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Report to Audit Committee	Agenda Item: A.8

Meeting Date:	8 July 2021
Portfolio:	Finance, Governance and Resources
Key Decision:	Not applicable
Within Policy and Budget Framework	Yes
Public / Private	Public

Title:	TECHNICAL UPDATE AND CONSULTATION RESPONSES
Report of:	Corporate Director of Finance and Resources.
Report Number:	RD12/21

Purpose / Summary:
This report provides the Audit Committee with an update on technical issues and consultations on financial and auditing subjects.

Recommendations:
The Audit Committee is asked:
(i) to note the update on technical issues and consultations including the Council's responses.

Tracking

Audit Committee	**8th July 2021**
Overview and Scrutiny:	**Not applicable**
Council:	**Not applicable**

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

1. BACKGROUND

1.1 This report aims to provide the Audit Committee with an update on technical issues and external consultations relating to any financial or auditing matter of relevance to the Council.

1.2 Although the Council is notified of all consultations issued from, for example, MHCLG or CIPFA, not all consultations will be relevant and there will be occasions where the Council does not wish to respond.

2. OPEN/FORTHCOMING CONSULTATIONS

2.1 The Redmond Review

The Committee is reminded that at its March 2021 meeting a detailed report was presented on the outcome of the Redmond Review. Although not a recent consultation, the published recommendations will have significant implications for the Council and the arrangements in place for Local Audits and Statutory Accounts; therefore, it is appropriate to update the Committee on any progress in the implementation of the action plan.

On 19 May 2021, the MHCLG published a Policy Paper which provided an update report on progressing implementation of the Government's response to the Redmond Review. This report sets out the Government's views on systems leadership for local audit.

The report proposes that a new body, the Audit, Reporting and Governance Authority (ARGA) be established to replace the Financial Reporting Council (FRC) as part of broader reforms of corporate audit.

To ensure the new regulator acquires the necessary focus and expertise on local audit, a standalone unit will be established within ARGA. The Code of Audit Practice will transfer from the National Audit Office to ARGA; however, the latest Code, which includes the new Value for Money commentary, will be retained. ARGA will not conduct procurement or contract management as this could create a conflict of interest. Therefore, the new arrangements will encompass a separate appointing body, in which the role of the PSAA will be reconfirmed, with commercial support from MHCLG for the next procurement.

The Government therefore proposes to launch a public consultation on the proposals ahead of the summer recess of parliament.

2.2 <u>PSAA shaping national scheme for local auditor appointments from April 2023</u>

In June Public Sector Audit Appointments (PSAA) issued their draft prospectus on the future shaping of local auditor appointments from 2023. Local bodies have the option to arrange their own procurement, procure jointly with other bodies, or take advantage of the national collective scheme administer by PSAA. This consultation provides detail of how this national collective scheme would work. The consultation closes on 8 July and PSAA will be holding a series of webinar Q&A sessions on the proposals contained in the draft prospectus. **Officers will consider the questions being asked in the prospectus and how the Council should respond following attendance at these webinars.**

Local bodies are being given the opportunity to help shape some of the important features of the scheme and this will then lead to invitations to those bodies for opting into the final scheme in the Autumn.

The Council has taken advantage of using the PSAA national scheme in appointing its external auditors and has found that there would be difficulties in appointing an auditor (even if all Cumbrian authorities joined together to procure) if not using this route.

The consultation highlights that there will be more focus in the procurement exercise on quality and the appropriateness and skillset of the proposed suppliers.

The new contracts will also likely see an increase in the fees paid by authorities for external audit arrangements and this is something that has previously been highlighted in the Redmond Review as being a necessity in order to ensure the quality of audits undertaken. The consultation seeks views on whether a minimum fee should be applied and will also use the procurement of suppliers to ensure fees are realistic.

The questions being asked in the consultation are shown at **Appendix A.**

3. CLOSED CONSULTATIONS

3.1 The consultations listed below have closed and details are provided as to the Council's response.

3.2 <u>Prudential Code and Treasury Management Code of Practice</u>

At the meeting of the Audit Committee in March 2021, the Committee was updated on the consultations on amendments to the Prudential Code and the Treasury Management Code of Practice.

The Council responded to both consultations on 12 April and the responses are provided at **Appendices B and C** for information.

On 24 June CIPFA issued its responses to both reviews and set out the changes they will take forward into a revised Prudential Code and a revised Treasury Management Code. These responses have been included in **Appendix B and C** for information. CIPFA intends to publish the revised Codes by December 2021.

