



THE CIPFA FM MODEL
STATEMENTS OF GOOD
PRACTICE IN PUBLIC
FINANCIAL MANAGEMENT
GETTING STARTED



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SECTION 1: A SELF- ASSESSMENT TOOL

1. *The CIPFA FM Model* is presented as a series of good practice statements for public service bodies, where excellent financial management can contribute to strong organisational performance. The model invites organisations to test themselves on the effectiveness of their own financial management in supporting their business objectives, and to consider whether the style and contribution of financial management supports or conflicts with their organisation's strategic direction.

2. The statements in *The CIPFA FM Model* are scored to give an overall picture of financial management in the organisation. Questions linked to each statement explore whether there are relevant groundwork policies and practices in place, whether they are deployed consistently and effectively, whether they influence or impact the organisation's behaviour or results, and whether they deliver the required outcome.

3. The judgement is expressed as a score from 0 to 4, based on how far the statement of good practice is matched. The linked questions facilitate a checklist of where the organisation meets good practice, wholly or partly, or where there are gaps. But it goes beyond a box-ticking exercise. The judgements on some statements may be more subjective than others, so organisations are asked to exercise thoughtfulness when they award their score. They are also encouraged to look at what really happens, rather than focusing simply on documentation. They should take in a broad range of views from across the organisation. They should record their observations and the evidence for their judgement.

4. Recording observations and evidence is critical to ensure that assessments are soundly based. It will also help to identify perceptions of strengths and areas to improve when action plans are drawn up.

5. The full power of *The CIPFA FM Model* will be realised only if board members and managers take part in the assessment alongside finance staff, so that it gives a holistic picture of the effectiveness of financial management from the corporate and the business perspectives.

APPLYING THE CIPFA FM MODEL

6. Organisations can choose to apply *The CIPFA FM Model* in a variety of ways. For example, it can be used in its entirety, or in parts to test individual aspects. Some of the ways the model has been used include:

Use	Why?
To determine the current level of financial management (FM) within an organisation.	To inform future actions needed. As a source of evidence for external inspection.
To baseline the level of FM prior to a significant change.	To highlight those issues that require consideration during implementation.
To measure the impact on FM of a significant change.	To determine any positive/negative FM outcomes of a change.
To communicate with stakeholders.	To determine the perception of finance within an organisation.
As a reference tool for best practice.	<i>The CIPFA FM Model</i> provides a quick method of accessing best practice principles.

In deciding the scope of the project, the organisation will need to consider a number of issues:

- how the implementation will be resourced
- whether to undertake a full or a partial review
- what techniques to use in implementing the model
- who to involve.

HOW WILL THE IMPLEMENTATION BE RESOURCED?

7. Organisations that resource the implementation internally will have to meet the costs of implementation within existing expenditure. There is the advantage of acquired skills and experience staying with the organisation.

8. Organisations may choose to use external consultants to assist with the implementation process. The advantages to this approach include:

- Greater quality and quantity of stakeholder participation – stakeholders are inclined to speak more openly to an independent body about the current position of an organisation.
- A reduced learning curve – the majority of organisations are unlikely to have a member of

staff with experience of implementing *The CIPFA FM Model*, whereas external consultants should have a proven track record in this area.

- Moderation – external consultants will have an awareness of how other organisations have scored against the model and how that was determined.

IPF consultancy has assisted organisations across the public services with the implementation of *The CIPFA FM Model*. The amount of assistance has varied from guidance only to leading and resourcing a full implementation. If you would like to discuss the range of support that the consultancy team can offer, please contact Lee Geraghty via email (lee.geraghty@ipf.co.uk).

WHAT STEPS WILL BE USED TO IMPLEMENT THE CIPFA FM MODEL?

9. There are various techniques available to determine the position of an organisation against each of the best practice statements. These include reviewing key documents, interviews, workshops and a stakeholder survey. One of the first decisions to be made during the implementation process is for an organisation to determine which of these techniques is the most appropriate to score each statement.

