

CIPFA Financial Management Code - Trafford Council Self-Assessment June 2022

Appendix 2

Statement of Standard Practice	Level of Compliance (H/M/L)	Current Treatment Trafford	Further Action (if required)
<b>Section 1 - The Responsibilities of the Chief Finance Officer and the Leadership Team</b>			
<p>A</p> <p>The leadership team demonstrates that the services provided by the authority provide value for money.</p> <p>This includes the following main components</p> <ul style="list-style-type: none"> <li>* The authority has a clear and consistent understanding of what value for money means to it and its leadership team.</li> <li>* There are suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services.</li> <li>* The authority is able to demonstrate the action that it has taken to promote value for money and what it has achieved</li> </ul>	M/H	<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 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>Compliance is demonstrated by the application of other Standards and Statements in the FM Code. Also robust procurement processes in place through STAR procurement.</p> <p>The Council's arrangements around financial resilience are robust, including the setting of a balanced budget and performance delivery against this budget and savings programmes.</p> <p>The authority has a clear governance structure, which clearly articulates the decision making roles of the Council, The Executive and other Committees, Executive Members and scheme of delegation to chief officers. These are reviewed and updated annually by full Council.</p> <p>Arrangements are also in place for Scrutiny and during 2021 a review was undertaken over the role and effectiveness of this group. This concluded that overall effective Scrutiny arrangements existed; despite this a number of areas for improvement were recommended and a plan to address these has been agreed with Council Members.</p> <p>As part of the management of risk, regular updates of the key risks is undertaken through reporting a Strategic Risk Register to Corporate Leadership Team and the Accounts and Audit Committee. To strengthen the understanding of Members of the key risks specific risks are presented in detail to each Accounts and Audit Committee. LGA also conducted a independent financial peer review in Nov 2021. An effective internal audit team is in existence which has been able to provide sufficient audit coverage of key systems and controls such that the Audit and Assurance Manager is able to report annually on the effectiveness of the Council's internal control systems.</p>	<p>Evidence spend per head statistics compared to other LA's and investigate any areas which suggest higher spend.</p> <p>To continue to implement the Ofsted Improvement Plan in order to remove the qualified VFM opinion</p>
<p><b>B</b></p> <p><b>The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government</b></p>			
<p>B1</p> <p>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.</p>	H	<p>The Director of Finance and Systems is a key member of the Corporate Leadership Team involved in developing and implementing strategy.</p>	
<p>B2</p> <p>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.</p>	H	<p>All material decisions that require the approval of senior officers or Members must have first been considered by the Director of Finance and Systems.</p> <p>All Council and Executive reports are discussed in advance and agreed by the Corporate Leadership 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 Team).</p> <p>A Capital Programme Board has recently been established with the aim to develop the Council's Capital Strategy and oversee and ensure delivery of the annual capital programme.</p>	<p>Arrangements need development around the financial reporting and governance arrangements to support the recently established Capital Programme Board.</p>
<p>B3</p> <p>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. 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>	M	<p>Good financial management is promoted throughout the Authority through regular communication. All managers with budgetary responsibility receive training and regular one-to-one meetings with a member of the Finance team.</p>	<p>Undertake a review of the skillsets of officers and elected members and offer further training where required. A refresh of FM training for all budget holders. Also need to consider the merit of introducing accountability agreements for budget holders</p>
<p>B4</p> <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 and fit for purpose, although it is a small team with a risk of single points of failure in some areas.</p> <p>A training needs analysis is undertaken annually for all Finance staff.</p> <p>A significant proportion of the team are either qualified or actively studying for a qualification.</p> <p>The age profile of Finance staff is on the high side and this is a potential area of concern in the future. A succession strategy has been developed to introduce trainee roles across all teams. The use of earmarked reserves has been used to enable trainees to shadow a number of key roles.</p>	<p>Continued focus on development of business partnering and commercial skills is required.</p> <p>Develop adequate arrangements for a knowledge sharing and shadowing of key staff to support succession planning.</p>
<p>B5</p> <p>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.</p>	H	<p>The Director of Finance and Systems is a member of CIPFA with over thirty years of experience in local government finance. CPD is demonstrated as part of their membership obligations.</p>	

