



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.

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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?	X			Committee meets quarterly to review TM	
Does the committee responsible for scrutiny have appropriate and up-to-date terms of reference outlining its role in relation to treasury management?	X			Reviewed as part of the constitution	
Knowledge and training					
Do those responsible for scrutiny have an appropriate level of knowledge in the following areas:					
• Regulatory requirements?	X			Training on arrival and annual from TM advisors	
• Treasury risks?	X			Training on arrival and annual from TM advisors	
• The organisation's treasury management strategy?	X			Training on arrival and annual from TM advisors	

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? 	X			The group have an appropriate level of overview	
Have committee members been provided with training for their role?	X			Training on arrival and annual from TM advisors	
Support for effective scrutiny					
Has adequate time been made on the committee agenda to allow for sufficient scrutiny to take place?	X			Meeting can be extended and can commence earlier	Set specific questions for scrutiny group to consider
Have reports and briefings been provided in good time to committee members?	X			They are provided two weeks prior to meetings and meeting held prior with chair	
Have reports and briefings been presented to the committee with adequate explanations and minimal jargon?	X			Two new Quarterly reports have been streamlined We include glossary and verbal explanation of terminology	Request feedback from GSG members

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? 	X			The group have been given details of new code requirements explained in the Capital and Investment Strategy	The Treasury Management Policy Statement to be appended to the annual Capital and Investment Strategy and reviewed by the group
<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? 	X			Would be provided when applicable – eg assessment of potential asset investment	
<ul style="list-style-type: none"> Received regular briefings on performance, issues and trends affecting treasury management? 	X			Included as part of economic update section on quarterly report to the group	
<ul style="list-style-type: none"> Reviewed the organisation's risk profile and treasury risks and how these are managed? 	X			Covered in updates and annual training, corporate risk management reviewed by the group, and risks specific to Treasury are included in the strategy and in the Statement of Accounts	

Aspects of delivering effective scrutiny	Yes	No	Partly	Comments/examples	Action plan for improvement or development
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<ul style="list-style-type: none"> Reviewed the role of external advisors and the adequacy of other sources of financial information? 			X	This was discussed at various meetings of the group during 2022/23. It was not recommended at this time to appoint an independent person.	Add to forward plan a report to the group on the topic of appointment of an independent person
<ul style="list-style-type: none"> Reviewed assurances on treasury management, including internal audit reports and management reports? 	X			Management reports on TM and Internal audit reports scrutinised by this group	
<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>	X			Full Council receive and approve the Strategy. GSG have delegated authority for reporting and decision making	
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? 	X			In quarterly meetings	Raise questions in advance

• Recommendations for additional actions?	X			Recommendations are captured in meeting minutes and followed up	
• Ensuring that adequate plans are in place to provide assurance?	X			Review of audit plan and management reports	
• Following up any recommendations or action plans?	X			As above-separate follow up responses to group	
• Providing a report to full council on the scrutiny undertaken?	x			Annual Scrutiny Report to Council	
• Other examples?					
Impact of scrutiny					
Is the committee able to demonstrate the impact of undertaking scrutiny?	x			Actions taken forward and implemented-eg Green Investments All members by default have an opportunity to influence strategy through the scrutiny process and/or decision and actions resulting from their debates	Seek suggestions from the group about how we could improve reports

<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.				Reporting on performance follows the prudential code	
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Completion date of assessment: 22/07/2024

Completed by: Cllr D Viridi – Portfolio holder for Finance and Cllr A Edyvene – Chair of Governance Scrutiny Group