



CORPORATE GOVERNANCE COMMITTEE – 29 JANUARY 2021

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

CIPFA FINANCIAL MANAGEMENT CODE - 2021

Purpose of the Report

1. The purpose of this report is to inform the Corporate Governance Committee of the Council's compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code for 2021/22.

Background

2. Following concerns around the financial resilience and management of local authorities, CIPFA developed the Financial Management (FM) Code for good practice in financial management.
3. The code is designed to support good practice in financial management and help local authorities demonstrate financial sustainability. It builds upon the underlying principles of leadership, accountability, transparency, professional standards, assurance and sustainability. The CIPFA Financial Management Code translates the principles of good financial management into seven Financial Management Standards. These standards address the aspects of an authority's operations and activities that must function effectively if financial management is to be undertaken robustly and financial sustainability is to be achieved.
4. The FM code is also consistent with other CIPFA codes in that it is based on principles rather than narrow prescription. The code will not, therefore, detail specific financial management processes that each organisation must follow. Instead the local authority must demonstrate that the principles of the code are being satisfied.
5. Demonstrating this compliance with the code is the collective responsibility of elected members, the section S151 officer and their professional colleagues in the leadership team.
6. The code in itself, does not eliminate financial pressure or risk but compliance with the code validates the organisation's ability to identify and manage risk and plan for long term financial sustainability.

7. The Financial Management Code was issued in late 2019 with guidance notes issued in mid-2020. Local authorities are required to implement the Code for 2021/22.

CIPFA Financial Management Code

8. A self-assessment of the County Council's compliance with the requirements of the FM code, and areas for further development, are detailed in the appendix to this report.
9. The assessment shows that the County Council meets the requirements of the Code.
10. The Internal Audit Service will schedule an audit for assurance of compliance and to identify any further areas for improvement. Reference will be also made to the adoption of the Code in the Annual Governance Statement (AGS) 2020-21.
11. CIPFA is scheduled to issue guidance in early February 2021 about the impact of Covid 19 on financial resilience and its effect on preparing the AGS for 2020-21. Any significant developments will be reported to this Committee as appropriate.

Equality and Human Rights Implications

12. There are no discernible equality and human rights implications.

Recommendation

13. The Committee is asked to comment on this report.

Background Papers

14. None

Circulation under the Local Issues Alert Procedure

15. None

Appendix

Financial Management Code – Self Assessment

Officers to Contact

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