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, due care and confidentiality.	H	Professionally qualified staff are required to adhere to the ethical standards of their professional bodies.	Review how to promote ethical financial management throughout the organisation.
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	The Director of Finance and Systems is an integral part of the leadership team and provides sound advice as part of this role. The authority also has access to technical advice through external contracts for funding, taxation, audit and pensions.	Need to establish annual reviews of the Council's scheme of delegation and financial procedure rules
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.	M	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.	Continued work to develop local indicators to support the Asset Investment Strategy and compliance with the Prudential Code. Need to develop the links between the capital programme and the Council's asset management planning.
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. Treasury Indicators are approved alongside the budget each year.	This needs to be closely aligned to the to cover traditional treasury management activity and the developing investment strategy.

## Section 2 Governance and Financial Management Style

C	<b>The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.</b>			
C1	Alternative Delivery Vehicles - Has the authority appropriate arrangements in place for ensuring effective oversight of and accountability for any alternative delivery mechanisms or Local Authority companies in which it has engaged.	M	The Council currently has three joint venture arrangements with Bruntwood concerning three key sites across the Borough; Former Kelloggs HQ site in Old Trafford, Stretford Mall and Stamford Centre, Altrincham. It is also sole shareholder in a Community Interest Company Trafford Leisure. Governance structures exist for the joint venture entities via the Investment Management Board. A separate Board exists for the Leisure CIC.	Whilst governance structures exist for all the entities regular performance reporting to the Council needs to be embedded to ensure regular updates on company performance are provided to the Investment Management Board, Executive and the Accounts and Audit Committee. This should include the monitoring of all loan covenants on company loans as well as senior debt lending as part of the Asset Investment Strategy. These reports should also be reviewed by an internal officer group. In addition periodic training should be provided to councillors where appropriate. Any key company risks should also be included on the Strategic Risk Register. The arrangements for Board Meetings need strengthening and formalising with more time to consider reports and brief Board Members. In respect of the PFI scheme arrangements need to be developed to provide effective challenge to the PFI contractor. Also the PFI ends in 2028 and early review of the contract needs to be understood in order to plan for the end of the scheme.
C2	The authority has a clear framework for governance and internal control	M	Internal controls are tested annually as part of the work of Internal Audit and coverage of the Internal Audit Plan which is reviewed annually by Corporate Leadership Team and also monitored by them on a quarterly basis. The Council's Constitution is updated on a regular basis together with Terms of Reference for all Committees and other partnership arrangements. A formal scheme of delegation exists. A strategic risk register is maintained and updated on a regular basis and reported to the Corporate Leadership Team and Accounts and Audit Committee. Annually the Council approves the overall financial framework and each year balanced budget proposals are presented to Council for approval, together with assessment of the adequacy of reserves and robustness of the budget by the S151 Officer. There are Financial and Contract Procedure Rules which are subject to a full review on a regular basis, these are approved by full Council on an annual basis. These are clear about the respective authorisation limits for authorisation of contracts and the subsequent commitment/incurrence of expenditure. The Accounts 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 Council's arrangements for Corporate Governance and proposes from time to time necessary actions to ensure compliance with best practice. A Code of Conduct for Members, is reviewed and approved by Full Council on a regular basis. The authority has in place a clear framework for governance and internal controls through its Code of Corporate Governance. In addition the Council's Asset Investment Strategy is approved along with the Treasury Management Strategy, Capital Strategy and Prudential Indicators.  As part of the council's governance arrangements, an Overview and Scrutiny exists to work as a 'critical friend' to the decision-making Executive. Committees of councillors from all parties agree an independent work programme, for the two Overview and Scrutiny Committees – the Scrutiny Committee and the Health Scrutiny Committee. This work can include: How council services are performing Council policies, and how they are being implemented Any issue of local concern Decisions made by the Executive Organisations outside the council, such as the local NHS	Semi-annual updates of financial performance against budget and adequacy of reserves and current budget assumptions should be provided to Scrutiny.  In addition specific Member training on some of the key issues that affect financial sustainability should be provided to both Scrutiny and Accounts and Audit Committee, including the significance of the Prudential Code and Indicators.

