

## Schedule of CIPFA Financial Management Standards and Statements of Standard Practice

Principles	Financial Management Standards	Statements of Standard Practice	Section 1 The Responsibilities of the Chief Finance Officer and Leadership Team
<b>Leadership</b>	<b>A</b>		<b>The leadership team demonstrates that the services provided by the authority provide value for money</b>
<b>Leadership</b>	<b>B</b>		<b>The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government</b>
		B1	The Chief Finance Officer in a public service organisation is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest. [From CIPFA: The Role of the Chief Financial Officer in Local Government (2016) p 7]
		B2	The Chief Finance Officer must be 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. [From CIPFA: The Role of the Chief Financial Officer in Local Government (2016) p 7] Organisations which are required to explain (rather than comply) should set out clearly how the associated risks will be managed and demonstrate notification of the risks to the political leadership.
		B3	The Chief Finance Officer must lead 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. [From CIPFA: The Role of the Chief Financial Officer in Local Government (2016) p 7]

			The Chief Finance Officer should regularly review the skillsets of elected members and all officers with budget/financial management responsibility and ensure appropriate support is provided.
		B4	<p>The Chief Finance Officer must lead and direct a finance function that is resourced to be fit for purpose.</p> <p>[From CIPFA: The Role of the Chief Financial Officer in Local Government (2016) p 7]</p> <p>The Chief Finance Officer should regularly review the skillsets of all finance staff with senior budget/financial management responsibility and ensure ongoing appropriate support is provided.</p> <p>The ratio of qualified staff as a proportion of total finance staff ensures that the finance function has the necessary financial competence.</p>
		B5	<p>The Chief Finance Officer must be professionally qualified and suitably experienced.</p> <p>[From CIPFA: The Role of the Chief Financial Officer in Local Government (2016) p 7]</p> <p>The Chief Finance Officer must be able to demonstrate adherence to professional CPD requirements on an annual basis.</p>
		B6	<p>The Chief Finance Officer should promote the highest standards of ethical behaviour in the conduct of financial management.</p> <p>Professionally qualified staff should evidence ongoing benchmarking against the principles of objectivity, integrity professional behaviour, professional competence, due care and confidentiality.</p>
		B7	<p>To enable financially informed decision making:</p> <p>The Chief Finance Officer should be able to provide the leadership team with sound advice on the key principles of local government finance; and</p> <p>The Chief Finance Officer should be able to demonstrate a sound system which ensures the authority has access to high standards of technical financial advice.</p>

		B8	The chief finance officer should report explicitly on the affordability and risk associated with the capital strategy and where appropriate have access to specialised advice to enable them to reach their conclusions. [The Prudential Code for Capital Finance in Local Authorities 2017 Edition Page 13]
		B9	The chief finance officer must establish the reporting and monitoring processes, and integrate the treasury management indicators into the overall financial planning process. [CIPFA Treasury Management in The Public Services, Guidance Notes For Local Authorities Including Police Forces And Fire And Rescue Authorities (2018 Edition) p9]
		B10	The Chief Finance Officer of Local Government Pension Scheme (LGPS) administering authorities satisfies the requirements of the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills (2013 edition).
			Section 2 Governance and Financial Management Style
<b>Leadership</b>	<b>C</b>		<b>The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control</b>
<b>Accountability</b>	<b>D</b>		<b>The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)</b>
		D1	The authority maintains an effective audit committee.
		D2	The audit committee receives and monitors the implementation of internal and external audit recommendations. When threats to the financial sustainability of the authority are identified by auditors the audit committee should ensure that the recommendations are communicated to the leadership team and that the committee are informed of the effectiveness of the leadership team's response.
		D3	The authority has a PSIAS conformant internal audit function.
<b>Transparency</b>	<b>E</b>		<b>The Financial Management Style of the authority supports financial sustainability</b>

		E1	The organisation has an effective framework of financial accountability that is clearly understood and applied throughout, from the political leaders, elected members to directors, finance officers and front line service managers. [Adapted from CIPFA FM Model]
		E2	Finance teams and the organisation they support are actively committed to continuous improvement focused on efficient and effective delivery and organisational performance. The organisation has an effective framework of financial accountability that is clearly understood and applied throughout, from the political leaders, elected members to directors, finance officers and front line service managers. [Adapted from CIPFA FM Model]
		E3	Enabling transformation: the finance team have input into strategic and operational plans taking into account proactive risk management, clear strategic directions and focus-based outcomes.
		E4	Managers understand they are responsible for delivering services cost effectively and are held accountable for doing so. Financial literacy is diffused throughout the organisation so that decision takers understand and manage the financial implications of their decisions.
		E5	The financial management of the authority has been critically evaluated.
			Section 3: Medium to Long Term Financial Management
<b>Sustainability</b>	<b>F</b>		<b>The authority has carried out a credible and transparent Financial Resilience Assessment</b>
		F1	Financial residence is tested against best and worst case scenarios which cover a wide range of financial demographic and social challenges.
		F2	The authority uses independent objective quantitative measures to assess the risks to its financial sustainability.
		F3	Decision making by the authority demonstrates a sound understanding of the risks associated with its strategic business partners.
<b>Sustainability</b>	<b>G</b>		<b>The authority has a Long Term Financial Strategy for financial sustainability</b>