10. A full implementation of *The CIPFA FM Model* involves a number of evidence-gathering techniques. The evidence gathered is necessary to determine the scores of an organisation against each of the 37 statements of best practice which then form the best practice matrix. Examples of the evidence-gathering techniques that are typically used are:

- **Document review.**
Existing documentation and conclusions drawn from previous external scrutiny provide a useful starting point in the review process.
- **Electronic survey.**
The views of stakeholders can be easily obtained through the model's electronic survey tool. The survey tool allows stakeholders to answer statements and questions that are relevant to their roles, eg board members, senior managers, central finance, local finance teams, business managers and customers of finance. The surveys explore views on the extent to which each best practice statement currently applies within an organisation. In addition to awarding a score to best practice statements, participants also

have the opportunity to provide comments and examples of evidence to support their score.

- **Interviews.**
Selected people can be interviewed as part of the evidence-gathering process, with broad questions being drawn from the model. For some people, interviews may be more appropriate than the electronic survey. Interviews can also be used to investigate specific issues, eg internal audit, risk management, procurement.
- **Workshops.**
Workshops can be used for a variety of purposes – to present preliminary findings to a senior review team, to explore where differences of view have emerged out of the electronic survey, or to explore areas where survey results have provided a low score in order to identify how improvements could be made.

ALL STATEMENTS OR ONLY SOME?

11. *The CIPFA FM Model* can look dauntingly long. It is meant to be a comprehensive repository of current thinking about good practice, so it unavoidably has a good deal of detail. For those who want to concentrate on the big picture, the best practice statements are the focus of attention.

12. There are 37 best practice statements in *The CIPFA FM Model*. The relevance of each of the statements and the linked questions may differ across areas of the public sector and even between organisations within the same sector. Organisation should review the statements and linked questions they will use.

WHO TO INVOLVE?

Non-finance stakeholders?

13. Organisations should take in a broad range of views from across the organisation to obtain an organisation-wide view of financial management. This means looking beyond finance teams to determine a score for each statement.

Organisation-wide or in one department?

14. Organisations may choose to implement *The CIPFA FM Model* in one business area initially, either because they have a specific issue such as restructuring or to use it as a pilot implementation.

Non-executive directors/elected officials?

15. The involvement of the organisation's non-executive directors/elected officials can provide a valuable perspective of an organisation's financial management standing. However, there are examples of low participation rates from this group of stakeholders, so organisations need to consider carefully the most suitable method of accessing the views of this group.

PRESENTING THE RESULTS

16. *The CIPFA FM Model* offers a number of standard reports that collate the results from using it. These are mainly focused on displaying the scores achieved against either the styles of financial management or the management dimensions, with the ability to drill down to individual statements or groups of statements. These provide an overview of an organisation's position. But the quality of the underlying detail is critical for ensuring any recommendations for improvement from a review are the right ones.

SECTION 2: THE WEBSITE

1. Each organisation will need to nominate a lead person to be responsible for the project and using *The CIPFA FM Model*.

2. *The CIPFA FM Model* is hosted on a secure website. This section describes the features of the website and how these can be used. Help pages and information buttons can be accessed on the website.

3. The website includes the following features, each of which is described in more detail in this section:

- a self-assessment tool, where scores for the statements and answers to questions can be entered into the website
- a download facility for documentation on getting started
- language tailoring
- the electronic survey tool and standard surveys for a variety of groups of people in the organisation
- a facility to export survey results to Microsoft Excel
- a suite of standard reports
- repeat use
- score tracking of statement scores for users back to Version 1
- peer-to-peer discussion forum.

A SELF-ASSESSMENT TOOL ON A SECURE WEBSITE

4. To log in, enter your email address on the homepage (www.cipfa-fm-model.org.uk) and register. You will be sent a password by email. This can be changed by amending your profile.

