

Appendix 1: CIPFA Financial Management Code: Initial self-assessment of compliance

	CIPFA Financial Management Code Standards	Level of compliance (H/M/L)	Evidenced compliance	Further action(s) required
	Section 1 – Responsibilities of the chief financial officer and leadership team			
A	<p>The leadership team is able to demonstrate that the services provided by the authority provide value for money (VFM).</p> <p>This includes the following main components</p> <ul style="list-style-type: none"> • The authority has a clear and consistent understanding of what value for money means to it and its leadership team. • There are suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services. • The authority is able to demonstrate the action that it has taken to promote value for money and what it has achieved. 	M	<p>The Council has clear accountability and arrangements to deliver value for money.</p> <p>The Council received a qualified value for money opinion in respect of the provision of Children’s Social Care services from the Council’s external auditors for 2019/20 and potentially will receive one for 2020/21. This was due to the “inadequate” Ofsted inspection result received in January 2020. External Audit however noted that except for the provision of Children’s Social Care services, External Audit had no concerns about the Council’s arrangements to secure economy, efficiency and effectiveness in the use of resources.</p> <p>The Annual Governance Statement focuses on all aspects of governance, but critically on processes around VFM in service provision</p>	To continue to implement the Ofsted Improvement Plan in order to remove the qualified VFM opinion.

			<p>The MTFP delivers a robust financial plan through a rigorous budget setting process. One of the key objectives of the MTFP is to provide cost effective services, which demonstrate value for money.</p> <p>The performance framework includes, regular monitoring of the Council's Strategic Plan projects to ensure that the key aims of the council are progressed to budget, timescales, and outcomes.</p> <p>The quarterly budget and performance monitoring reports to Executive provides regular VFM updates.</p> <p>VFM is a key part of any business case submitted and all decision-making groups take decisions with a focus on VFM</p> <p>Communication of VFM to customers and staff through a variety of channels.</p> <p>Delivering excellent customer service, which is a key component of VFM.</p> <p>The Council has a strong record of identifying and delivering efficiency savings with clarity about any impacts on services. Annual savings of over</p>	
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			£100m have been delivered since 2010.	
B:	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government (2016).			
B1	The Chief Finance Officer in a local authority is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest.	H	The Director of Finance is a key member of the corporate Leadership Management Team of the Council and is involved in developing and implementing strategy.	
B2	The Chief Finance Officer in a local authority 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 aligned with the authority's overall financial strategy.	H	<p>All material decisions that require the approval of senior officers or Members must have first been considered by the Director of Finance.</p> <p>All Council and Executive reports are discussed in advance and agree by the corporate Leadership Management Team.</p> <p>The Chief Finance Officer leads on the Council's MTFP and ensures that all risks are considered and detailed as part of the MTFP, in conjunction with the other members of the senior leadership team (Executive Members and corporate Leadership Management Team).</p>	

B3	<p>The Chief Finance Officer in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively. 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.</p>	H	<p>Good financial management is promoted throughout the Authority through regular communication.</p> <p>All managers with budgetary responsibility receive training and regular one-to-one meetings with a member of the Finance team.</p> <p>Regular briefings on financial matters are held with Elected Members, with any new Elected Members receiving additional support.</p>	
B4	<p>The Chief Finance Officer must lead and direct a finance function that is resourced to be fit for purpose 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. The ratio of qualified staff as a proportion of total finance staff ensures that the finance function has the necessary financial competence.</p>	M	<p>The Finance function is adequately resourced with experienced staff, a large number of whom have been with the Council for a number of years.</p> <p>There is however a key post of Chief Accountant that is currently vacant and has been vacant for over a year despite several attempts to appoint to the post. The duties of the post are currently being covered by existing staff and the post is currently being re-advertised. If it is still not possible to appoint a suitably qualified and experienced person then a review across the whole of Finance will be required to ensure that the duties of the post are covered on a long-term basis.</p>	<p>Recruit to the vacant Chief Accountant post with a suitably qualified and experienced person, or if not possible to appoint to post then conduct review across Finance to ensure that the appropriate skills are in place.</p>

