



CORPORATE GOVERNANCE COMMITTEE – 26 JANUARY 2024

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

CIPFA FINANCIAL MANAGEMENT CODE 2022/23

Purpose of the Report

1. The purpose of this report is to inform the Committee of the Council's compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code for the financial year 2022/23.

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 151 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 were required to implement the Code for 2021/22 onwards.

8. An assessment for 2021/22 was presented to the Committee in January 2023.

CIPFA Financial Management Code 2022/23

9. A self-assessment of the County Council's compliance with the requirements of the Code, and areas for further development, are detailed in the Appendix attached to this report.
10. The assessment shows that the County Council met the requirements of the Code in 2022/23.
11. The assessment is undertaken annually. A review of 2023/24 will be reported to the Committee in January 2025.
12. The Internal Audit Service has undertaken a high level review of the 2022/23 assessment and concluded that there are no other issues to report. Reference is also made to the adoption of the Code and the identified areas for development in the Annual Governance Statement (AGS).

Equality Implications

13. There are no discernible equality implications arising from the recommendations in this report.

Human Right Implications

14. There are no human rights implications arising from the recommendations in this report.

Recommendation

15. The Committee is asked to note this report.

Background Papers

Report to the Corporate Governance Committee on 27 January 2023 'CIPFA Financial Management Code 2021/22'

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=434&MIId=7128&Ver=4>

Circulation under the Local Issues Alert Procedure

None

Appendix

Financial Management Code – Self Assessment 2022/23

Officers to Contact

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