<b>Sustainability</b>	<b>H</b>		<b>The authority has a capital strategy aligned to its long term financial strategy</b>
		H1	The authority has an asset management plan that reviews the condition, sufficiency and suitability of assets in the light of business needs, and ambitions of the Medium - Long Term Financial Strategy. The plan should evidence rigorous assessment of asset portfolio in relation to service delivery.
		H2	The authority maintains processes to ensure that information about key assets and liabilities in its balance sheet is a sound and current platform for management action.
<b>Standards</b>	<b>I</b>		<b>The authority complies with the CIPFA Prudential Code</b>
<b>Sustainability</b>	<b>J</b>		<b>The authority has a rolling multi-year Medium Term Financial Plan</b>
<b>Sustainability</b>	<b>K</b>		<b>The authority has sustainable service plans that are consistent with its long term financial strategy and the medium term financial plan</b>
		K1	The Medium Term Financial Plan should make reference to other organisational plans (e.g. workforce planning) and performance measures to demonstrate an alignment between service and financial planning.
		K2	The authority has benchmarked the performance of its services against appropriate comparators.
		K3	To inform the Leadership Team's decisions the authority has a single document tracking progress in the delivery of planned savings over the period of the Medium Term Financial Plan.
		K4	The authority publishes its plans for the use of reserves over the over the period of the Medium Term Financial Plan. The level of reserves at 31st March in any one year should not be fall below the level previously agreed. The authority should demonstrate adherence to the most recent guidance on reserves from CIPFA's Local Authority Accounting Panel.
			Section 4: The Annual Budget

<b>Standards</b>	<b>L</b>		<b>The authority complies with its statutory obligations in respect of the budget setting process</b>
<b>Transparency</b>	<b>M</b>		<b>The budget report includes an assessment of its consistency with the current medium term financial plan and long term financial strategy</b>
		M1	The annual report proposing the budget includes an analysis of the success/failures in achieving the spending plans of the previous year and of departures from the planned use of reserves and balances.
<b>Transparency</b>	<b>N</b>		<b>The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves</b>
			Section 5: Stakeholder Engagement and Business Cases
<b>Transparency</b>	<b>O</b>		<b>The authority has engaged with key stakeholders in developing its long term financial strategy, medium term financial plan and annual budget</b>
<b>Standards</b>	<b>P</b>		<b>The authority uses a documented option appraisal methodology to demonstrate the VFM of its decisions</b>
		P1	Option appraisal IFAC/PAIB Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal (Annex C to CIPFA FM Code).
		P2	The accounting treatment of material decisions is considered and demonstrated as part of the formal option appraisal process.
<b>Standards</b>	<b>Q</b>		<b>The authority applies the principles contained in the CIPFA Service Reporting Code of Practice and utilises appropriate costing techniques in the development of business cases</b>
			Section 6: Performance Monitoring
<b>Accountability</b>	<b>R</b>		<b>The authority takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability</b>
		R1	Timely time financial and performance information is available to managers via the appropriate systems. The systems are engineered to provide relevant data at a

			sufficiently accurate level. The organisation ensures that information is appropriately tailored and streamlined to avoid the risk of 'data overload'.
		R2	All Financial monitoring reports include: <ul style="list-style-type: none"> <li>• The name of the budget holder responsible for the information presented</li> <li>• Accruals based financial information</li> <li>• Include the approved budget against which monitoring is taking place.</li> <li>• A forecast for the remainder of the budget period,</li> <li>• Service performance information and</li> </ul> - is shown, for instance by reconciliations, to be consistent with the aggregate position for the authority.
		R3	Financial monitoring reports for high risk budgets are: <ul style="list-style-type: none"> <li>• Scrutinised by the leadership team of the organisation on (as a minimum) monthly basis.</li> <li>• Financial monitoring reports for steady state/low risk budgets are:</li> <li>• Received by budget holders on a monthly basis</li> <li>• Received (in aggregate) by the leadership team on a regular basis (in aggregate) by the leadership team.</li> </ul>
		R4	The authority has arrangements which allow annual service budgets to be recalibrated in response to unforeseen developments.
		R5	At the financial monitoring period end the leadership team receives a set of financial statements with forecast outturn for the year ahead
		R6	There are appropriate arrangements in place for reporting and managing the financial performance of each of the organisation's delivery partnerships and collaborative arrangements.
		R7	There are appropriate arrangements in place for the project management and cost control of capital projects.
<b>Assurance</b>	<b>S</b>		<b>The authority monitors the elements of its balance sheet which pose a significant risk to its financial stability</b>

		S1	Unplanned and planned use of reserves are reported [quarterly] to the management team of the organisation and to Council.
		S2	Management accounts include either a full balance sheet or an appropriate level of balance sheet information to meet business needs and evidence of monitoring of material items.
			Section 7 External Financial Reporting
<b>Accountability</b>	<b>T</b>		<b>The Chief Finance Officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom</b>
<b>Assurance</b>	<b>U</b>		<b>The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions</b>