			<p>A number of the team are either qualified or actively studying for an accountancy qualification, with a number of staff in training posts currently studying for accountancy qualifications that are fully paid for by the Council.</p> <p>There is however a fairly low ratio of fully qualified accountants at a senior level (Finance Business Partner) with only two of the five Finance Business Partners being qualified, however the remaining possessing a large number of years of experience in local government finance.</p> <p>The age profile of Finance staff is on the high side and this is a potential area of concern in the future.</p> <p>A number of Finance staff have completed the CIPFA Finance Business Partner qualification.</p> <p>All officers undertake continuing professional development as required by their accounting bodies.</p>	<p>Continue to offer finance staff training opportunities, and encourage them to undertake professional accountancy qualifications.</p> <p>Continue with the current trainee accountant / accounting technician programme.</p> <p>Develop a plan and pathways to improve succession planning, and to address the age demographic of finance staff.</p> <p>Future vacant Finance Business Partner posts will target qualified accountant applicants.</p>
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			External specialist expertise, i.e. treasury management advisors, are also used by the Council.	
B5	The Chief Finance Officer must be professionally qualified and suitably experienced. The Chief Finance Officer must be able to demonstrate adherence to professional CPD requirements on an annual basis.	H	The Director of Finance is CIPFA qualified with significant experience of local government finance. CPD is demonstrated as part of their CIPFA membership obligations.	
B6	The Chief Finance Officer should promote the highest standards of ethical behaviour in the conduct of financial management. Professionally qualified staff should evidence an ongoing commitment to the principles of objectivity, integrity professional behaviour, professional competence, dues care and confidentiality.	H	Professionally qualified staff are required to adhere to the ethical standards of their professional bodies and that of the Council.	
B7	To enable financially informed decision making: The Chief Finance Officer should be able to provide the leadership team with sound advice on the key principles of local government finance; and 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.	H	<p>The Director of Finance is an integral part of the Council's corporate Leadership Management Team and provides sound advice as part of this role.</p> <p>The authority also has access to specialist technical advice through external contacts to discuss national issues.</p> <p>The Director of Finance is also part of North East Director of Resources group and Tees Valley Director of</p>	

			Resources groups to share best practice.	
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.	H	The affordability and risk of the Council's capital investment strategy is an integral part of the Council's annual Budget Report, quarterly budget monitoring reports, MTFP, and Strategic Plan. External specialist expertise, i.e. treasury management advisors, are also used by the Council where required.	
B9	The chief finance officer must establish the reporting and monitoring processes, and integrate the treasury management indicators into the overall financial planning process.	H	There is an established process for reporting and monitoring of treasury management indicators. Treasury management indicators are approved alongside the budget each year.	
	Section 2 – Governance and financial management style			
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.			
C1	The leadership team espouses the Nolan principles.	H	The leadership exhibit the Nolan principles of public life.	
C2	The authority has a clear framework for governance and internal control	H	There are Financial and Contract Procedure Rules which are subject to	

			<p>a full review on a regular basis, these go to Corporate Affairs and Audit Committee and then Full Council for approval. These are clear about the respective authorisation limits for authorisation of contracts and the subsequent commitment/incurrence of expenditure.</p> <p>The Council's Affairs and Audit Committee, as part of its Terms of Reference, considers all aspects of audit activity both internal and external audit, and keeps under review the Councils arrangements for Corporate Governance and proposes from time to time necessary actions to ensure compliance with best practice.</p> <p>There is a Code of Conduct for Members, which is overseen by the Standards Committee.</p> <p>The authority has in place a clear framework for governance and internal controls through its Code of Corporate Governance.</p>	
C3	The leadership team has established effective arrangements for assurance, internal audit and internal accountability.	H	There are effective arrangements for assurance, internal audit and internal accountability. Any areas of concern raised through those arrangements are managed robustly and transparently.	

