

## Chief Finance Officer Assessed Level of Compliance with the CIPFA FM Code May 2021

Ref.	Description of the Standard	Pages of the Code	CFO Assessment of Current Position	Actions Required
<b>Responsibilities of the Leadership Team and Chief Financial officer (CFO)</b>				
A	<p>The leadership team is able to demonstrate that the services provided by the authority provide value for money (VFM).</p> <p><b>Detail:</b></p> <p>Legislative requirement for Authorities to deliver VFM.</p> <p>Delivery of VFM depends on decisions of Elected Members.</p> <p>Shared responsibility across the Leadership Team to communicate and understand the risks involved.</p>	17-18	<p><b>ASSESSMENT - GREEN</b></p> <p>Value for Money is assessed as part of the external audit process - for 2019/20, the Council has an outstanding VfM opinion for 2019/20 due to the purchase of Logistics House.</p> <p>Business cases for spending plans are reviewed by the Senior Management Team (SMT) before passing through to Members where decision-making is taken by the relevant Committee or Full Council, in line with the Constitution and Financial Regulations.</p> <p>Regular meetings take place between the Chief Executive, the Deputy Chief Executive, the Leader and relevant Directors, at which budget issues are discussed, including the continuing impact of Covid-19 on the Council's finances, to ensure that any proposals for additional spend show value of money . All Covid related spend is checked by the Finance Team and a tracker is maintained for scrutiny and audit purposes, as well as Government submission.</p> <p>Meetings take place between the S151 Officer, the Leader and other elected members to discuss the Medium-Term Financial Strategy (MTFS) and budget, including ongoing forecasting.</p> <p>The MTFS and Budget was agreed in February 2021 with additional ring-fenced investment at the direction of Elected Members. Additional business case development will be required to ensure that value for money can be achieved to move these projects forward.</p> <p>Any 'commercial' investments will be monitored through the Capital Strategy and Budget Monitoring updates</p>	<p><b>Actions:</b></p> <p>Additional business case development is required to ensure that value for money is evidenced.</p> <p><b>Responsible:</b></p> <p>SMT, including CFO and Deputy CFO</p>

<p>B</p>	<p>The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government</p> <p><b>Detail:</b></p> <p>In summary this Statement requires that the CFO:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• Must lead and direct a finance function that is resourced to be fit for purpose.</li> <li>• Must be professionally qualified and suitably experienced.</li> </ul>	<p>18-19</p>	<p><b>ASSESSMENT - GREEN</b></p> <p>During 2020/21 the Deputy Director of Finance, acted as the authority’s Section 151 Officer and Chief Financial Officer until a permanent Director of Finance was appointed to in April 2021 – both postholders are qualified accountants</p> <p>The Director of Finance (and prior to this appointment, the Deputy Director of Finance) is a key member of the SMT and meets with the Chief Executive, Deputy Chief Executive, Leader and Deputy Leader/Executive Member on a regular basis to discuss all matters pertaining to the financial management of the council.</p> <p>All Cabinet and Council Reports are discussed in advance and agreed at SMT.</p> <p>The Finance Team consists of 20 FTE officers. There are also 4 FTE officers in the Internal Audit Team, including a fully qualified Service Lead for Audit and Risk shared across both Chorley Borough Council and South Ribble Borough Council.</p> <p>The Finance Team includes 5 fully qualified accountants and 8 part qualified, or fully AAT qualified, officers. All officers are offered continued professional development, including 3 apprentices and 2 CIPFA graduate trainees. The development of the resilience of the finance team in terms of developing internal expertise is included in the Finance Service Plan.</p> <p>The Council also subscribes to additional professional expertise and advice in relation to technical accounting, treasury management, financial management and planning and taxation.</p>	<p><b>Actions:</b></p> <p>To continue to support professional development</p> <p>To continue to build and develop the resilience of the Finance Team in terms of developing internal expertise as detailed in the 2021/22 Finance Service Plan</p> <p><b>Responsible:</b></p> <p>CFO and Deputy CFO</p>
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<b>Governance and Financial Management Style</b>				
C	<p>The Leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.</p> <p><b>Detail:</b></p> <p>A proper scheme of delegation that ensures that frontline responsibility for internal and financial control starts with those who have management roles.</p> <p>Clarity over the role of Head of Paid Service and Monitoring Officer.</p> <p>The Governance Committee provides independent assurance over governance, risk and internal control arrangements, with a focus on financial management, financial reporting and audit and assurance.</p> <p>Leadership Team with a culture of constructive challenge based on realism.</p> <p>Goals, assumptions, and implementation plans are rigorously examined.</p>	21	<p><b>ASSESSMENT - GREEN</b></p> <p>The Financial Procedure Rules inform the role of a Budget Holder. Job descriptions and the job evaluation system recognise management of resources as a key responsibility. This is assigned at a level so that service delivery and budget can be aligned.</p> <p>The roles of the Head of Paid Service and Monitoring Officer are defined in the Council's Constitution.</p> <p>The Terms of Reference for the Governance Committee (as the Council's Audit Committee) cover the areas referenced.</p> <p>The Internal Audit Service has provided assurance over the effectiveness of the Governance of the Council, and the system of Internal Control, through the provision of an annual assessment to assist in the production of the Annual Governance Statement.</p> <p>Internal Audit play a key part in the Council's assurance framework and meet routinely with the S151 Officer, and other members of the SMT, to ensure that Audit resources are appropriately directed towards the areas of greatest need (applying a risk-based approach) and that audit actions are followed up.</p> <p>The Corporate Governance Group, with membership including the Chief Executive, the Deputy Chief Executive, the Monitoring Officer, the S151 Officer and the Head of Internal Audit, meets monthly with a remit that encompasses review and oversight of risk</p>	<p><b>Actions:</b></p> <p>Quarterly Internal Audit Progress reports are scheduled for discussion at SMT to ensure sufficient focus on implementing agreed actions.</p> <p>Discussions will continue to be held with the Internal Audit Team to ensure that the programme of work for 2021/22 takes account of the ongoing pandemic effect and ensures that work is prioritised appropriately. This will include improving the timeliness of agreeing actions from internal audit and the implementation of those actions.</p> <p>The final Counter Fraud and Corruption Policy will be taken to Governance and Full Council for Approval</p> <p><b>Responsible:</b></p> <p>SMT</p> <p>Service Lead for Audit and Risk</p>