C3	The leadership team espouses the Nolan principles.	H	The leadership exhibit the Nolan principles of public life (Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty, Leadership)	
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	Trafford Council has approved and adopted a corporate governance code, consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. A copy of the Authority's code is available at: <a href="http://www.trafford.gov.uk/about-your-council/budgets-andaccounts/downloadable-documents.aspx">http://www.trafford.gov.uk/about-your-council/budgets-andaccounts/downloadable-documents.aspx</a> . Governance is about doing the right things in the right way for the right people, in a timely, inclusive, open, honest and accountable manner. The Council maintains a governance framework which follows 7 key principles, to provide a structure to support the Council's approach to governance and ensure that arrangements are in place to deliver the intended outcomes for stakeholders. The Council updates its AGS on a regular basis to monitor effectiveness of arrangements and compliance with its corporate governance code. The Leadership team support the Nolan principles and support consistent EPIC values (Empowering, People Centred, Inclusive and Challenging) across the workforce.	
<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	M	The Authority has an Overview and Scrutiny Committee and an Accounts and Audit Committee that meet on a regular basis throughout the year. The effectiveness of the Committee is enhanced by appropriate training on key issues like financial management, financial framework and treasury management and prudential code. Regular training includes analysis of the Statement of Accounts and Treasury Management (provide by independent advisors)	Opportunities for further training whether internal and external need to be continued to be identified. Also need to assess other areas to increase the effectiveness including whether to extend the role and number of independent members. Need to consider developing a more formal training programme in addition to the current level of updates given.
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 Accounts and Audit Committee. All audit reports and recommendations are considered by the Corporate Leadership Team and Executive Members for the relevant service area..	
D3	The authority has a Public Sector Internal Audit Standard (PSIAS) conformant internal audit function	H	The internal audit function is provided and is compliant with PSIAS.	
<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.	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	The Financial Management Team act as effective business partners, working closely with budget holders in a way that delivers accountability, supports performance and enables transformation. Service provision is tailored to the needs of services with changes being made as required. For instance more detailed support is provided in strategic and higher risk areas (demand led budgets and strategic investment programme) Finance teams seek continuous service improvement, examining new methods of working to provide more efficient and effective service delivery.	Integrate performance and financial information with a focus on monitoring and achieving continuous improvement.  Continue to review all areas of work to remove some tasks undertaken which take longer than required, and produce little or no added value and streamline where possible
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	M	While Finance have input into strategic and operational plans, this is not necessarily always at an early enough stage to support and enable transformation. Improvements have been made in early engagement to support business case savings plans. The Finance function will continue to be engaged in the new Transformation and Change programme to deliver sustainable savings plans	

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	Budgets and financial approval limits are clearly delegated to budget holders. Meetings are held monthly with cost centre managers to ensure implications of decisions are understood and that managers are responsible for those decisions.	Refresh of budget holder training on good financial management and use of all financial systems and refresh the budget holder intranet site.
E5	The financial management of the authority has been critically evaluated	H	Internal Audit reviews core financial controls on an annual basis and has also undertaken an audit of financial planning and budget monitoring and forecasting, both of which received substantial assurance. The LGA conducted an independent financial peer review in November 2021.	