			Internal controls are tested annually as part of the work of Internal Audit. The work of internal audit is governed by the Accounts and Audit Regulations 2015 and relevant professional standards. These include the Public Sector Internal Audit Standards (PSIAS), CIPFA guidance on the application of those standards in Local Government and the CIPFA Statement on the role of the Head of Internal Audit.	
C4	The leadership team espouses high standards of governance and internal control.	H	The leadership team espouses high standards of governance and internal control and communicates these clearly to all staff.	
C5	The leadership team nurtures a culture of effective governance and robust internal control across the authority.	H	There is a culture of effective governance and robust internal control. Internal audit is used to bring focus to any areas of concern and to ensure that standards remain high.	
D:	The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).			
D1	The authority maintains an effective audit committee.	H	The Authority has a Corporate Affairs and Audit Committee that meets at least 11 times annually. The Corporate Affairs and Audit Committee, as part of its Terms of Reference	

			<ul style="list-style-type: none"> • Deals with any matter which is not an Executive function, and has not been delegated to any other committee of the Council • Monitors the progress and performance of internal audit • Ensures co-ordination between internal and external auditors • Keeps under review the Council's arrangements for Corporate Governance and proposes from time to time necessary actions to ensure compliance with best practice 	
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.	H	An update on the progress of recommendations arising from audit reports is a standing agenda item for the Corporate Affairs and Audit Committee. All audit reports and recommendations are considered by the relevant management. All recommendations and progress against actions are monitored by the Council's Leadership Management Team.	
D3	The authority has a PSIAS conformant internal audit function.	H	There is a strong independent internal audit function provided by Veritau Tees Valley Limited, which produces reporting and recommendations	

			across all functions. The internal audit function compliant with PSIAS.	
E:	The financial management style of the authority supports financial sustainability			
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.	H	Financial Regulations and Instructions provide a clear and understandable framework for accountability. They set out financial responsibilities for Directors, Head of Services, Budget Managers, and all employees of the Council and all Elected Members.	
E2	Finance teams and the organisation they support are actively committed to continuous improvement focused on efficient and effective delivery and organisational performance.	M	<p>Finance operate a CIPFA Finance Business Partner model, directly working with services. This enables service provision to be tailored to the needs of services with changes being made as required.</p> <p>Finance teams seek continuous service improvement, examining new methods of working to provide more efficient and effective service delivery. There is still some work to do around removing some tasks undertaken which take longer than required, and produce little or no added value.</p>	Continue to seek service improvement in provision of finance services by reviewing all tasks undertaken and systems used, and making improvements where required.
E3	Enabling transformation: the finance team have input into strategic and operational plans taking into account proactive risk	M	While Finance have input into strategic and operational plans, this is not necessarily always at an early	Strengthen the project management approach to ensure early

	management, clear strategic directions and focus-based outcomes.		enough stage to fully support and enable transformation. This is especially the case with projects.	involvement for finance, in project management business cases as part of the approval process, in order to ensure value for money.
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.	M	<p>Budgets and financial approval limits are clearly delegated to budget managers. Meetings are held regularly with budget managers to ensure implications of decisions are understood and that managers are responsible for those decisions.</p> <p>Directors are held accountable for their Directorate budgets. There is however not full accountability by all budget managers for the budgets they hold and for over/underspends on the budgets they are responsible for. This is particularly an issue where external factors exist, such as increased demand for services.</p>	Improve accountability of budgets by all budget managers and take corrective action where required.
E5	The financial management of the authority has been critically evaluated.	H	<p>Internal Audit reviews the core financial controls on an annual basis and has also undertaken an audit of financial planning, budget monitoring and forecasting.</p> <p>External Audit also review this as part of the annual audit of the Council's accounts.</p>	

	Section 3 – Long to medium-term financial management			
F:	The authority has carried out a credible and transparent financial resilience assessment			
F1	Financial resilience is tested against best and worst case scenarios which cover a wide range of financial demographic and social challenges.	M	<p>Financial resilience is tested and modelled against various scenarios when reviewing the Council's MTFP, capital strategy and treasury management strategy.</p> <p>Whilst in the MTFP there are some illustrative figures about how changes in key assumptions about inflation, interest rates etc. would impact on the budget, but these do not cover all key variables or the longer-term impact. The text provided with the MTFP in the Budget Report sets out more detail on the key variables and the impact of changes in the underlying budget assumptions.</p>	Potential development of MTFP to include specific reference to scenario testing.
F2	The authority uses independent objective quantitative measures to assess the risks to its financial sustainability.	H	<p>Key objective measures are used to assess financial stability and risks.</p> <p>The authority benchmarks itself against regional and comparable authorities using the latest CIPFA Financial Resilience Index. Paragraphs 25 to 34 and Appendix 2 of this report on the results of the analysis of this.</p>	