3.3 <u>Redmond Review Response – Changes to the Local Audit (Appointing Person) Regulations 2015</u>

This consultation was published on 20 April 2021 and sought views on the following proposals arising from the Redmond Review:

- To amend the date by which the appointing person is required to consult on and set the fee from before the start of the financial year to 30 November of the financial year to which the fee scales relate.
- That the appointing person should be able to propose and consult on a standardised additional fee for all groups of bodies for elements of work based on its own independent research.
- To enable the appointing person to approve additional fee proposals from audit firms for additional elements of work completed during the audit rather than after completion.
- To ensure that the appointing person is able to appoint auditors for the period that it considers to be the most appropriate, up to the maximum length of the appointing period, subject to consultation with the relevant bodies. This includes enabling the appointing person to have audit contracts that are shorter than an appointing period.
- The consultation also seeks more general comments about proposed changes to these regulations.

3.4 <u>Redmond Review Response – Changes to the audit fees methodology for allocating £15m to local bodies</u>

This consultation was published on 20 April. It sought views on how to distribute the additional funding of £15m provided by Government to meet the anticipated rise in audit fees in 2021/22 as a result of the recommendations of the Redmond Review.

The consultation outlines that to make the process as simple, clear and fair as possible, Government are considering the use of a methodology that, for opted in bodies, bases individual allocations on each body's scale fee as a proportion of the total fee scale that each body currently pays as part of the current contracts. However, the consultation also provided four alternative approaches that the Government have considered, but which they are not currently minded to take forward. These were:

- Allocating funding on the basis of a more standardised methodology that meant that all bodies of a specific 'type' received an equal allocation.
- Taking into account past fee variations alongside base fee scales.
- Providing equal allocations to all bodies, or another methodology that was not derived from current scale fees.
- Allocating a proportion of the £15million as a fixed sum to all bodies and the remainder on a proportionate basis derived from the scale fees.

The Council's response to the consultation is at **Appendix D** and it agreed with the consultation that the most fair and equitable distribution methodology would be to allocate based on proportion of scale fees.

4. TECHNICAL UPDATE

4.1 Financial Management Code

CIPFA introduced a Financial Management Code (FM Code) in 2019 with the intention that it would be introduced from 2020/21. However, with the impact of Covid-19 and the additional pressures placed on local authorities, the implementation was deferred until 2021/22, with 2020/21 to be a shadow year.

The FM Code is intended to improve the financial resilience of organisations by embedding enhanced standards of financial management. There are clear links between the FM Code and the Governance Framework, particularly around focus on achieving sustainable outcomes.

During this financial year, the Council will be looking to address the areas set out in the Code and demonstrating how it meets the expected standards.

CIPFA produced a Statement of Principles of Good Financial Management which provide a benchmark against which all financial management should be judged. CIPFA's view is that all financial management practices should comply with these principles. Details of these principles are provided at **Appendix E**.

There is an expectation that CIPFA members must comply with the Code and its standards as one of their professional obligations.

Once the Council has demonstrated how it complies with the principles and standards set out in the code, further reports will be brought back to this Committee, and possibly the Executive/Council if required.

5. CONSULTATION

None

6. CONCLUSION AND RECOMMENDATION

6.1 The Committee is asked to note the update on technical issues and consultations including the Council responses.

7. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

7.1 Sound financial management is a core underpinning of all the priorities of the Council.

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Appendices

Appendix A – PSAA Draft prospectus on local auditor appointments form April 2023 - Questions
Appendix B – Prudential Code Consultation Response
Appendix C – Treasury Management Code of Practice Consultation Response
Appendix D – Changes to the Local Audit (Appointing Person) Regulations 2015 Consultation Response
Appendix E – Financial Management Code Principles and Standards

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- **None**

CORPORATE IMPLICATIONS:

Legal –

Finance – Contained within the report

Equality – None

Information Governance – There are no information governance implications with this report

Property Services - None

Appendix A

Questions in the PSAA Prospectus on shaping the national scheme for local auditor appointments from April 2023.

- Is PSAA right to prioritise the awarding of new longer term contracts with firms, based on realistic market bid prices, mitigating the risks of a less than fully successful procurement by holding in reserve the option to extend one or more of the existing audit services contracts for up to two years if required?

- Is five years an appropriate term for bodies to sign up to scheme membership?

- Is five years with the option to extend for up to two years subject to the supplier's agreement an appropriate term for the next audit services contracts?