### Section 3 - Medium to Long Term Financial Management

<b>F</b>	<b>The authority has carried out a credible and transparent Financial Resilience Assessment.</b>			
F1	Financial resilience is tested against best and worst case scenarios which cover a wide range of financial demographic and social challenges.	H	Financial resilience is tested and modelled against various scenarios when reviewing the Council's MTFP, capital strategy and treasury management strategy. The MTFP includes some flexing tools for inflation and payawards and sub modelling is done for business rates and council tax and interest rates. The robustness assessment in the Budget Report sets out more detail on the key variables and assumptions and the impact of changes in the underlying budget.	
F2	The authority uses independent objective quantitative measures to assess the risks to its financial sustainability.	H	Key objective measures are used to assess financial stability and risks. The authority benchmarks itself against regional and comparable authorities using the latest CIPFA Financial Resilience Index. The outputs of this exercise are considered in the draft and final budget reports.	
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.
F4	Are the Council's finance systems and process assessed for resilience and stability	M	Effective finance systems are in place and considered robust and fit for purpose.	More focus could be given on the longevity of the core finance system. Also need to assess the timescales on key financial systems which may be approaching the end of contract or simply not wholly fit for purpose. Consideration needs to be given to the future of the current finance ERP solution - SAP.
<b>G</b>	<b>The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to Members.</b>	H	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. The current high levels of uncertainty around future funding for local government make producing a meaningful long-term plan very challenging. This risk to financial planning is clearly set out in the budget reports (draft and final) agreed by the Leadership Team and Members. The budget report also includes a risk assessment of the key financial risks the Council faces and suitable mitigation. The MTFP model include the level of inflation, pay inflation, service demand pressures, the effect on council tax base, business rates income, government funding changes, and a range of capital implications. The adequacy of reserves is considered frequently (draft, final and close down) to deal with the risks identified. The Council has a robust approach to risk management with various earmarked risk reserves, with clear lines of escalation, supported by specific project and programme risk registers	Development of longer term financial planning over five years when greater certainty around future funding for local government is received.
<b>H</b>	<b>The authority complies with the CIPFA Prudential Code or Capital Finance in Local Authorities</b>			
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.	M	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. The Council works closely with its Treasury Management advisers Link Asset Management to ensure that it complies  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. An annual members training session is also delivered with the support of our external advisors. 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.  There are effective mechanisms in place to monitor performance against the Code, with bi-monthly updates on capital expenditure and half yearly updates on prudential indicators and treasury management activity reported to Executive.	The medium to longer term impact of the Council's treasury management and Borrowing Strategy have increased in complexity since the introduction of the Asset Investment Strategy. The implications need to be considered and reviewed on a regular basis with the Treasury Team, s151 officer and reported to Accounts and Audit Committee. Prudential indicators need also to be supplemented by other local indicators where necessary.  Assess any implications arising from any changes in the CIPFA Prudential Code regarding MRP changes – this is dependent on the final publication. Compliance with the new Liability Indicator needs to be understood.

H2	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.	M/L	A condition survey is carried out on a regular basis by external consultants, which provides a total cost and prioritisation to inform the Property Strategy and MTFP. Regular reviews of station/fleet numbers and locations are undertaken to assess the asset portfolio against service requirements. Information on the reinstatement costs of our portfolio needs to be refreshed in order to ensure appropriate insurance levels are maintained	Development of the Asset Management Plan and regular updates on the condition of assets to be provided to CLT. Include refresh of reinstatement valuations for insurance purposes as part of the rolling revaluation programme.
H3	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.	M/L	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	The Capital Strategy needs to consider the longer term asset management plan to ensure resources can be aligned to maintaining an effective asset base. Need to develop asset management planning and the ability to ensure the budget is informed by asset condition.
I	<b>The authority has a rolling multi-year medium term financial plan consistent with sustainable service plans.</b>			
I1	The authority has in place an agreed medium term financial plan	H	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. 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.	
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	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. Each Directorate has an annual service plan. These service plans are driven by the Council's Corporate Plan 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.  Whilst other plans (e.g. workforce planning) are central to the MTFP, this link is not explicit in published documents. Resources are aligned as appropriate to Corporate Plan priorities and reference as such is included in draft and final budget plans. The need to align financial reporting and service/corporate has been identified as an area for improvement.	
I3	The authority has benchmarked the performance of its services against appropriate comparators.	M	The Authority uses CIPFA (Resilience Index) and benchmarking services and has developed a local comparison method (RA/RO) to consider performance against other authorities.	Working group to be established to undertake a deep dive review of high cost areas
I4	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	Updates on progress in the delivery of savings is included within the bi-monthly budget monitoring reports reported to CLT, Executive and Council. Savings are RAG rated and those which are considered at high risk of not being achieved are reported and reviewed on by CLT on a monthly basis.  Any savings determined to be unachievable on an ongoing basis are adjusted for in future MTFP and alternative savings are sought during the year.  The role of the Strategic Delivery Group supported by Finance Team includes the development and challenging of savings programme as part of the wider budget preparations.	
I5	The authority publishes it 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	H	The adequacy of the level of financial reserves levels is reviewed during the preparation of the draft and final Budget Reports to Council over the period of the MTFP and in addition during the closedown of the accounts. The minimum level of General Fund Reserve is reviewed annual at final budget stage. The assessment is based on an assessment of financial risks and the extent to which specific provisions are available to meet known and expected liabilities. Reserve levels are monitored throughout the year via the bi-monthly budget monitoring.	

