

TITLE	CIPFA Management Code
FOR CONSIDERATION BY	Audit Committee on 13, March 2023
WARD	None Specific;
LEAD OFFICER	Deputy Chief Executive - Graham Ebers

<p>OUTCOME / BENEFITS TO THE COMMUNITY To ensure good practice in financial management that support's financial sustainability for the organisation.</p>
<p>RECOMMENDATION</p> <p>The Committee is asked to;</p> <ol style="list-style-type: none"> 1) note the findings of the review and associated internal audit report, 2) note and comment on the actions identified to further improve the approach going forward.
<p>SUMMARY OF REPORT</p> <p>The CIPFA Financial Management Code (CIPFA FM Code) is a discretionary tool designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The code sets a standard of financial management for local authorities.</p> <p>The Code is based on a series of principles supported by specific standards and statements of practice to provide the strong foundation to:</p> <ul style="list-style-type: none"> • Financially manage the short, medium and long-term finances; • Manage financial resilience to meet foreseen demands on services; and • Financially manage unexpected shocks in financial circumstances. <p>In reviewing itself against the code each local authority should demonstrate that the requirements of the Code are being satisfied. Demonstrating this compliance with the CIPFA FM Code is a collective responsibility of elected members, the Chief Finance Officer and professional colleagues in the leadership team.</p> <p>DETAIL</p> <p>The CIPFA FM Code applies a principle-based approach. It does not prescribe the financial management processes that local authorities should adopt. Instead, the Code requires that a local authority demonstrate that its processes satisfy the principles of good financial management for an authority of its size, responsibilities and circumstances. Good financial management is proportionate to the risks to the authority's financial sustainability posed by the twin pressures of scarce resources and the rising demands on services.</p>

The principles focus on an approach which will assist in determining whether, in applying standards of financial management, an authority is financially sustainable:

- Organisational leadership - demonstrating a clear strategic direction based on a vision in which financial management is embedded into culture
- Accountability - based on medium-term financial planning which drives the annual budget process supported by effective risk management, quality supporting data and whole life costs
- 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
- Adherence to professional standards is promoted by the leadership team and is evidenced.
- Sources of assurance are recognised as an effective tool mainstreamed into financial management and includes political scrutiny and the results of both external audit, internal audit and inspection.
- The long-term sustainability of local services is at the heart of all financial management process and is evidenced by prudent use of public resources.

Officers have undertaken a thorough review of current processes and practices against the standards set in the code and have identified a number of opportunities to improve current processes and practices. In order to validate findings, an independent internal audit review has then been undertaken against the initial officer assessment and again further findings have been added to the list of opportunities. A further internal audit review is planned for 2023/24 to check progress in developing those opportunities identified through the process.

Appendix A shows the councils current assessment against each of the standards. It provides a RAG rating for each area and identifies opportunity for improvement.

Appendix B presents the internal audit report made against the initial assessment, showing any high and medium areas of concern and associated actions to address those risks. (Those actions have been included in Appendix A to reflect the overall approach)

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	N/A	N/A	N/A
Next Financial Year (Year 2)	N/A	N/A	N/A
Following Financial Year (Year 3)	N/A	N/A	N/A

Other financial information relevant to the Recommendation/Decision

There are no direct additional financial costs from this report. However, the appropriate financial management skills, governance and processes are critical to the organisations overall financial sustainability and decision making

Cross-Council Implications

The financial management and overall financial sustainability of the organisation are critical across all services

Public Sector Equality Duty

An Equality Impact Assessment is not required for this report

Climate Emergency – This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030

There are no direct climate emergency implications from this report

List of Background Papers

none

Contact Graham Cadle	Service Finance
Telephone No Tel:	Email graham.cadle@wokingham.gov.uk

This page is intentionally left blank