

Item No. 7.	Classification: Open	Date: 2 June 2021	Meeting Name: Audit, Governance and Standards Committee
Report title:		Compliance with CIPFA Financial Management (FM) Code	
Ward(s) or groups affected:		All	
From:		Strategic Director of Finance and Governance	

RECOMMENDATION

1. That the audit, governance and standards committee note that the council has reviewed compliance against the CIPFA Financial Management (FM) Code.

BACKGROUND INFORMATION

2. In 2020-21, CIPFA introduced the 'CIPFA Financial Management Code'. The stated purpose was to support and improve councils' financial resilience enabling them to better meet unforeseen demands on services and to manage unexpected shocks in financial circumstances to provide a strong foundation to manage short, medium and long term finances of the organisation.
3. The Financial Management (FM) code complies with other legislation and associated CIPFA codes and provides evidence of compliance with statutory and professional frameworks. It is based on 6 principles:
 - i) Leadership
 - ii) Accountability
 - iii) Transparency
 - iv) Standards
 - v) Assurance
 - vi) Sustainability
4. The six principles are translated into seventeen Financial Management standards.
5. The code came into effect from 1 April 2020 and authorities were encouraged to work towards compliance with the code in the financial year 2020-21; with full compliance in 2021-22.

CIPFA FINANCIAL MANAGEMENT CODE

6. The council has reviewed compliance against the code in the 'shadow year' 2020-21. Appendix A details the council's compliance of each FM standard, by reviewing the guidance of evidence required and assessing how the council meets these standards.

7. The section on medium to long term financial management includes a specific FM standard – ‘The authority has carried out a credible and transparent financial resilience assessment.’ (Appendix A, Section F, p 14). The council has reviewed this, as required, through the CIPFA financial resilience index over the previous two years and the council were found to be low risk on the ‘reserve sustainability measure’ and ‘extremely low risk’ in the change in reserves year on year.
8. The council will continue to review compliance with the FM code and set a path of continuous improvement in place, including placing the importance of a robust Medium Term Financial Strategy (MTFS) as a key element in sustainability and coordinating the review of balance sheet management.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Financial and Information Governance files	Finance and Governance, Second Floor, Tooley Street	Geraldine Chadwick

APPENDICES

No.	Title
Appendix A	CIPFA Financial Management Code 2020-21

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report Author	Geraldine Chadwick, Interim Technical Accountant.	
Version	Final	
Dated	20 May 2021	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Governance	N/A	N/A
Strategic Director of Finance and Governance	N/A	N/A
Cabinet Member	N/A	N/A
Date final report sent to Constitutional Team	20 May 2021	