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			<p>management and governance and internal control arrangements.</p> <p>Senior Managers and Internal Audit have acknowledged the impact of the pandemic on the audit plan which has limited the amount of audit work undertaken during 2020/21. The work that has been undertaken has been targeted towards higher priority areas. The Internal Audit Plan for 2021/22 will take account of the outstanding priorities and work deferred from 2020/21.</p> <p>A new Counter Fraud and Corruption Policy was taken to SLT on 4 May 2021. Once finalised this will be taken to Governance and Council for adoption.</p> <p>Regular monitoring of the Corporate Risk Register is undertaken by the SMT.</p> <p>Regular meetings are held between Officer and Cabinet Members.</p>	
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D	<p>The authority applies the CIPFA/SOLA CE Delivering Good Governance in Local Government: Framework (2016)</p> <p><b>Detail:</b></p> <p>This framework recommends that the review of the effectiveness of the system of internal control is reported in an annual governance statement</p>	22	<p><b>ASSESSMENT - GREEN</b></p> <p>The Council prepares an Annual Governance Statement in line with the framework within CIPFA's Local Code of Corporate Governance.</p> <p>The draft AGS is provided to the Governance Committee for review and approval in advance of its inclusion in the Statement of Accounts.</p>	<p><b>Actions:</b></p> <p>None Identified</p>

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E	<p>The financial management style of the authority supports financial sustainability</p> <p><b>Detail:</b></p> <p>Strong financial management is assessed against a hierarchy of;</p> <ol style="list-style-type: none"> <li>1. delivering accountability,</li> <li>2. supporting performance and</li> <li>3. enabling transformation.</li> </ol>	22-23	<p><b>ASSESSMENT - GREEN</b></p> <p>The Council’s Corporate Plan and MTFS set the strategic framework for the work and financial plans of the Council and recognise the agreed corporate priorities and objectives.</p> <p>Budgets are prudent and sustainable to ensure that a balanced budget is maintained, and that in-year expenditure is matched by income from Council Tax, Business Rates, sales, fees and charges income, and grants from government and other bodies,</p> <p>Funding from reserves is used to support one-off investments or initiatives, subject to approval of business cases.</p> <p>Significant risks are identified, monitored, reported and mitigating actions identified to manage these.</p> <p>The Capital Programme is planned over a 3-year period.</p> <p>The uncertainties around future government funding (e.g. the Fair Funding Review and the future of Business Rates Retention) are recognised and reflected in the MTFS, Capital Strategy and appendices to the budget report.</p> <p>Council Tax increases are kept within the referendum limits, and preliminary assumptions regarding future year increases are set out within the MTFS and the appendices to the budget papers, recognising that these may be subject to change.</p> <p>Prudent levels of general balances, reserves and contingencies are maintained in the context of an assessment of the risks facing the Council</p>	<p><b>ACTIONS:</b></p> <p>The Finance Service Business Plan for 2021/22 includes clear objectives to further strengthen financial management and control including;</p> <ul style="list-style-type: none"> <li>• To review and implement identified improvements to the monthly budget monitoring process</li> <li>• To review fees and charges across the Council</li> <li>• To review and improve cash flow and treasury management monitoring and reporting</li> </ul> <p>The responsibility for the management of performance and risks falls with SMT and is reported regularly.</p> <p><b>Responsible:</b></p> <p>CFO SMT</p>