F3	Decision making by the authority demonstrates a sound understanding of the risks associated with its strategic business partners.	M	Key partners are evaluated before entry into formal arrangements.	Key partners should be reviewed to ensure they maintain the same high standards of conduct with regard to financial administration and corporate governance that apply throughout the Authority and they contribute to the achievement of the Authority's objectives.
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.	M	<p>The Council produces a Strategic Plan, MTFP and Investment Strategy that cover a 3-year period. These include range of assumptions for economic factors and service related factors.</p> <p>The current high levels of uncertainty around future funding for local government, and the legacy impacts of COVID-19, make producing a meaningful long-term plan very challenging. This risk to financial planning is clearly set out in the MTFP and has been communicated to the Leadership Team and Members.</p> <p>The MTFP also includes a risk assessment of the key financial risks the Council faces over the 3-year</p>	Development of longer term financial planning when greater certainty around future funding for local government is received.

			<p>period. The risks modelled include the level of inflation, pay inflation, service demand pressures, housing growth and the effect on council tax base, business rates income, government funding changes, and a range of capital implications.</p> <p>The MTFP also examines the adequacy of reserves to deal with the risks identified.</p> <p>The Council has a robust approach to risk management with Strategic and Directorate Risk Registers, with clear lines of escalation, supported by specific project and programme risk registers.</p>	
H:	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.			
H1	The authority is aware of its obligations under the Prudential Code. The authority has prepared a suitable capital strategy. The authority has a set of prudential indicators in line with the Prudential Code. The authority has suitable mechanisms for monitoring its performance against the prudential indicators that it has set.	H	The Council is aware of its obligations under the Prudential Code and has assessed itself as compliant with those obligations. Like the Financial Management Code, there are many areas of compliance where the guidance allows for the Council to decide what an appropriate fit is; and there is not a single way to be compliant.	Assess any implications arising from any changes in the CIPFA Prudential Code of Capital Finance for Local Authorities (once consultation has been completed) – this is dependent on the final publication.

			<p>An annual Capital Strategy (Prudential Indicators, Investment Strategy and Minimum Revenue Provision) report is produced each year as part of the Budget Report to Council. The Council in producing a detailed and easy to follow Capital Strategy supplemented by further information and training provided to Members invested considerable time.</p> <p>The Council has a 3 year Capital Strategy and within that prudential indicators are set in line with the Code. The Capital Strategy sets out the high level plans, with individual decisions made about investments or capital schemes through separate reports to members.</p> <p>Individual financial modelling of capital schemes covers a longer-term frame, typically over the asset life and is factored into investment decisions.</p> <p>There are effective mechanisms in place to monitor performance against the Code, with quarterly updates on capital expenditure, prudential indicators and treasury management activity reported to Executive as part of the regular quarterly budget monitoring process and regular</p>	
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			<p>reporting to the Corporate Affairs and Audit Committee.</p> <p>The Council works closely with its Treasury Management advisers Arlingclose to ensure that it complies.</p>	
H2	<p>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.</p>	M	<p>A condition survey is carried out on a regular basis by internal and external consultants, which provides a total cost and prioritisation to inform the Capital Strategy and MTFP.</p> <p>There has been an acknowledged issue with the condition and maintenance of some of the Council's built assets, e.g. Transporter Bridge. A full review is currently taking place of the condition of these assets and funding will be sought from the Council's MTFP and Investment Strategy.</p>	<p>Full review of condition of built assets to be completed and funding sought from MTFP and Investment Strategy where required.</p>
H3	<p>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.</p>	H	<p>The Capital Strategy forms an essential part of the authority's integrated revenue, capital and balance sheet planning. A report on prudential indicators included in the annual Capital Strategy report.</p>	
I:	<p>The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.</p>			