5. The website gives organisations access to the 37 good practice statements and linked questions of *The CIPFA FM Model*. Each statement is presented as a questionnaire for completion. Answers to the relevant linked questions should be given along with evidence and observations. These will guide and support the score to be awarded to each statement.

6. The CIPFA FM model is presented as a 4 x 3 matrix.

	Securing Stewardship	Supporting Performance	Enabling Transformation
Leadership	L1, L2	L3, L4, L5	L6, L7
People	P1, P2	P3, P4	P5, P6
Processes	PR1 - PR10	PR11 - PR14	PR15, PR16
Stakeholders	S1 - S3	S4 - S6	S7, S8

7. An example of a statement questionnaire is shown below.

Securing Stewardship - Process
PR6 The organisation's financial accounting and reporting meet professional and regulatory standards.

Responses with evidence to back them up are more useful to the survey process. Please use the box at the bottom of the question sheet to enter information that will support your response.

(If you require assistance in how to score a statement, have a look at [an example here](#)).

	Yes	No	Partly	Don't Know
01. Are accounts prepared, approved and published in accordance with regulatory timescales?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
02. Did the accounts achieve financial balance and other statutory financial obligations?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
03. Were statutory requirements, accounting policies, professional guidance and standards followed?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
04. Do staff follow guidance on final accounts closedown procedures, including timescales?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
05. For the last audit, were all relevant working papers provided to the auditor at the start of the audit to the standard required by the auditor?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
06. Was the quality of the accounts and working papers such that no unplanned audit time was required?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
07. Did the accounts presented for audit contain only trifling errors (ie no significant amendments arising from the audit so that they did not need to be re-presented for approval)?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
08. Was an unqualified audit opinion given?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
09. Was the auditor's annual letter free from concerns about the accounts process?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
10. Was a post-external audit review undertaken to identify scope for improvement?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Record your observations and evidence

Scoring: How far does this statement apply?

Hardly			Somewhat		Mostly		Strongly	
0	0.5	1.0	1.5	2.0	2.5	3.0	3.5	4.0
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

clear save & continue ...

CHANGING KEY TERMS

8. The CIPFA FM Model can be used in any sector of the public services. The organisation can tailor key terms to phrases in local usage. The terms that can

be amended are listed in Appendix 1. Once changed, the new phrases will appear throughout your website. The lead person will be asked to confirm the phrases they want for their organisation. You can change one or more of the phrases, eg **Board** to **Cabinet** for use in local government.

Board: Cabinet

Chief Executive: []

Management Team: []

Scrutiny and Review: []

Audit Committee: []

Corporate Business Plan: []

Medium-term Financial Plan: []

Finance Staff: []

Managers: []

On Question 1 **Board** has now been changed to **Cabinet**.

Securing Stewardship - Leadership
L1 The organisation has an effective framework of financial accountability that is clearly understood and applied throughout, from the Cabinet through executive and non-executive directors to front-line service Managers.

Responses with evidence to back them up are more useful to the survey process. Please use the box at the bottom of the question sheet to enter information that will support your response.

(If you require assistance in how to score a statement, have a look at [an example here](#)).

	Yes	No	Partly	Don't Know
01. Does the Cabinet set the tone that finance matters?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
02. Are there written governance arrangements which define the financial management roles and responsibilities of the Cabinet, of Scrutiny and Review functions and of the Chief Executive and senior Managers, underpinned in more detail by financial regulations and contract procedures?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
03. Does the Cabinet have an overview of the organisation's finances and risks, including from subsidiaries and allied bodies?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