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			In achieving stages 1 and 2 of the CIPFA FM Code hierarchy, Budget Holders, with support from finance, take responsibility for spend against their budgets.	
<b>Long to Medium Term Financial Management</b>				
F	<p>The authority has carried out a credible and transparent financial resilience assessment</p> <p><b>Detail:</b></p> <p>Requirement to test sustainability against plausible scenarios of cost drivers, service demands, resources and key risks.</p> <p>Review of alternative options to match demand and resources.</p>	25-26	<p><b>ASSESSMENT - GREEN</b></p> <p>Financial resilience underpins the objectives of the Council's MTFS and an annual budget risk assessment is undertaken to support this.</p> <p>As part of the budget setting process the level of reserves are reviewed to ensure they are robust, in light of the assessment of financial risks that the Council is exposed to.</p> <p>The service and financial planning process provides information on cost and demand drivers to enable robust and informed financial planning in each service area.</p> <p>The budget papers include appendices that outline the key assumptions regarding the 3-year revenue and capital budget. In line with the requirement of the Code of Practice these assumptions are prudent. Where budget risk is identified, reserves and other resources have been set aside to enable the Council to set a robust MTFS.</p>	<p><b>ACTIONS:</b></p> <p>As part of the quarterly budget monitoring process the Council will continually reviews its level of reserves to enable it to manage budget risk.</p> <p>Finance reports will be taken to Leadership, Scrutiny and Executive Cabinet alongside performance reports to enable members to evaluate the risks to the budget and risks to corporate performance.</p> <p>As identified above, additional business case development is required to ensure that value for money is evidenced and achieved.</p> <p><b>Responsible:</b></p> <p>CFO</p> <p>SMT</p>

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Ref.	Description of the Standard	Pages of the Code	CFO Assessment of Current Position	Actions Required
G	<p>The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.</p> <p><b>Detail:</b></p> <p>Based on the above, have a long-term financial strategy that links to vision, strategy and outcomes.</p> <p>This should include a vision of what services will look like in the future to achieve financial sustainability. The length of the long-term is undefined and should be linked to the risks faced. Potentially should be 10 years+.</p>	26	<p><b>ASSESSMENT – AMBER</b></p> <p>The MTFs is developed in consultation with SMT and Elected Members. It is approved by the Executive before being recommended to Full Council. The Corporate Plan is approved prior to the MTFs with the budget approved to deliver the outcomes outlined in the plan.</p> <p>The Council produces a 3-year MTFs based on assumptions that are outlined in full within the budget papers.</p> <p>The briefings and reports to Members are clear about medium-term budget risks and sustainability. This includes the budget impact from potential Government reforms. The impact on the budget of these reforms are prudent and transparent. However, due the short and medium-term uncertainty, it is not deemed feasible to develop a revenue and capital budget beyond 3-years.</p> <p>The Council retains prudent levels of resources to manage risks over the medium term as outlined in the budget papers.</p> <p>The capital plan covers 3 years and reflects the Council's key strategic objectives, such as local investment in affordable housing, regeneration, play and open space and council assets to improve resident's experience of Council services.</p>	<p><b>Actions:</b></p> <p>None identified at this point in time as the relevance and accuracy of financial modelling and forecasting beyond the 3 year period is very much dependant on clarity from central government on the future of local government funding; specifically the outcomes of the Fair Funding Review and the review of Business Rates Retention which are significantly overdue.</p> <p>We will monitor this position going forward, and pending the availability of further information on the future of local government funding, we will consider development of the MTFs and financial planning beyond the 3 years that are currently modelled.</p> <p><b>Responsible:</b> CFO</p>
H	<p>The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.</p> <p><b>Detail:</b></p> <p>The Council has a long-term Capital Strategy that ensures that assets are managed and future</p>	26-27	<p><b>ASSESSMENT - GREEN</b></p> <p>Management of the Council's debt is governed by the Treasury Management Strategy and Prudential Indicators which aim to ensure the Council's capital expenditure plans are prudent, affordable and sustainable, with decisions on borrowing taken in line with spending plans considering available funding, cash flow needs and interest rates (both current and future forecasts).</p>	<p><b>Actions:</b></p> <p>The CIPFA Code requires the Chief Finance Officer to ensure that Members with responsibility for treasury management, particularly those with responsibility for scrutiny, receive adequate training in treasury management.</p> <p>Training will be arranged to support the respective Members to discharge their duties in this regard.</p>