I1	The authority has in place an agreed medium term financial plan	H	<p>The Council has in place an agreed 3-year MTFP that is formally set annually as part of the annual Budget report. This plan is consistent with the capital strategy and refreshed annually to reflect relevant strategic priorities, commitments, service demand pressures, underlying assumptions, and emergent issues and to agree future savings targets. This ensures that the Council always has a 3-year budget, allowing for sufficient time to time to plan and deliver any required savings.</p> <p>The MTFP is regularly reviewed throughout the year with reports being taken to Executive and Council where there are material changes required to the MTFP.</p>	
I2	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.	H	<p>Cost drivers and demand are considered within each Directorate and used to form the basis of pressures identified and mitigations/savings put forward to the MTFP. The MTFP includes the best assessment of each Directorate of what their demand pressures will be.</p> <p>Each Directorate has an annual service plan. These service plans are driven by the Council's Strategic Plan</p>	

			and the MTFP in terms of the delivery of key projects but also into the MTFP in relation to specific savings programme required to be delivered.	
13	The authority has benchmarked the performance of its services against appropriate comparators.	H	The Council uses the CIPFA Financial Resilience Index and other benchmarking services to consider performance on a regular basis.	
14	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.	H	<p>Updates on progress in the delivery of savings is included within the quarterly budget monitoring report, and in updates of the MTFP provided to Executive and Council.</p> <p>Any savings determined to be unachievable on an ongoing basis are removed from the MTFP and replaced with alternative savings.</p>	

14	<p>The authority publishes its plans for the use of reserves over the period of the Medium Term Financial Plan. The level of reserves at 31st March in any one year should not 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.</p>	H	<p>The adequacy of the level of financial reserves levels is reviewed at least annually as part of the Budget Report to Council, with the minimum level of General Fund Reserve being set each year. This is based on an assessment of financial risks against criteria set out by CIPFA and the extent to which specific provisions are available to meet known and expected liabilities.</p> <p>As part of the Budget Report the Council publishes its plans for the use of reserves over the period of the MTFP.</p> <p>Reserve levels are monitored throughout the year via the quarterly budget monitoring.</p>	
Section 4 – The annual budget				
J	<p>The authority complies with its statutory obligations in respect of the budget setting process.</p> <p>This includes that :</p> <ul style="list-style-type: none"> • The authority has set a balanced budget for the current year. • The authority is likely to be able to set a balanced budget for the forthcoming year. • The authority is aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so. 	H	<p>The Council understands its obligation in respect of the budget-setting process and the budget was approved by Council by the required deadlines.</p> <p>The Council has set a balanced budget for the current year (2021/22), and 2022/23, and is currently developing a balanced budget for 2023/24. The Council's MTFP process is designed to deliver a full three-year balanced budget each year.</p>	

			The Council is aware of the circumstances under which it should issue a section 114 notice and how it would go about doing so. This includes latest guidance issued by CIPFA in light of COVID-19.	
K:	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.	H	The budget report includes a statement by the Director of Finance (S151 Officer) on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.	
	Section 5 – Stakeholder engagement and business plans			
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.	H	<p>Significant engagement is made with public and stakeholders on an annual basis on the Council’s budget and Strategic Plan.</p> <p>This is undertaken as part of an “annual conversation, called “Let’s Talk”, with local communities and the Council’s stakeholders on the direction of travel and future plans (including spending plans), an approach which will in future years be embedded within the Council’s emerging locality working approach.</p>	

			<p>The “Let’s Talk” annual conversation built on the success of the 2020/21 budget consultation, although traditional face to face engagement was severely constrained by the Covid-19 pandemic. The consultation had a clear brand identity and was promoted across social media and other channels, gathering both quantitative and qualitative information that will provide both real insight for the Council and real influence for respondents. The aim was to encourage people to take part in the annual budget consultation and the consultation on future strategic priorities of the organisation.</p>	
M:	<p>The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions; and financial analysis.</p>			
M1	<p>The authority has a documented option appraisal complies with the guidance set out in the IFAC/PAIB publication Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal.</p>	M	<p>Option appraisal complies with the principles, but this is not formally documented.</p> <p>The Council does not currently have a consistent process for undertaking and documenting option appraisals. These are undertaken on a case-by-case basis, influenced by the scale of investment and also the requirements of external funders. For all projects</p>	<p>Ensure option appraisal process makes reference to the IFAC/PAIB principles.</p> <p>Develop a consistent process for undertaking and documenting option appraisals.</p>

