

AUDIT & GOVERNANCE COMMITTEE

31ST MAY 2012

Report of the Executive Director – Corporate Services

STATEMENT ON THE ROLE OF THE CHIEF FINANCE OFFICER

EXEMPT INFORMATION

None

PURPOSE

To provide members with information on the application of the Statement on the Role of the Chief Finance Officer and the benchmarking of existing arrangements.

RECOMMENDATIONS

That the Committee endorses this report and raises any issues it deems appropriate.

Executive Summary

In 2010, CIPFA issued its *Statement on the Role of the Chief Finance Officer in Local Government*. The Statement builds heavily on the CIPFA's Role of the Chief Finance Officer in Public Services and applies the principles and roles set out in that document to local government.

The governance requirements in the Statement on the Role of the Chief Finance Officer(CFO) in Public Services are that the CFO should be professionally qualified, report directly to the Chief Executive and be a member of the leadership team, with a status at least equivalent to other members. The Statement requires that if different organisational arrangements are adopted the reasons should be explained publicly in the organisation's annual governance report, together with how these deliver the same impact.

CIPFA have developed an *Application Note* to advise on the application of the Statement on the Role of the Chief Financial Officer in Local Government which illustrates:

- How the governance requirements to support the principles in the CFO statement build on the governance requirements that need to be reflected in an authority's local code set out in the CIPFA/SOLACE framework and guidance note;
- How the annual governance statement can reflect compliance with the CFO statement for reporting purposes.

Tamworth Borough Council complies with the application of the Statement.

CIPFA's statement sets out five principles that define the core activities and behaviours that belong to the role of the CFO and the governance requirements needed to support them.

The CFO 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;
- 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 risk are fully considered, and alignment with the organisation's financial strategy;
- 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.

To deliver these responsibilities the CFO:

- Must lead and direct a finance function that is resourced to be fit for purpose;
- Must be professionally qualified and suitably experienced.

For each principle, the Statement sets out the governance arrangements required within an organisation to ensure that CFO's are able to operate effectively and perform their core duties. The Statement also sets out the core responsibilities of the CFO role within the organisation. CIPFA recommends that organisations should use the Statement as a framework to benchmark their existing arrangements, which has been completed and is attached as **Appendix 1**.

The review has identified that the CFO complies with all the requirements set in the guidance.

CIPFA also recommends that organisations should report publicly on compliance to demonstrate commitment to good practice in both governance and financial management. This will be completed and be included in the Annual Governance Statement.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

None

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

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LIST OF BACKGROUND PAPERS

None

APPENDICES

Appendix 1 CIPFA Statement on the Role of the Chief Financial Officer in a
Local Authority

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