issues identified.</li> <li>• ADs providing an annual assurance that risks are managed and controls are maintained through the year.</li> <li>• Internal Audit provide a level of assurance that the significant risks facing the Council are addressed, based on audit outcomes.</li> </ul>	<ul style="list-style-type: none"> <li>• Improve the links between performance and financial reporting and between revenue, capital, savings and the balance sheet to ensure financial implications and links to financial sustainability are understood across all elements.</li> <li>• Integrated Planning approach for 2022/23 Council Plan update and medium-term planning, includes thematic strategic conversations with members and the Leadership Team.</li> <li>• Continue the development of Power BI to improve the use of data, analysis and dashboards for monitoring and decision making.</li> </ul>	GREEN
O	The Leadership Team monitors the elements of its balance sheet that pose a significant risk to financial sustainability	<ul style="list-style-type: none"> <li>• We have a structured approach to the monitoring of the key elements of our balance sheet that pose a significant risk to financial sustainability.</li> <li>• A reserves strategy is approved as part of the budget/MTFS each year and our level of reserves is monitored on an on-going basis.</li> <li>• Compliance with the reserves strategy and the impact of in-year financial performance on the Authority's reserves and balances is</li> </ul>	<ul style="list-style-type: none"> <li>• Embed the balance sheet forecasting model as part of day-to-day operations.</li> <li>• Implement and monitor the effectiveness of the governance arrangements for WPDG and the WRIF.</li> </ul>	GREEN

		<p>reported as a standard part of all monitoring reports to Corporate Board and Cabinet.</p> <ul style="list-style-type: none"> <li>• Cash balances, debt and investments are monitored as part of the treasury management and investment in-year performance reports to Corporate Board and Cabinet.</li> <li>• Our performance management framework includes key financial health indicators at corporate and service level. This includes reporting on the level of outstanding debt.</li> </ul>	<ul style="list-style-type: none"> <li>• Deliver and implement a new Strategic Risk Management Framework (approved April 2021).</li> </ul>	
<b>7</b>	<b>External Financial Reporting</b>			
P	<p>The CFO has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the “Code of Practice on Local Authority Accounting in the United Kingdom”</p>	<ul style="list-style-type: none"> <li>• The SD Resources is responsible for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the “Code of Practice on Local Authority Accounting in the United Kingdom”.</li> <li>• The operational responsibility for production of the Statement of Accounts, in line with proper accounting practices, rests within the Strategic Finance Team. The SD Resources has management responsibility, through the AD-Finance, for the Strategic Finance Team.</li> </ul>		GREEN
Q	<p>The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions</p>	<ul style="list-style-type: none"> <li>• The outturn report to Corporate Board and Cabinet provides an analysis of the financial position of the organisation at the end of the financial year including: <ul style="list-style-type: none"> <li>• Capital and revenue performance during the financial year;</li> <li>• Explanations and mitigating actions put forward by Services for variations to budgets, and the implications on the MTFS;</li> <li>• Savings achievement; and</li> <li>• The resulting reserves position.</li> </ul> </li> <li>• The information enables informed decisions to be made about approving the carry forward of specific resources to support the delivery of the Council Plan in the following financial year.</li> </ul>		GREEN

		<ul style="list-style-type: none"><li>• The report is consistent with preceding budget monitoring reports presented to Corporate Board and Cabinet throughout the year, from the budget setting report through the 3 quarterly stages of in year monitoring, allowing outturn to be viewed in the context of the regular strategic financial reporting.</li></ul>		
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