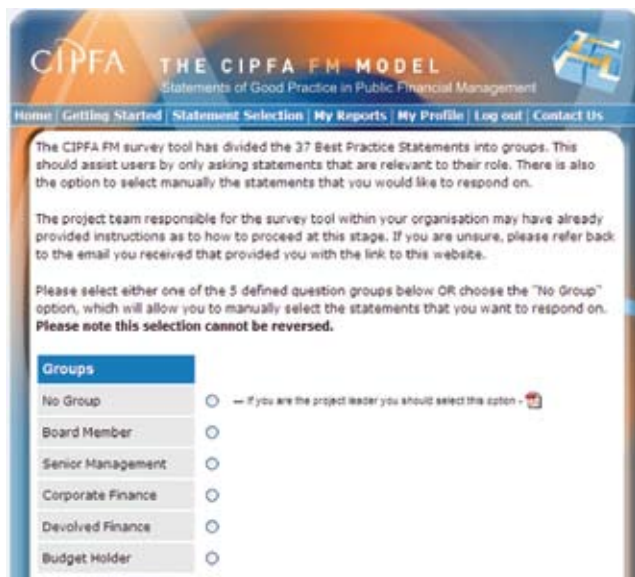
ELECTRONIC SURVEY TOOL

9. To use the electronic survey tool, the lead person will first need to decide upon the statements (and their linked questions) that should be asked of the different groups of people in the organisation. In Appendix 2, you will find suggested surveys for:

- board members
- senior management
- corporate finance staff
- devolved finance staff
- budget holders.

10. The lead person will need to send an email to participants in the survey. This should give details of the project, timescales, etc, advise them they are being asked to complete a survey, direct them to the website link and tell them which survey to select from the menu. The lead person themselves cannot

participate in a survey and should select 'No Group' to have access to all 37 statements.



11. If you want to design your own surveys, participants should select 'No Group', giving them access to all 37 statements, and your email will need to tell them which statements you want them to score.

12. Survey participants access *The CIPFA FM Model* by clicking on the link (www.cipfa-fm-model.org.uk), and then clicking on Login/Register. They choose their survey group and complete their survey.

REVIEWING THE EVIDENCE FROM SURVEYS

13. The lead person can export the results of surveys to Microsoft Excel by selecting the Export button on the My Reports page. The download will give you the name of the person who has completed a survey, their statement scores, question answers and any observations and evidence entered, and the date of entry of the data into the website. The lead person can then analyse this data. This analysis will inform the completion of the 37 good practice statements of *The CIPFA FM Model* for the organisation as a whole, along with the results of any interviews, workshops and document reviews.



THE OVERALL JUDGEMENT

14. The outcome of the self-assessment is to derive scored statements for the organisation as a whole and to make judgements about financial management across the organisation. The overall score for each statement should be decided by a review team, taking account of survey results, one-to-one interviews, workshops and document reviews undertaken during the self-assessment.

15. Once the review team has agreed a final score for statements and questions and evidence recorded, this can be entered onto the website by the lead person under their login. They will then be able to view the reports for the organisation and print these reports. This data can also be downloaded into Microsoft Excel by selecting the Export button on the My Reports page.

REPORTING ON THE ORGANISATION'S FINANCIAL MANAGEMENT

16. A suite of financial management organisational reports can be drawn from the website at any time. Examples of these reports are shown below. These reports are tools for strategic analysis, to discuss and compare where the organisation aspires to be in very high-level terms.

Financial Management Reports

17. A report summary by FM styles – Securing Stewardship, Supporting Performance, and Enabling Transformation.

Financial Management Organisational Reports



Financial Management Organisational Reports, detailed breakdowns



Financial Management Organisational Matrix Report

18. The traffic light report links the other two reports and shows a visual representation of scoring: red is $0 < 1.5$; amber is $1.5 < 3.0$; green is $3.0 < 4.0$.

Traffic Light Report

The CIPFA FM Model matrix	LEADERSHIP	PEOPLE	PROCESS	STAKEHOLDERS
SECURING STEWARDSHIP	L1, L2 Score: 3.75	P1, P2 Score: 3.3	PR1 - PR10 Score: 3.6	S1 - S3 Score: 3.5
SUPPORTING PERFORMANCE	L3 - L5 Score: 3.17	P3, P4 Score: 2.75	PR11 - PR14 Score: 2.68	S4 - S6 Score: 2.63
ENABLING TRANSFORMATION	L6, L7 Score: 2.75	P5, P6 Score: 2	PR15, PR16 Score: 2	S7, S8 Score: 0.75

REPEAT USE

19. The organisation can repeat the self-assessment whenever they chose. The site can be cleared on request or past scores and comments retained for review. To request the site be cleared, go to the Contact Us page and select 'Reset my survey' from the drop-down list.