			<p>these covers as a minimum the 3-year MTFP period and for larger scale investment these are usually based on a whole life cycle basis.</p> <p>In considering a number of development projects, the Council also undertakes a development appraisal from a commercial developer perspective to assess overall scheme viability, as well as financial modelling from a Council perspective.</p>	
M2	The authority's approach to option appraisal includes appropriate techniques for the qualitative and quantitative assessment of options.	H	These contain both quantitative evaluation of costs and benefits and qualitative evaluation of fit to service objectives and outcomes for residents/service users.	
M3	The authority's approach to option appraisal includes suitable mechanisms to address risk and uncertainty	H	Option appraisal includes an evaluation of risk and uncertainty and the extent that this can be mitigated for given options.	
M4	The authority reports the results of option appraisals in a clear, robust and informative manner that gives clear recommendations and outlines the risk associated with any preferred option(s).	H	Reports for decision set out the outcomes of these business case/option appraisals with clear recommendations and risk. Risks from agreed options are then managed through the corporate risk management approach.	
M5	The accounting treatment of material decisions is considered and demonstrated	H	The accounting treatment and impact is determined at the time of the decision.	

	as part of the formal option appraisal process.			
	Section 6 – Monitoring financial performance			
N:	The leadership team takes action using reports, enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.			
N1	The authority provides the leadership team with an appropriate suite of reports that allow it to identify and to correct emerging risks to its budget strategy and financial sustainability. The reports cover both forward- and backward looking information in respect of financial and operational performance.	H	<p>Quarterly financial monitoring reports are provided to Directorate Management Teams, Leadership Management Team, and the Executive, which identify significant variances and corrective actions being taken. The reports cover the position to date and the forecast for the remainder of the financial year. It also includes progress against savings targets and planned use of/contributions to earmarked reserves.</p> <p>Quarterly reporting is also provided in respect of the Council's basket of key operational performance indicators.</p>	
N2	The reports are provided to the leadership team in a timely manner and in a suitable format.	H	Reporting to officers is periodically approximately one month after the quarter end with reporting to Members usually in the following two weeks, which creates a time lag.	

			Financial information, forecasts are available on a more regular basis and accessible by budget managers, this would highlight significant variances earlier. Services will compile performance information on a more regular basis and where relevant highlight the impacts of these.	
N3	The leadership team is happy with the reports that it receives and with its ability to use these reports to take appropriate action.		<p>The leadership team are happy with the reports it receives and with its ability to use these reports to take appropriate action.</p> <p>The reports are also reviewed by the Council's Overview and Scrutiny Committee.</p> <p>The format of the reports and information contained within the reports is amended following suggestions from officers and Elected Members to make improvements to the reports.</p>	
N4	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'.	H	Managers are able to access financial information on demand via the Council's Business World financial management system. Reports have been developed with budget holders to provide them with the correct level of information.	

N5	<p>All Financial monitoring reports include:</p> <ul style="list-style-type: none"> • The name of the budget holder responsible for the information presented • Accruals based financial information • Include the approved budget against which monitoring is taking place. • A forecast for the remainder of the budget period, • Service performance information and - is shown, for instance by reconciliations, to be consistent with the aggregate position for the authority. 	H	Financial reports include all of the required financial information.	
N6	<p>Financial monitoring reports for high risk budgets are:</p> <ul style="list-style-type: none"> • Scrutinised by the leadership team of the organisation on (as a minimum) monthly basis. <p>Financial monitoring reports for steady state/low risk budgets are:</p> <ul style="list-style-type: none"> • Received by budget holders on a monthly basis • Received (in aggregate) by the leadership team on a regular basis (in aggregate) by the leadership team. 	H	<p>High cost/risk budgets are reviewed on a monthly basis. These are reviewed by leadership team, for example by a Children's Care High Cost Workshop.</p> <p>Less volatile and lower cost budgets employ self-service by budget managers using the Council's Business World financial management system, supported by finance where required.</p>	
N7	The authority has arrangements which allow annual service budgets to be recalibrated in response to unforeseen developments.	H	In-year budget virements can be approved by the Director of Finance when less than £150K. Virements over £150K are approved by Executive at the quarterly budget monitoring process.	

