

report

Paper CL 08 06-17

Committee	CIPFA/LASAAC
Venue	CIPFA, Mansell Street, London
Date	6 June 2017
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Subject	Feedback Statement on the <i>Code of Practice on Local Authority Accounting in the United Kingdom</i> (the Code) Consultations

To consider different approaches for providing feedback to stakeholders following the annual consultation on the Code

1 Introduction

- 1.1 At its last meeting CIPFA/LASAAC requested that the CIPFA Secretariat provide options for producing a 'feedback statement' following the annual consultation on the *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).
- 1.2 This report considers what other public sector and standard setting bodies provide in terms of feedback and sets out a recommended approach based on the research.
- 1.3 CIPFA/LASAAC will be aware that the CIPFA Secretariat provides a report to it on the consultation including a summary of the consultation responses and issues arising. The report also includes a detailed analysis of responses question by question. This is followed by a report to FRAB highlighting the key issues arising from the consultation feedback including CIPFA/LASAAC's responses. Both these reports are freely accessible on the CIPFA website and the gov.uk website following the meetings.

2 Other Relevant Authorities' and Standard Setting Bodies' Feedback Mechanisms

- 2.1 The Secretariat is not aware that HM Treasury provides a direct report to stakeholders to specifically feedback on the results of consultation on amendments to the Financial Reporting Manual (the FReM). However, like the CIPFA Secretariat, HM Treasury provides a detailed analysis of responses following a consultation to the Government's Financial Reporting Advisory Board (FRAB). This report is available on the gov.uk website.

2.2 The *Department of Health Group Accounting Manual 2016-17 Consultation Exercise Results*¹:

- provides brief background to each of the consultation questions
- reproduces the consultation questions themselves
- outlines a summary of responses, and
- sets out the actions taken as a result.

The report notes that the Department of Health Group Accounting Manual for 2016 to 2017 was published on 5 September 2016 (some five months after the Code). The approach to feedback is very similar to the Code 'Feedback Statement' approach.

2.3 The International Accounting Standards Board (IASB), as CIPFA/LASAAC will be aware, provides feedback and impact assessment statements on new or amended standards and includes a Basis of Conclusions which accompanies their standard. A recent example of such a Feedback Statement is that of the IFRS 16 *Leases Project Summary and Feedback Statement*². The Feedback Statement summarised the feedback received as a result of the consultation process and the IASB response to the significant issues raised by respondents to the consultation.

2.4 The Financial Reporting Council (FRC) also provides both Impact Assessments and Feedback Statements. For example, the Feedback Statement on FRS 102 for fair value hierarchy disclosures³ outlined the number and type of respondents, the questions posed during the consultation and provided a reasonably detailed summary of the 22 responses and the FRC response to the feedback.

2.5 The Charities SORP Committee does not provide a direct feedback publication for public access on the Charities SORP⁴ but a detailed report is produced much like those received by CIPFA/LASAAC analysing the results of the responses in detail. These reports are also publically accessible.

3 Recommended Approach

3.1 The Secretariat would note that although generally similar there are varying approaches used by standard setters for providing feedback to stakeholders following the consultation processes. The CIPFA/LASAAC feedback process is relatively new and developing. The Secretariat would note that the feedback process also has to fit with the annualised development process for the Code and that particularly the international standard setters are not as time limited as CIPFA/LASAAC (and the other relevant authorities that operate under the Memorandum of Understanding between the Relevant Authorities). The Secretariat would also highlight that the information provided by other feedback statements is largely already provided in the CIPFA/LASAAC reports and minutes.

¹ <https://www.gov.uk/government/consultations/changes-to-the-dh-accounting-guidance-for-all-nhs-bodies>

² [Project Summary and Feedback Statement - IFRS](#)

³ *Impact Assessment and Feedback Statement Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland – Fair value hierarchy disclosures, FRC March 2016*

⁴ *Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)* Charity Commission and Office of the Scottish Charity Regulator

3.2 From the different approaches outlined in section 2 above, the Secretariat considers that a direct feedback statement would be useful for stakeholders to bring together CIPFA/LASAAC's approach to the consultation responses in one publication rather than the stakeholders having to access both CIPFA/LASAAC's reports and the minutes. The Board will also have the opportunity to review the feedback statement prior to publication. The Secretariat would therefore recommend following the approach of the FRC and the IASB in providing a Feedback Statement to local authority stakeholders. This would:

- provide an analysis of respondents in overview ie type of respondent and number of respondents
- include the question or issue raised
- provide a detailed summary of the responses to the question, and
- include a summary of CIPFA/LASAAC's response.

This approach would represent an augmentation to the current Feedback Statement.

3.3 In addition there is a need for an internal technical record of the changes made post consultation. These changes are evidenced by the papers for the meeting and the follow-up reports and minutes. The Secretariat also produces annually a record for FRAB of all the changes to the individual paragraphs of the Code. The Secretariat considers that it might be useful to augment this record (for internal use) by cross reference to the minutes and follow-up reports.

Recommendation

CIPFA/LASAAC is invited to consider the report above and provide its views on the approach to the Feedback Statement.