



Effective Scrutiny of Treasury Management

Self-assessment by members responsible for the scrutiny of treasury management

CIPFA's [Treasury Management In The Public Services: Code of Practice and Cross-sectoral Guidance Notes](#) (2021 edition) requires public service organisations to nominate a responsible body for the scrutiny of treasury management strategy and policies. To undertake this role effectively, the nominated committee will require support, training and guidance. CIPFA's publication [Audit Committees: Practical Guidance for Local Authorities and Police](#) (2022 edition) provides guidance for the audit committee if it is nominated to take on the scrutiny role. It also identifies core areas of knowledge committee members would need to undertake this role effectively.

Effective scrutiny is important. As well as demonstrating compliance with the Treasury Management Code, scrutiny is an important part of ensuring effective governance of treasury management.

- It helps develop a better understanding of the treasury risks faced by the organisation.
- It helps ensure better decision making on strategy and policy matters.
- It improves accountability and transparency.
- It improves knowledge and understanding of treasury matters among the members of the governing body.

This self-assessment tool has been designed to support the development of effective scrutiny. There are several ways it can be used, including the following.

- For self-assessment by the committee responsible for undertaking the scrutiny.
- For self-assessment by the responsible committee with additional input from the audit committee (where the audit committee doesn't undertake this function directly).
- For review as part of an internal audit of treasury management.
- For review by the treasury officers/finance team responsible for reporting to the committee.

The most important thing is that the review is used to identify any areas where support or training is needed to ensure the development of effective scrutiny.

This assessment tool replaces the 2014 edition.

CIPFA Better Governance Forum and Treasury Management Network 2022

Aspects of delivering effective scrutiny	Yes	No	Partly	Comments/examples	Action plan for improvement or development
Clearly defined responsibility					
Has the organisation nominated a responsible committee for scrutiny in compliance with the CIPFA Treasury Management Code of Practice?	✓			Audit & Governance Committee	
Does the committee responsible for scrutiny have appropriate and up-to-date terms of reference outlining its role in relation to treasury management?	✓			<p>* Annex 6 of the Treasury Management Strategy outlines the Audit & Governance Committee delegation for:</p> <ul style="list-style-type: none"> • reviewing the Treasury Management policy and procedures and making recommendations to the Cabinet • receiving and reviewing regular monitoring and making recommendations to the Cabinet 	

Aspects of delivering effective scrutiny	Yes	No	Partly	Comments/examples	Action plan for improvement or development
Knowledge and training					
Do those responsible for scrutiny have an appropriate level of knowledge in the following areas:					
<ul style="list-style-type: none"> Regulatory requirements? 	✓			Covered in Member Training	
<ul style="list-style-type: none"> Treasury risks? 	✓			Covered in Member Training	
<ul style="list-style-type: none"> The organisation's treasury management strategy? 	✓			Covered in Member Training	

Aspects of delivering effective scrutiny	Yes	No	Partly	Comments/examples	Action plan for improvement or development
<ul style="list-style-type: none"> The organisation's policies and procedures in relation to treasury management? 	✓			Covered in Member Training	
Have committee members been provided with training for their role?	✓			Covered in Member Training	
Support for effective scrutiny					
Has adequate time been made on the committee agenda to allow for sufficient scrutiny to take place?	✓			Agenda planning in place – work plan reported to each meeting	
Have reports and briefings been provided in good time to committee members?	✓			Committee papers sent out 8 days prior to meeting	
Have reports and briefings been presented to the committee with adequate explanations and minimal jargon?	✓				

Aspects of delivering effective scrutiny	Yes	No	Partly	Comments/examples	Action plan for improvement or development
Coverage of the required areas					
During the past year, has the committee undertaken scrutiny as follows:					
<ul style="list-style-type: none"> Reviewed whether appropriate policy and procedures have been adopted? 	✓			Annual Treasury Report (September), Mid Year Treasury Report & Treasury Strategy (April) have been considered by the Committee	
<ul style="list-style-type: none"> Reviewed the robustness of the process for strategy development – for example, whether option appraisals and opportunity costing have been used? 	✓			Review of Property Fund investments requested / reported in 2021	
<ul style="list-style-type: none"> Received regular briefings on performance, issues and trends affecting treasury management? 	✓			Performance reported in Mid Year Report and in Annual Treasury report	
<ul style="list-style-type: none"> Reviewed the organisation's risk profile and treasury risks and how these are managed? 	✓			Treasury risks covered in training and reported in Treasury Strategy.	

Aspects of delivering effective scrutiny	Yes	No	Partly	Comments/examples	Action plan for improvement or development
<ul style="list-style-type: none"> Reviewed the role of external advisors and the adequacy of other sources of financial information? 	✓			Role of external advisors reported in Treasury Strategy and covered in training provided by Link Asset Services	
<ul style="list-style-type: none"> Reviewed assurances on treasury management, including internal audit reports and management reports? 	✓			Level of assurances on treasury management reviewed and reported by Internal Audit Level of assurance for Treasury Management is Substantial	
<p>During the past year, has the committee scrutinised how effectively decision-making bodies are performing their roles as defined by clauses 2 and 3 in the Treasury Management Code of Practice?</p> <p>For instance, does the committee know whether the nominated body responsible for implementation and monitoring (clause 3) has carried out this role satisfactorily?</p>	✓			As above * & Reported in the Annual Report of the Chair of the Audit and Governance Committee to Council	

Aspects of delivering effective scrutiny	Yes	No	Partly	Comments/examples	Action plan for improvement or development
Quality of scrutiny					
Is the committee able to demonstrate its effectiveness in providing scrutiny in any of the following ways:					
<ul style="list-style-type: none"> Questioning and constructive challenge? 	✓			Questioning and constructive challenge demonstrated at Committee meetings	
<ul style="list-style-type: none"> Recommendations for additional actions? 	✓			Any additional actions followed up by officers and reported at the next appropriate meeting	
<ul style="list-style-type: none"> Ensuring that adequate plans are in place to provide assurance? 	✓			Work Plan in place which details dates of all Treasury Management reports. Regular reports submitted to Committee in accordance with the CIPFA Code of Practice on Treasury Management	
<ul style="list-style-type: none"> Following up any recommendations or action plans? 	✓			Recommendations/actions from the previous Committee are followed up at the next meeting.	

Aspects of delivering effective scrutiny	Yes	No	Partly	Comments/examples	Action plan for improvement or development
<ul style="list-style-type: none"> Providing a report to full council on the scrutiny undertaken? 	✓			Annual report submitted to Council which provides assurance on the effectiveness and performance of the Treasury Management function	
<ul style="list-style-type: none"> Other examples? 					
Impact of scrutiny					
Is the committee able to demonstrate the impact of undertaking scrutiny?	✓			Assurance given by Internal Audit that internal controls are Substantial which provides assurances to the Committee	

Aspects of delivering effective scrutiny	Yes	No	Partly	Comments/examples	Action plan for improvement or development
<p>Examples might include the following:</p> <ul style="list-style-type: none"> • Improvements in internal controls as a result of scrutiny of policies and procedures. • Improvements made to reports to make them more understandable. • Members of full council can better understand the risks shaping the organisation's treasury strategy. 	✓			<p>Appropriate training provided and challenge by the Committee over the investment in property funds</p> <p>Additional information on performance now included in reports following Committee feedback</p>	

Completion date of assessment: April 2023

Completed by: Stefan Garner, Executive Director Finance