- Is PSAA right to evaluate tender submissions on the basis of 80% quality and 20% price to align with market expectations and other recent public sector audit procurements?

- Is PSAA right to seek to encourage market sustainability within the local audit market by accepting bids from firms that are currently proceeding through the local audit registration process; by accepting consortia bids which may involve an unregistered firm gaining experience by working alongside a registered firm; and by considering the inclusion of one or two lots specifically aimed at seeking to encourage additional capacity into the market?

- Is PSAA's proposed approach to social value appropriate given the services to be procured will be delivered across the whole of England? Are there any alternative approaches that should be considered?

- Is PSAA right to carry out research and to consider setting a minimum audit fee in the next appointing period, recognising the increasing level of audit work now required and the risk that smaller scale fees may not be sufficient to cover the actual cost of the audit? What would be the key issues for PSAA to consider in the event that it opts to set a minimum fee for a Code-compliant audit?

- In the context of the recent NAO report, should PSAA and other market participants strive to prioritise the timeliness of audit opinions in the next appointing period? What actions should PSAA or other market participants take in order to avoid delayed opinions blighting the next period?

- Which specific benefits of the national scheme are most valuable to you? Are there other benefits we should strive to develop?

- What are the key issues which will influence your decision about scheme membership for the second appointing period?

- To inform the further development of our procurement approach, please indicate whether or not you anticipate that your organisation is likely to opt into our scheme?

APPENDIX B

PRUDENTIAL CODE CONSULTATION RESPONSE

The Prudential Code for Capital Finance in Local Authorities: Consultation
Closing Date: 12 April 2021

Number	Question	Council Response	CIPFA Response (Issued 24 June)
1	CIPFA is interested in stakeholders' views on the first sentence of paragraph 45? What alternatives would you suggest?	The first sentence is ambiguous – the restriction of borrowing in order to profit from the investment of the extra sums borrowed is already in place; however, we are able to borrow in advance of need if a borrowing requirement has been identified in our Capital Investment Strategy. The second sentence of paragraph 45 provides a clearer explanation of the goals; that is to restrict borrowing for primarily yield generating investments. There may also be ambiguity around the word 'primarily'; what defines primarily? If borrowing is undertaken that yields a commercial return as a by-product of regeneration would that be allowable under the code?	*(This response covers questions 1 & 2)* CIPFA will continue with the proposed clarifications that are intended to protect the public purse and avoid misinterpretation of the Prudential Code's provisions.

Number	Question	Council Response	CIPFA Response (Issued 24 June)
2	Do you agree with the changes to paragraph 45 relating to the explanation of the sentence authorities must not borrow more than or in advance of need purely in order to profit from the extra sums borrowed? If not, why not? What alternatives would you suggest?	No, the intention of the change seeks to restrict borrowing for profit making activity, however borrowing in advance of need is allowable under the current code where there is a clear and defined need, e.g. if there is forecast to be an increase in the CFR. Therefore, this should be made clear.	
3	Do you agree with CIPFA's proposal to add proportionality to the objectives within the Prudential Code especially with regard to commercial investments? If not, why not? What alternatives would you suggest?	The addition of proportionality in respect of commercial investments does not align with the changes proposed in Q1 and Q2 where investing in commercial activities is not permitted. Decisions around investing in commercial investments would be a capital expenditure decision (in non-current assets) and not a treasury management one.	Following the positive response to the proposals in the consultation paper, it is recommended that CIPFA will include proportionality as an objective in the Prudential Code, and that further provisions are included so that an authority incorporates an assessment of risk to levels of resources.
4	Do you agree with the introduction of an objective in relation to commercial investments? If not, why not? What alternatives would you suggest?	Yes, but if introduced, it would be essential to see examples of what is deemed to be a commercial investment and for example, how investment in existing commercial assets would be treated.	CIPFA will provide clarification and definitions to define commercial activity and investment. The amendments to the Prudential Code will be

Number	Question	Council Response	CIPFA Response (Issued 24 June)
			consistent with the proposals outlined for paragraph 45 – that the purchase of commercial property purely for profit cannot lead to an increase in CFR and is considered unacceptable – and provide clear guidance that an economic regeneration scheme that has clear policy objectives, part of which results in commercial income, is considered acceptable.
5	Do you agree with the proposal to add sustainability and ensuring that the capital expenditure is consistent with a local authority's corporate objectives (such as diversity and innovation) to the objectives in the Prudential Code? Please provide a reason for your response.	Whilst these factors are important to many local authorities, the Prudential Code does not specifically make reference to other corporate objectives the organisation has. Any corporate objectives the organisation has should be determined by the application of the Code rather than the Code determining or influencing the corporate objectives.	CIPFA believes sustainability is an important issue and will provide additional direction to support sustainable behaviour in the guidance without prescription.
6	Do you consider the current objectives of the Prudential Code to be relevant? Please provide a reason for your	Yes, the objectives remain relevant	The sector continues to view the Prudential Code as relevant, professional and an objective

