

Effective Scrutiny of Treasury Management

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

The CIPFA Treasury Management Code 2009 requires public service organisations to nominate a body to be responsible for the scrutiny of treasury management strategy and policies. This is a relatively new responsibility for many organisations and to undertake this role effectively the nominated committee will require support, training and guidance.

Effective scrutiny is important. As well as demonstrating compliance with the Code, the 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 & policy matters.
- It improves accountability and transparency.
- It improves knowledge and understanding of treasury matters amongst the members of the governing body.

This self-assessment has been designed to support the development of effective scrutiny. There are a number of ways that it can be used, including:

- Self-assessment by the committee responsible for undertaking the scrutiny.
- Self-assessment by the responsible committee with additional input from the audit committee (where the audit committee doesn't undertake this function directly).
- Review as part of an internal audit of treasury management.
- 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.

Aspects of delivering effective scrutiny	Yes	No	Partly	Comments / examples	Action plan for improvement or development
Clearly defined responsibility					
Has the organisation nominated a committee to be responsible for scrutiny in compliance with the CIPFA Code of Practice?	✓			Audit Committee	
Has the committee responsible for scrutiny appropriate and up to date terms of reference outlining its role in relation to treasury management?	✓				
Knowledge & training					
Do those responsible for scrutiny have an appropriate level of knowledge of 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	
<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 on their role?	✓			Annual Training, last training session June 2011.	

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Support for effective scrutiny					
Has adequate time been made on the committee agenda to allow sufficient scrutiny to take place?	✓				
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.	✓			Pre meeting to discuss reports, reports presented at Committee & Members have the chance to ask questions. Jargon kept to a minimum. Training provided to Members.	
Coverage of the required areas					
During the past year has the committee undertaken scrutiny in the following areas:					
<ul style="list-style-type: none"> Reviewed adequacy of policy and procedures 	✓			Treasury Strategy, Mid Year Treasury Report, Annual Treasury Report	
<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 	✓			Treasury risks covered in training and reported in Treasury Strategy.	
<ul style="list-style-type: none"> Reviewed the role of external advisors 	✓			Role of external advisors reported in Treasury Strategy, appointment	

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				reviewed by Head of Finance & Commerce and Treasury & Pensions Manager	
<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 each year. Level of assurance for Treasury Management is Good.	
<p>During the past year has the committee scrutinised how effectively other council bodies are performing their roles? e.g. does the committee know if the nominated body responsible for implementation and monitoring (clause 3 in the code of practice) has carried this role out satisfactorily?</p>	✓			Treasury reports are scrutinised by Audit Committee prior to being submitted to Cabinet/Council for approval.	
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 pre meetings/ Committee meetings	
<ul style="list-style-type: none"> Recommendations for additional actions 	✓			Any additional actions followed up by officers and reported at the next meeting.	
<ul style="list-style-type: none"> Ensuring that adequate plans are in place 	✓			Work Plan in place which	

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to provide assurance				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"> Follow up of recommendations or action plans 	✓			Recommendations/actions from the previous Committee are followed up at the next meeting.	
<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					
<p>Is the committee able to demonstrate the impact of undertaking scrutiny?</p> <p>Examples might include:</p> <ul style="list-style-type: none"> Improvements in internal controls as a result of scrutiny of policies and procedures. 	✓			Assurance given by Internal Audit that internal controls are Good which provides assurances to Audit Committee. Reports are regularly	

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<ul style="list-style-type: none"> Improvements made to reports to make them more understandable Members of full council are more able to understand the risks shaping the organisation's treasury strategy 	✓	✓		<p>reviewed and written in plain English.</p> <p>Since the financial crisis in 2008 and the collapse of the Icelandic Banks all Members are provided with regular treasury management update reports and training on treasury management in order to understand the risks.</p>	

Completed by: Justin Bridges

Date: 22 March 2012