#### Section 4 - The Annual Budget

J	The authority complies with its statutory obligations in respect of the budget setting process This includes that : <input type="checkbox"/> The authority has set a balanced budget for the current year. <input type="checkbox"/> The authority is likely to be able to set a balanced budget for the forthcoming year. <input type="checkbox"/> 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	The Council understands its obligation in respect of the budget-setting process and the budget has to date been approved by Council by the required deadlines. The Council has set a balanced budget for the current year (2022/23), and is currently developing a balanced budget for 2023/24. 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.	
J1	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.	H	The budget reports (draft and final) include sections referencing the in year monitoring estimated outturn position. Plans for future years are adjusted taking into consideration in year pressures and unachievable savings. A review of reserves is also undertaken and reported during the bi-monthly monitoring and reported in both the draft and final budget reports.	
K	<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>	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 Cases

L	The authority has engaged with key stakeholders in developing its long term financial strategy, medium term financial plan and annual budget.	M	The financial strategy is aligned to the Council's corporate plan and this is reviewed on an annual basis when setting the following year's budget. Stakeholder engagement is undertaken with a range of stakeholders including public consultation on emerging budget proposals, staff consultation on any impacts on staff and equality impacts assessments in line with the Public Sector Equalities Duty.	Need to develop a combined performance report during 2022/23 which includes both the financial monitoring and also reporting against the Council's key performance measures as part of one report.
M	The authority uses a documented option appraisal methodology to demonstrate the VFM of its decisions			
M1	Does option appraisal comply with IFAC/PAIB Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal (Annex C to CIPFA FM Code)	M	Included within the capital strategy is a methodology for prioritising capital projects for inclusion to the Capital Programme. Option appraisal complies with the principles, but this is not formally documented. 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 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. In considering a number of development projects, the Council also undertakes a development appraisal from a commercial developer and investment advisor to assess overall scheme viability, as well as financial modelling from a Council perspective	Need to develop a consistent options appraisal methodology to determine - this should comply with the CIPFA guide - Options Appraisal - A Practical Guide for Public Sector Organisations
M2	The accounting treatment of material decisions is considered and demonstrated as part of the formal option appraisal process.	H	The accounting treatment and impact is determined at the time of the decision.	
<b>Section 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			
N1	Financial monitoring reports for high risk budgets are: - Scrutinised by the leadership team of the organisation on (as a minimum) monthly basis. - Financial monitoring reports for steady state/low risk budgets are: - 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	Bi-Monthly financial monitoring reports are provided to Directorate Management Teams, Corporate Leadership Team, Executive and Accounts and Audit Ctee, and 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. High risk budget areas (largely demand led social care) are monitored on a monthly basis within appropriate service areas and monthly forecast against savings programme are reported to CLT and identify corrective action being taken.	
N2	The reports are provided to the leadership team in a timely manner and in a suitable format	H	Reporting to officers on high risk budgets is on a monthly basis and all budgets reported monthly. Managers are able to access information on demand. Reports have been developed with budget holders to provide them with the correct level of information.	
N3	The leadership team is happy with the reports that it receives and with its ability to use these reports to take appropriate action	H	The leadership team are happy with the reports it receives and with its ability to use these reports to take appropriate action. The format of the reports and information contained within the reports has been amended following suggestions from officers and Elected Members to make improvements to the reports. Amendments in the past included a one page Executive Summary with detailed analysis being moved to supporting annexes in order to provide a full audit trail of considerations in the forecast	
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 SAP financial management system. Reports have been developed with budget holders to provide them with the correct level of information. Finance business partners are available to provide support and analysis.	
N5	All Financial monitoring reports include: • 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	Financial monitoring reports for high risk budgets are: • Scrutinised by the leadership team of the organisation on (as a minimum) monthly basis. Financial monitoring reports for steady state/low risk budgets are: • 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	High cost/risk budgets are reviewed on a monthly basis. These are reviewed by Service Managers, DMT, for example by a Children's Care High Cost and Adults Placement. Less volatile and lower cost budgets employ self-service by budget managers using the SAP FM system, supported by finance where required.	
N7	The authority has arrangements which allow annual service budgets to be recalibrated in response to unforeseen developments.	H	In-year budget realignments can be approved by either the Director of Finance and Systems, Senior Management Team or Executive Committee (depending on value)	
N3	At the financial monitoring period end the leadership team receives a set of financial statements with forecast outturn for the year ahead	H	The leadership team and Executive receive regular budget monitoring information as described above. Impact on future years is considered during the preparation of the draft and final budget	
N4	There are appropriate arrangements in place for reporting and managing the financial performance of each of the organisation's delivery partnerships and collaborative arrangements.	M	The Council currently has three joint venture arrangements with Bruntwood concerning three key sites across the Borough; Former Kelloggs HQ site in Old Trafford, Streford Mall and Stamford Centre, Altrincham. It is also sole shareholder in a Community Interest Company Trafford Leisure.	More formalised and transparent reporting of Company performance needs reporting to the Executive on a quarterly basis.
N5	There are appropriate arrangements in place for the project management and cost control of capital projects.	M	Capital projects are monitored on a monthly basis.	New Capital Programme Board established in 2022/23
O	The authority monitors the elements of its balance sheet which pose a significant risk to its financial stability			