Number	Question	Council Response	CIPFA Response (Issued 24 June)
	response.		framework designed to ensure capital plans are prudent.
7	Do you consider that the provisions in the Prudential Code achieves these current objectives? If not, why not? Please provide reasons for your response.	Yes	CIPFA recognises that elements of the Prudential Code may require further definition and clarification, and the secretariat would welcome views on how the objectives might be updated.
8 (1)	Do you consider that there are any areas which are not fully covered by these objectives? If yes, please expand, describing how these areas could be covered within the objectives.	The objectives are clear, however, there could be more scope to add in some commentary/requirements to report financial sustainability type indicators and impact on general fund balances.	CIPFA will review these proposals and consider how the Prudential Code might be updated. The secretariat would seek the views of the panel on how this might be undertaken.
8 (2)	Do you agree with the proposals to include the status of the Prudential Code within the body of the Code itself. If not, why not? What alternatives would you suggest?	Yes, as an integral and important requirement, the status should be at the forefront.	CIPFA will implement the proposal.
9	Do you agree with the proposals to include additional commentary on the assessment of affordability and the details of risks of undertaking commercial activity within the	Yes, as affordability and risk appetite are fundamental however, this is at odds with the revisions to paragraph 45/46 which seem to prohibit commercial activity.	As covered in previous responses, CIPFA will provide clarification on the definitions of investments primarily for yield and those related to regeneration

Number	Question	Council Response	CIPFA Response (Issued 24 June)
	commercial activities section on determining the capital strategy? If not, why not? What alternatives would you suggest?		activities within the final Prudential Code and guidance.
10	Please provide any suggestions that you might have for how the prudential indicators could be improved (as outlined above) in order that they might provide additional assurance for public accountability. Please explain your reasoning.	Clearer descriptions would help the understanding of what the indicators are showing, especially for those audiences the indicators are aimed at e.g. members and public, who may not have the necessary detailed knowledge of these areas.	CIPFA will consider these responses and would welcome any further comments from the panel on the proposals and how the Prudential Code and its guidance might be updated.
11	Do you agree with the addition of the new indicator for external debt to net revenue stream to assess proportionality?	No, as external debt may not align with the CFR which shows the overall indebtedness of the authority.	CIPFA will not implement this proposal, but it will recommend in guidance that local authorities consider introducing this or similar indicators as local indicators. The panel's views are sought on this issue.
12	Do you agree with the addition of the new indicators for net income from commercial and service investments to net revenue stream to assess proportionality?	We would question what is deemed to be commercial income as we have a large (historical) portfolio of investment assets that are income generating and offer a relatively secure source of income through	CIPFA is of the view that it will implement the new indicator, with the addition of comparing this to levels of reserves to provide context on the financial

Number	Question	Council Response	CIPFA Response (Issued 24 June)
		long leaseholds. Therefore, this new indicator would indicate a high exposure to risk that may not be true. A definition of what to include in commercial income and service investment income would also be helpful.	sustainability of the local authority. Further to this, the indicator should be providing a narrative on the security of the commercial income as suggested to review its assessment of the levels of risk attributed to the commercial revenue.
13	Do you agree with the introduction of the liability benchmark as an affordability indicator?	We do not see how the liability benchmark assists authorities in determining affordability. Affordability should be measured in terms of debt servicing costs within the net budget requirement.	*This response covers question 13 & 14)* The liability benchmark is an essential risk management tool. The optimum position is for total borrowing to be on the liability benchmark line. Borrowing above that level will be reflected in increased investment balances and introduce the cost of carry and additional credit risk implications, although this may be needed to anticipate interest rate movements and secure affordable borrowing. CIPFA will implement the liability benchmark as a treasury indicator and will
14	Do you consider that the liability benchmark should be included in the Prudential or Treasury Management Code?	The way it is presented would indicate it is a Treasury Indicator so should be in the Treasury Management Code.	

