

**CONSULTATION ON THE CIPFA STATEMENT ON  
THE ROLE OF THE CHIEF FINANCIAL OFFICER IN  
LOCAL GOVERNMENT**

**July 2014**

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed.

As the world's only professional accountancy body to specialise in public services, CIPFA's qualifications are the foundation for a career in public finance. We also champion high performance in public services, translating our experience and insight into clear advice and practical services. Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance.

CIPFA's Statement on the Role of the CFO in Local Government was last issued in 2010 and describes the role and responsibilities of CFOs in Local Government. It builds heavily on CIPFA's Statement on the Role of The CFO in Public Services<sup>1</sup> and applies the principles and roles set out in that document to Local Government.

This Statement on the role of the Chief Financial Officer (CFO) in Local Government aims to give detailed advice on how to apply the overarching public services Statement within local government. The CFO in local government is not only bound by professional standards but also by specific legislative responsibilities. The role and responsibilities of the 'Treasurer' were developed by case law in England and Wales. In *Attorney General v De Winton* 1906, it was established that the Treasurer is not merely a servant of the authority, but holds a fiduciary responsibility to the local taxpayers. Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a CFO to have responsibility for those arrangements.

Section 95 of the Local Government (Scotland) Act 1973 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a CFO to have responsibility for those arrangements. In Northern Ireland, section 54 of the Local Government Act (Northern Ireland) 1972 requires local authorities to make safe and efficient arrangements for the receipt of money paid to it and the issue of money payable by it and for those arrangements to be carried out under the supervision the chief financial officer.

The Statement sets out how the requirements of legislation and professional standards should be fulfilled by CFOs in the carrying out of their role. It is intended to codify the key responsibilities of the CFO in local government and assist those carrying out that role in ensuring that they meet the key personal duties of the role.

The CFO occupies a critical position in any organisation, holding the financial reins of the business and ensuring that resources are used wisely to secure positive results. While the global financial crisis and economic downturn have made these tasks even more challenging, they have also underlined the fundamental importance of the role. Achieving value for money and securing stewardship are key components of the CFO's role in public service organisations.

Those organisations are changing however with an ever increasing number of services being provided in partnership with other public bodies and the third sector or being outsourced entirely to external majority now having portfolios that are wider than just finance and an increasing number becoming involved in setting up independent trusts, partnerships and commercial joint ventures. These wider roles both present an opportunity and a risk to the CFO in developing and maintaining their key roles as guardians of public money.

It is against this background that CIPFA is consulting on the need to update the statement to deal more explicitly with both the wider roles that CFO's play in

today's local authorities and recognise the need to ensure probity of public money spent through different arrangements whilst balancing the CFO's ability to direct in detail how such money is spent.

This consultation has been kept intentionally broad to allow a wide ranging discussion of the issues we are trying to address. Following an analysis of responses a further consultation on more detailed proposals for change will be issued in the autumn. The aim is to publish the updated statement in late 2014/early 2015 although the timing may change as a result of the consultation.

Responses to this consultation should be made in the attached word document and returned to [alison.scott@cipfa.org](mailto:alison.scott@cipfa.org) by Wednesday 24<sup>th</sup> September 2014.

**CIPFA CONSULTATION ON ITS STATEMENT ON THE ROLE OF THE CFO IN LOCAL GOVERNMENT**

**JULY 2014**

**General Questions on the Statement**

Q1	Do you find the current Statement helpful as a definitive source of reference on the role of the CFOs	YES/NO
Q1a	If no, how could the current statement be improved?	
Q2	Is there additional guidance that could be published alongside the statement that would help you in carrying out your role?	YES/NO
Q2a	If yes, what would like to see guidance on and what form should that guidance take?	
Q3	Do you think the Statement should be extended to cover the deputy CFO, given the specific status of a deputy s.151 officer in local government?	YES/NO
Q3a	Please give some background to your answer above.	

**Alternative Forms of Service Delivery**

Q4	Do you agree that the current Statement should be updated to deal more explicitly with the CFOs responsibilities in relation to partnerships and other external service delivery vehicles?	YES/NO
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Q4a	If yes, which areas do you think the Statement should deal with?
Q5	What do you believe the CFO's responsibilities should be in respect of alternative forms of service delivery?
Q6	What are the key methods currently used for ensuring probity for public money within alternative forms of service delivery, e.g. open book accounting, rights of audit access, performance monitoring regimes, market testing?
Q7	What are the barriers to ensuring probity?
Q8	Where partnership and outsourcing arrangements are used to deliver finance related functions does this bring additional challenges for the CFO and what are these?
Q9	How are these contracts currently managed to ensure that CFOs receive the information they need to make informed judgements?

## The Wider Role of the Chief Financial Officer

Q10	Do you agree that the current Statement should be updated to deal more explicitly with the CFOs wider responsibilities?	YES/NO
Q11	If you are a CFO, do you currently have a wider remit than finance, e.g. property, IT, personnel etc?	YES/NO
Q11a	If yes which additional areas do you have responsibility for?	
Q12	What, if any, additional guidance is needed on the wider role of the CFO?	
Q13	If you are a CFO, do you currently occupy roles in other local authority controlled organisations or joint venture?	YES/NO
Q13a	If yes please indicate the types of role you have and the types of organisation involved?	
Q14	Are you aware of any potential conflicts of interest that may arise where CFOs occupy roles in other bodies and how it is planned to manage any conflicts that arise?	