SCORE TRACKING FOR USERS OF VERSION 1 OF THE CIPFA FM MODEL

20. Organisations that used Version 1 of *The CIPFA FM Model* are able to access their statement scores from earlier self-assessments by either going to the Version 1 website or requesting these are downloaded into Microsoft Excel. Send us an email using the Contact Us page to request this.

PEER-TO-PEER CONTACT

21. Entering the peer contact pages allows you to post comments and converse with other users of *The CIPFA FM Model*. These contact pages are open to all users of the model to read and add comments.

APPENDIX 1:

PHRASE REPLACEMENT TERMS EXPLAINED

These terms are used throughout. Organisations can replace them with terms in use within their own organisations.

The name of the organisation appears on the top of webpages.

Board	The group of people charged with setting the strategic direction for the organisation and that is accountable for its achievement.
Chief Executive	The senior executive role in the organisation.
Management Team	The group of executive staff comprising the senior management charged with the execution of strategy.
Scrutiny and Review	The arrangements in place that provide a check on the Board's plans and their execution.
Audit Committee	The arrangements in place for monitoring and reviewing internal financial control and the integrity of financial reporting.
Corporate Business Plan	The organisation's overarching plan that sets out its strategy and how this will be realised. It may be a stand-alone document or subsumed within a regulatory or statutory plan.
Medium-term Financial Plan	The translation of the Corporate Business Plan into programmes covering the medium term (generally three to five years). The appropriate future time frame will depend on the nature of the business.
Finance Staff	Staff with a prime responsibility for financial matters located either in a central department or within business/service areas.
Managers	Staff responsible for the delivery of the organisation's purpose – service/business to its clients/customers.

APPENDIX 2: SUGGESTED SURVEYS

	BOARD MEMBER	SENIOR MANAGEMENT	CORPORATE FINANCE	DEVOLVED FINANCE	BUDGET HOLDER
LEADERSHIP					
L1	✓	✓			
L2	✓	✓			
L3	✓	✓	✓		✓
L4	✓	✓	✓		✓
L5	✓	✓	✓		✓
L6	✓	✓	✓		✓
L7	✓	✓	✓		✓
PEOPLE					
P1			✓	✓	✓
P2			✓	✓	
P3			✓	✓	✓
P4			✓	✓	✓
P5			✓	✓	✓
P6			✓	✓	
PROCESSES					
PR1					
PR2					
PR3					
PR4					
PR5			✓	✓	✓
PR6					
PR7			✓	✓	✓
PR8			✓	✓	✓
PR9					
PR10					
PR11			✓	✓	
PR12	✓	✓	✓	✓	✓
PR13					
PR14					
PR15			✓	✓	

	BOARD MEMBER	SENIOR MANAGEMENT	CORPORATE FINANCE	DEVOLVED FINANCE	BUDGET HOLDER
PR16			✓	✓	
STAKEHOLDERS					
S1					
S2					
S3					
S4					
S5					
S6	✓	✓	✓	✓	✓
S7					
S8					
STATEMENTS IN SURVEY	9	9	19	14	14

The five pre-set surveys do not cover all 37 statements. This is because:

- i. User groups have only been asked to provide a view on statements that are relevant to their role.
- ii. There are more appropriate evidence sources for certain statements, ie interview and document review.
- iii. The survey is more likely to be a success (in terms of both response rate and the quality of responses) if it is not considered lengthy.

Organisations are of course able to allow users to access an alternative range of statements via the 'No Group' selection option.

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