Number	Question	Council Response	CIPFA Response (Issued 24 June)
			provide substantial guidance on the use and creation of a liability benchmark to enable local authorities and other organisations to use this effectively.
15	Do you agree with the removal of the prudential indicator gross debt and the capital financing requirement CFR on the basis that it is included as part of the liability benchmark which is to be introduced as a prudential indicator?	It is important for authorities to understand the level of debt against their CFR so we would prefer to see this indicator kept.	CIPFA will not remove the prudential indicator gross debt and CFR

APPENDIX C

TREASURY MANAGEMENT CODE OF PRACTICE CONSULTATION RESPONSE

Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes: Consultation Closing Date: 12 April 2021

Number	Question	Council Response	CIPFA Response (Issued 24 June)
1	Do you agree with the proposal that organisations that have adopted the Treasury Management Code will have to explicitly document a formal and comprehensive knowledge and skills schedule to ensure the effective acquisition and retention of treasury management skills for those responsible for the management, delivery, governance, decision-making and compliance with legislative requirements? If not, why not? What alternatives would you suggest?	Yes, the treasury function is a significant area dealing with public money and therefore all involved in the process should be adequately skilled and hold appropriate knowledge with which to make Treasury decisions. Therefore, we agree that a comprehensive knowledge and skills schedule should be formally documented.	*(This response covers questions 1-4)* As indicated in the consultation papers it is essential that the treasury management function is supported by appropriate training for local authority members and staff. CIPFA will therefore proceed with the implementation of the Treasury Management Knowledge and Skills framework. CIPFA will add a level of 'scalability' or maturity to ensure flexibility for small to large organisations of various complexity and resources. CIPFA recognises that certain roles will be fulfilled as part of a job at smaller organisations. However, the
2	Do you agree with the proposals for what should be included in a knowledge and skills schedule?	Yes, the schedule covers the main aspects of what would be deemed to be minimum requirements. There may be benefit in having schedules specific to officers	

Number	Question	Council Response	CIPFA Response (Issued 24 June)
		directly involved in the treasury function on a daily basis, e.g. finance officers and a separate schedule covering members and senior managers as the requirements may be different. With a smaller authority, there may be capacity issues in complying with all competencies if formal qualifications were required to be held, so some flexibility will be required based upon local circumstances.	purpose of the schedule is to not only recognise the professional role that treasury managers play within an organisation and their importance but also to highlight the need for resources and training where appropriate for organisations. CIPFA will also provide a template for organisations to produce a 'learning needs analysis' to support the implementation of new requirements and processes under the expanded guidance.
3	Do you agree with the proposals for the monitoring and review of treasury management knowledge and skills? Do you agree that these are best specified in guidance to the Treasury Management Code? If not why, not? What alternatives do you suggest?	Yes, there needs to be a record of training delivered and attended to ensure that those specified as having a need can be identified and targeted otherwise the schedule specified in Q1 will be largely irrelevant.	
4	Do you agree that guidance to the Treasury Management Code should include specifications on key competencies for treasury management	There may be difficulties in ensuring compliance with the key competencies set out in the consultation for smaller authorities where treasury management	

Number	Question	Council Response	CIPFA Response (Issued 24 June)
	roles?	forms a small part of a role. However, in principle we agree that having key competencies would be useful but not as a one-size fits all solution as many may not be relevant to each authority and the way it works; therefore some flexibility will be required based upon local circumstances.	
5	Do you agree with the addition of a new TMP to address environmental, social and governance risks? If not, why not? What alternatives do you suggest?	Including a specific TMP risks conflicts with the primary aim of treasury to ensure the security of capital, liquidity and yield requirements. The use of treasury transactions to satisfy ESG requirements may therefore put at risk these primary aims and establishing appropriate measures of ESG risks will be difficult in terms of measuring counterparty appropriateness. Therefore, we do not think that a non-financial criterion should form part of the TM Code. *CIPFA has confirmed that this proposal will not be included in the revised guidance.*	CIPFA recognises the arguments put forward by the respondents and will not at this juncture include a separate TMP for ESG. However, we will incorporate ESG issues as a consideration within TMP1.