O1	Unplanned and planned use of reserves are reported [quarterly] to the management team of the organisation and to Council.	H	Movements in reserves are in budget monitoring reports. Any unplanned use of reserves is only reported where significant (eg Asset Investment Programme) minor movements are not considered during the monthly monitoring. Reference is made to the use of budget support reserve should estimates forecast an overall budget pressure.	
O2	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. These are reported on a regular basis (budget monitoring, draft and final budget reports, Treasury Management Strategy, Prudential Indicators)	
O3	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	H	Management accounts reporting is currently only explicitly made on the reserves elements of the balance sheet. Aspects of the balance sheet are, however by default included such as provisions (bad debts for Council Tax, Business Rates), provisions for rates appeals) are considered as part of the forecasting. This is considered appropriate as part of the management accounts. Other balance sheet analysis of areas of significant risk (debt, investments) is included in the appropriate reports (Treasury Management updates) A balance sheet analysis is included in the annual Statutory Accounts and narrative foreword.	
O4	The authority has put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet	H	Mechanisms are in place to monitor all of these critical elements of the balance sheet. The monitoring of reserves is outlined below. Borrowing and investments and Treasury Management are monitored and reported as part as the bi-annual Treasury Management Strategy monitoring reports reported to Executive and Accounts and Audit Cttee. Aspects of the balance sheet are not specifically included in the bi-monthly budget monitoring reports, other than reserve levels, however by default some elements are included such as provisions (bad debts for Council Tax, Business Rates), provisions for rates appeals) are considered as part of the forecasting.	
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

<b>P</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>			
P1	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. This includes the following : * 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.		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. These responsibilities form part of the CFO's role description and personal objectives. 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. The annual accounts are reviewed and signed by the Director of Finance. The accounts are presented in a format for users to understand the Council's financial performance, position, and cash flows	Need to develop a greater technical understanding and ownership of the Code by the Capital Strategy team
<b>Q</b>	<b>The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions.</b>			
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	The presentation of the final outturn position to the Corporate Leadership 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. The report also sets out the impact of key variances on the MTFP/future years budgets and any mitigating action being taken.	