

**AUTHORITY REPORT: CIPFA FINANCIAL MANAGEMENT CODE:  
SELF-ASSESSMENT****1. Confidential Report:**

1.1 No.

**Executive Summary**

**Purpose of Report** – To inform Members of the results of the self-assessment undertaken against the requirements of the CIPFA Financial Management Code.

**Position** – An assessment of the Authority’s processes and arrangements against the 17 Financial Management Standards set out in the CIPFA Financial Management Code has been undertaken by officers to evaluate the Authority’s level of compliance with the Code. The Authority will continue to seek ongoing improvements to its financial processes and arrangements and will review its level of compliance with the FM Code annually.

**Recommendation** – Members are recommended to note that the self-assessment concluded that the Authority’s level of compliance against the Financial Management Standards sets out in the Financial Management Code is Good.

**2. Background:**

- 2.1 The CIPFA Financial Management (FM) Code sets the standards of financial management for local authorities. It is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.
- 2.2 The FM Code complies with other legislation and associated CIPFA codes and is evidence of compliance with statutory and professional frameworks. All local authorities were required to demonstrate full compliance with the Code by 31 March 2022. Demonstrating compliance with the CIPFA FM Code is a collective responsibility of Members, the Chief Finance Officer and the senior leadership team.
- 2.3 A series of financial management standards set out the professional standards needed if a local authority is to achieve the minimum standards of financial management acceptable to meet fiduciary duties to taxpayers, customers and lenders. Since these are minimum standards, CIPFA’s judgement is that compliance with them is obligatory if a local authority is to meet its statutory responsibility for sound financial administration.

2.4 The FM Code is based on six Principles of Good Financial Management. These six Principles are the benchmarks against which all financial management should be judged. The purpose of the FM Code itself is to establish the principles in a format that matches the financial management cycle and supports governance in local authorities. The Principles of Good Financial Management are as follows:

- Leadership
- Accountability
- Transparency
- Standards
- Assurance
- Sustainability

2.5 These six Principles are underpinned by the Financial Management Standards set out in the Code:

<b>1 Responsibilities of the CFO and Leadership Team</b>	
A	The leadership team is able to demonstrate that the services provided by the Authority provide value for money.
B	The Authority complies with the CIPFA <i>Statement of the Role of the CFO in Local Government</i> .
<b>2 Governance and financial management style</b>	
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.
D	The Authority applies the CIPFA/SOLACE <i>Delivering Good Governance in Local Government: Framework (2016)</i> .
E	The financial management style of the Authority supports financial sustainability.
<b>3 Long to medium-term financial management</b>	
F	The Authority has carried out a credible and transparent financial resilience assessment.
G	The Authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.
H	The Authority complies with the CIPFA <i>Prudential Code for Capital Finance in Local Authorities</i> .
I	The Authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.
<b>4 The annual budget</b>	
J	The Authority complies with its statutory obligations in respect of the budget setting process.
K	The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.

<b>5 Stakeholder engagement and business plans</b>	
L	The Authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.
M	The Authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.
<b>6 Monitoring financial performance</b>	
N	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.
O	The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.
<b>7 External financial reporting</b>	
P	The Chief Finance Officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local Authority complies with the reporting requirements of the <i>Code of Practice on Local Authority Accounting in the United Kingdom</i> .
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.

### 3. Assessment of Compliance:

- 3.1 Appendix A presents the results of the self-assessment of the Authority's compliance with the standards set out in the FM Code. The self-assessment describes what is expected within each standard, provides evidence of how the Authority is complying with the standards and identifies areas where the Authority's arrangements or processes could be developed or improved.
- 3.2 The self-assessment concluded that the Authority's compliance with the Financial Management Standards is good and identified a number of minor areas for improvement. The self-assessment will be reviewed annually, or more frequently if required.
- 3.3 The self-assessment was supported by the work of External Audit on value for money as part of their 2021/22 audit and also by the Authority's 2021/22 Annual Governance Statement. A review of the self-assessment will also be undertaken by the Authority's Internal Auditors.

### 4. Conclusion:

- 4.1 The Authority's level of compliance with the CIPFA FM Code and its level of financial resilience and sustainability are Good. The Authority will continue to seek ongoing improvements to its financial processes and arrangements and will review its level of compliance with the FM Code annually.

**5. Relevant officers:**

Maria G. Christofi, Finance Director / e-mail: [finance@eastlondonwaste.gov.uk](mailto:finance@eastlondonwaste.gov.uk)

**6. Appendices attached:**

6.1 Appendix A: CIPFA Financial Management Code: Self-Assessment

**7. Background papers:**

7.1 None.

**8. Legal considerations:**

21.1 The FM Code applies to all local authorities, including police, fire, combined and other authorities, which are defined in legislation for the purposes of Part 1 of the Local Government Act 2003.

**9. Financial considerations:**

9.1 As outlined in the main body of the report.

**10. Performance management considerations:**

10.1 None.

**11. Risk management considerations:**

11.1 None.

**12. Equalities considerations:**

12.1 None.

**13. Follow-up reports:**

13.1 CIPFA Financial Management Code Self-Assessment: Annual Update, June/July 2023.

**14. Websites and links for further information:**

14.1 [www.eastlondonwaste.gov.uk](http://www.eastlondonwaste.gov.uk)

**15. Glossary:**

CIPFA = Chartered Institute of Public Finance and Accountancy

ELWA/the Authority = East London Waste Authority

**16. Reviewed by Management Board:**

16.1 14 November 2022.

**17. Confidentiality:**

17.1 Not Applicable.