Number	Question	Council Response	CIPFA Response (Issued 24 June)
6	Do you agree more complex treasury management functions (i.e. a professional client under MiFID II legislation) means that local authorities would benefit from the support of a dedicated committee to review decisions and strategies and that CIPFA should recommend this in its guidance provided to local authorities? If not, why not? What alternatives would you suggest?	Public bodies may operate within the financial markets, and so be bound by the structures, regulation and requirements of those markets and regulators. MiFID II in itself simply replaced a system whereby public bodies were already deemed to be professional clients. The primary change is that that client designation is driven by scale of the operations of the counterparty, and there is an option to opt down to retail status (which would potentially lose some market counterparties and flexibility). Any public body would need to firstly adhere to the market requirements within which it is dealing (e.g. MiFID II, UK Money markets Code etc.), secondly consider the local policies and objectives, and then finally consider the implications for the public bodies treasury operations. The public bodies counterparty (bank, MMF etc.) would generally categorise the public body, it would not be a self-certification. There seems to be ample advice regarding the disclosure of any treasury operations, and it would be expected that any complex	CIPFA recognises the consistent theme within the responses disagreeing with the proposals. It would clarify that the proposal was intended to form part of the guidance as a recommendation to examine the benefits of a separate committee, not to prescribe a specific governance structure. However, it will revisit the proposals to make sure that they take on board the views of respondents while ensuring that appropriate resource is dedicated to the review and scrutiny of treasury management decisions.

Number	Question	Council Response	CIPFA Response (Issued 24 June)
		issue would be properly disclosed and discussed within the current committee structure. More layers and reporting complicates the process and can confuse the issues. *(Link response)* *CIPFA has confirmed that this proposal will not be included in the revised guidance*	
7	Do you agree with the removal of the maturity structure of borrowing treasury management indicators on the introduction of the liability benchmark indicator? If not, why not? What alternatives would you suggest?	Removing this indicator may remove a key tool in measuring the exposure to loan re-financing. It also helps to determine a plan for any new borrowing requirement.	CIPFA will not remove the maturity structure indicator. However, if the organisation is publishing a liability benchmark then it will consider approaches to make this indicator optional.

<u>**Appendix D**</u>

<u>Amendments to the Local Audit (Appointing Person) Regulations 2015 Consultation Response</u>

<u>**Changes to the regulatory deadline by which the scale fees need to be set**</u>
<u>*Do you agree with the proposal to extend the regulatory deadline by which the scale fees need to be set to enable the appointing person (PSAA Ltd) to take into account more up-to-date information?*</u>

Yes – We agree with the proposal

Comments: It makes sense to have more reliable information regarding the progress on the audit work to be taken into account when agreeing the scale fee.

<u>**Use of Standardised Fee Variations**</u>
<u>*Do you agree with the proposals to enable the appointing person to consult on and agree standardised fee variations to be applied to all or certain groups of principal bodies?*</u>

Yes – We agree with the proposal

Comments: This will give greater clarity to the fee's being set and will allow for explanation of any variations

<u>*National fee variations could only be implemented in prescribed circumstances, which would be defined in the regulations. Do you have any comments on the example circumstances outlined in paragraph 3, or any additional circumstances that should be considered?*</u>

Comments: The examples given seem reasonable

<u>**Timing of Fee variations payments**</u>
<u>*Do you have any comments about the proposals to enable some fee variations for additional elements of work to be approved during the audit, noting that the appointing person's scrutiny processes to review the proposed additional fees would operate in all cases in the usual way?*</u>

Comments: The proposals seem reasonable

<u>**Auditor Appointment Period**</u>
<u>*Do you agree with the proposal that the appointing person is able to appoint auditors for the period that it considers to be the most appropriate, up to the maximum length of the appointing period subject to consultation with the relevant bodies?*</u>

Yes – We agree with the proposal

Comments: This will give certainty for a set period of time and consistency in carrying out audits over that period

<u>**General Comments and Equalities Impact**</u>
<u>*We would also welcome any more general comments on the proposals and any unintended consequences that might arise from their implementation.*</u>

Comments: No comments

<u>*Finally, any comments relating to the equalities impact of the proposals would be welcomed.*</u>

Comments: No comments

APPENDIX E

CIPFA FINANCIAL MANAGEMENT CODE

LEADERSHIP	ACCOUNTABILITY	TRANSPARENCY	STANDARDS	ASSURANCE	SUSTAINABILITY
A. The Leadership team is able to demonstrate that services provided by the authority provide value for money.	D. The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016).	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. The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.	C. The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.	E. The financial management style of the authority supports financial sustainability.
B. The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government	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	M. The authority uses an appropriate documented option appraisal methodology to demonstrate value for money of its decisions.	J. The authority complies with its statutory obligations in respect of the budget setting process.	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 terms and has reported this clearly to members.
O. The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.	Q. The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.		K. The budget report includes a statement by the Chief Finacne Officer on the robustness of estimates and a statement on the adequacy of the proposed financial reserves.	N. The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	I. The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.