N8	There are appropriate arrangements in place for reporting and managing the financial performance of each of the organisation's delivery partnerships and collaborative arrangements.	H	There are appropriate arrangements in place for reporting and managing the financial performance of each of the Council's delivery partnerships and collaborative arrangements	
O:	The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability.			
O1	The authority has identified the elements of its balance sheet that are most critical to its financial sustainability.	H	The Council has historically considered its reserves position, investments and borrowing, and debt levels as most critical to its financial sustainability.	
O2	The authority has put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet.	H	<p>Mechanisms are in place to monitor all of these critical elements of the balance sheet.</p> <p>The monitoring of reserves is outlined below.</p> <p>Borrowing and investments and Treasury Management are monitored and reported as part as the quarterly budget monitoring process, and by regular reporting to the Corporate Affairs and Audit Committee.</p> <p>Debt levels are not specifically included in the quarterly budget monitoring reports, however</p>	

			provisions for bad debts are reviewed on a quarterly basis. Also levels of Council Tax, Business Rates debts are monitored and reported as part of the monthly performance monitoring.	
O3	The authority reports unplanned use of its reserves to the leadership team in a timely manner	H	Forecast use/contribution of/to reserves is reported on a quarterly basis to the Leadership Management Team, and the Executive as part of the quarterly budget monitoring report. This highlights any changes to planned use/contribution to balances as well as movements in budgeted contributions to/from earmarked reserves. This then feeds into any MTFP refresh, along with intelligence about key risks.	
O4	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.	M	Reporting is currently only made on the critical elements of the balance sheet. Other assets and liabilities are not routinely reported on. It should be reviewed whether other major balance sheet items can be made more visible in quarterly budget monitoring reports.	Consider if other major balance sheet items can be visible in the quarterly budget monitoring reports.
O5	Cash flow is managed through application of Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (CIPFA, 2017).	H	Robust and comprehensive treasury management processes, mitigating risk, adhering to the Treasury management guidance required.	

			Prudential Code requirements are adhered to in order to provide the risk management of treasury activity.	
Section 7 – External financial reporting				
P:	<p>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.</p> <p>This includes the following :</p> <ul style="list-style-type: none"> • The authority’s leadership team is aware of the CFO’s responsibilities in terms of the preparation of the annual financial statements. • The authority’s CFO is aware of their responsibilities in terms of the preparation of the annual financial statements. • These responsibilities are included in the CFO’s role description, personal objectives and other relevant performance management mechanisms. • The authority’s financial statements have hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom. 	H	<p>The authority’s leadership team and the CFO are aware of the CFO’s responsibilities in terms of the preparation of the annual financial statements.</p> <p>These responsibilities form part of the CFO’s role description and personal objectives.</p> <p>The authority’s financial statements have been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom, and have been consistently given an unqualified opinion by external auditors.</p> <p>The annual accounts are reviewed and signed by the Director of Finance.</p> <p>The accounts are presented in a format for users to understand the Council’s financial performance, position, and cash flows.</p>	

Q	The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions.			
Q1	The authority's leadership team is provided with a suitable suite of reports on the authority's financial outturn and on significant variations from budget. The information in these reports is presented effectively.	H	<p>The presentation of the final outturn position to the Corporate Management Team and Executive compares the outturn to the revised budget and explains the reasons for any key variances from budget. The report sets out the impact of these variances on general balances and earmarked reserves and makes proposals for further contributions to/or from these.</p> <p>The report also sets out the impact of key variances on the MTFP/future years budgets and any mitigating action being taken.</p>	
Q2	These reports are focused on information that is of interest and relevance to the leadership team.	H	These reports focus on material issues, which require action or awareness from the leadership team and therefore are appropriately focused.	
Q3	The leadership team feels that the reports support it in making strategic financial decisions.	H	<p>The leadership team agreed that the reports support it in making strategic financial decisions.</p> <p>The reports are also reviewed by the Council's Overview and Scrutiny Committee.</p>	