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	<p>plans are linked to capital resources available.</p> <p>Commercial investment activity should be considered over a suitable time horizon with risks fully considered.</p> <p>Ensure compliance with the Prudential Code if borrowing.</p>		<p>Regular Treasury Management Reports are presented to the Governance Committee.</p> <p>The Council's Treasury Management Strategy and Prudential Indicators comply with the requirements of the Prudential Code.</p>	<p><b>Responsible:</b> CFO</p>
I	<p>The authority has a rolling, multi-year medium-term financial plan consistent with sustainable service plans.</p> <p><b>Detail:</b></p> <p>Translation of the long-term view into a more detailed medium-term financial plan. The time frame of which should support financially sustainable decision making.</p> <p>Clear link to service plans.</p>	27	<p><b>ASSESSMENT - GREEN</b></p> <p>The Council has a 3-year indicative budget which underpins annual service planning, this is updated throughout each financial year with the process of revision beginning in summer and feed through Member meetings in October to January.</p> <p>Regular updates are provided throughout the budget setting process, to the Leader and the Executive Members on the latest information and assumptions in respect of funding, costs and risks.</p>	<p><b>Actions:</b></p> <p>To review the service and financial planning process in order to identify and implement improvements.</p> <p><b>Responsible:</b></p> <p>CFO</p> <p>Shared Service Lead - Transformation and Partnerships</p>

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<b>Annual Budget</b>				
J	<p>The authority complies with its statutory obligations in respect of the budget setting process.</p> <p><b>Detail:</b></p> <p>These are generally covered by part 2 of Local Government Act 2003. This includes robustness of estimates and reserves (covered below) and the requirement for financial monitoring.</p> <p>It also includes section 114 of the Local Government Finance Act 1988, which requires the CFO to issue a report if the Council is about to incur unlawful expenditure. This would include setting an unbalanced budget.</p>	29	<p><b>ASSESSMENT - GREEN</b></p> <p>The Council sets a balanced budget and complies with the requirement in relation to the S151 Officer statement (s25) on the robustness of the budget and the adequacy of reserves.</p>	<p><b>Actions:</b></p> <p>None Identified.</p>
K	<p>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.</p> <p><b>Detail:</b></p> <p>Reserves to be considered as part of the budget process and should be 'adequate' and 'necessary'. They should enable the Council to manage unexpected events from within its own resources.</p> <p>The budget report details earmarked reserves held, the purpose of each reserve and estimated opening and closing balances.</p>	29-30	<p><b>ASSESSMENT - GREEN</b></p> <p>As noted in respect of Financial Management Standard J, the reports presented to Council include an appendix with a statement from the Chief Finance Officer on the robustness of the estimates included within the budget and a statement on the adequacy of the proposed level of reserves.</p>	<p><b>Actions:</b></p> <p>None Identified.</p>

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<b>Stakeholder Engagement and Business Plans</b>				
L	<p>The authority has engaged, where appropriate, with key stakeholders in developing its long-term financial strategy, medium term financial plan and annual budget.</p> <p><b>Detail:</b></p> <p>Enabling residents to understand that resources are limited and spending has to be prioritised.</p> <p>Leadership Team redirects resources to areas of higher priority.</p> <p>Understanding of statutory service delivery requirements.</p> <p>Use stakeholder consultation to set priorities.</p> <p>Helps to encourage community involvement, which could help reduce costs.</p>	31	<p><b>ASSESSMENT - GREEN</b></p> <p>The Budget and MTFS are developed in consultation with Members and SMT, building on discussions held with budget holders to identify pressures and savings.</p> <p>A public consultation takes place, the results of which are reported to Members.</p> <p>Member briefings are held during October to January to highlight the key budget issues and to encourage further discussion.</p>	<p><b>Actions:</b></p> <p>To review the responses to the budget consultation to consider the content and application to the next budget setting process, including specific budget proposals.</p> <p><b>Responsible:</b></p> <p>CFO</p> <p>Shared Service Lead - Transformation and Partnerships</p>

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<p>M</p>	<p>The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.</p> <p><b>Detail:</b></p> <p>Decisions are made from clear business cases that detail the up-front and ongoing costs and benefits.</p> <p>Where appropriate the time value of money should be considered.</p> <p>Alternative options should be considered.</p> <p>The complexity of the business case should be proportionate to the decision.</p>	<p>31-32</p>	<p><b>ASSESSMENT - AMBER</b></p> <p>Investment decisions are based on the evaluation and successful outcome of business cases. These are reviewed and approved by senior management, Leadership and the Executive or Full Council, as applicable, in line with the Council’s Constitution and financial regulations.</p>	<p><b>Actions:</b></p> <p>Additional business case development is required to ensure that value for money is evidenced.</p> <p><b>Responsible:</b></p> <p>SMT including CFO and Deputy CFO</p>
<p><b>Monitoring Financial Performance</b></p>				
<p>N</p>	<p>The Leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.</p> <p><b>Detail:</b></p> <p>The Council should have timely information on its financial and operational performance.</p> <p>Performance indicators should be reviewed, alongside any overspends/ undelivered savings.</p>	<p>33</p>	<p><b>ASSESSMENT - GREEN</b></p> <p>Quarterly in-year financial monitoring reports are produced as part of the Council’s reporting cycle; this includes setting out the impact on reserves.</p> <p>Reports relating to capital and revenue projects are regularly reviewed by SMT and Members with sign off from the finance service. Risks are reported as part of this process and any material budget implications identified and mitigating actions identified, reported and approved.</p>	<p><b>Actions:</b></p> <p>None identified</p>

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O	<p>The Leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.</p> <p><b>Detail:</b></p> <p>There is reference to monitoring material elements of the balance sheet that might give indications of departures from financial plans.</p> <p>Specific reference is made to commercial assetportfolios, contingencies and provisions.</p> <p>Cash flow is managed in accordance with guidance.</p>	33	<p><b>ASSESSMENT - GREEN</b></p> <p>The use of reserves is reported in the quarterly budget monitoring reports.</p> <p>Bi-annual treasury management reports update on investments and debt. Cash balances are monitored regularly and if risks are identified they will be reported to SMT.</p> <p>Regular reviews of reserves are undertaken by the Finance team and reported to SMT via the S151 Officer.</p>	<p><b>Actions:</b></p> <p>None Identified.</p>
<b>External Financial Reporting</b>				
P	<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 Code of Practice on Local Authority Accounting in the United Kingdom.</p>	35	<p><b>ASSESSMENT - GREEN</b></p> <p>The Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.</p> <p>This is stated in the accounts that are signed by the S151 Officer.</p>	<p><b>Actions:</b></p> <p>None Identified.</p>

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	<p><b>Detail:</b></p> <p>The CFO has statutory responsibility for;</p> <ol style="list-style-type: none"> <li>1. producing the accounts and ensuring they are published on a timely basis</li> <li>2. maintaining financial records</li> <li>3. certification of the accounts and confirmation of a 'true and fair view'.</li> </ol>			
Q	<p>The presentation of the final outturn figures and variations from budget allows the Leadership team to make strategic financial decisions</p> <p><b>Detail:</b></p> <p>The narrative report that accompanies the accounts provides a link to achievement of outcomes and performance.</p> <p>The Leadership Team understand variances from budget and how they have been managed.</p> <p>The future implications of variances should also be considered i.e. will it affect the financial strategy/ financial resilience.</p>	25	<p><b>ASSESSMENT - GREEN</b></p> <p>The outturn report identifies key variances from budgets with appropriate explanations, and recommends action, where appropriate, in line with the in-year quarterly budget monitoring process.</p> <p>Any key issues arising from the outturn figures are reflected in the quarterly budget monitoring reports as well as the process in approving the Corporate Plan and MTFS.</p> <p>A reconciliation to the Comprehensive Income and Expenditure Statement is provided in the statement of accounts to link the statutory accounts to the information provided to the Cabinet and SMT.</p>	<p><b>Actions:</b></p> <p>None Identified</p>

