

minutes

Board	CIPFA/LASAAC Local Authority Code Board	
Date	19 June 2012	
Time	11.00am	
Venue	CIPFA Scotland, Edinburgh	
Present	Lynn Hine (Chair)	<i>PricewaterhouseCoopers</i>
CIPFA Nominees	David Aldous Peter Davies Angela Brown David Jones Greg McIntosh	<i>Audit Commission Monmouthshire CC Independent Consultant Wales Audit Office KPMG</i>
LASAAC Nominees	Nick Bennett Lynn Bradley Russell Frith Bruce West	<i>Scott Moncrieff Audit Scotland Audit Scotland Argyll and Bute Council</i>
DOE(NI) Nominees	Rodney Allen Robert Dowey	<i>Northern Ireland Audit Office Newry and Mourne DC (by phone)</i>
Observers	Karen Sanderson Joanna Spencer Graham Fletcher Hazel Black Hilary Lower	<i>HM Treasury ASB DCLG Scottish Government NAO</i>
In attendance	Ian Carruthers Paul Mason Gareth Davies Sarah Sheen Julian Smith	<i>CIPFA (by phone for item 7) CIPFA CIPFA Scotland CIPFA (Secretary) CIPFA</i>

		Action
1	apologies for absence	
	Apologies were received from Dean Pletts, Tim Day and Larry Pinkney.	

2	minutes	
(a)	The minutes of the meeting held on 28 February 2012 were approved.	
(b)	The supporting notes of the meeting held on 28 February 2012 were approved for inclusion on CIPFA/LASAAC pages of the CIPFA website.	
3	matters arising	
3.1	Sarah Sheen reported on the Memorandum of Understanding between the Relevant Authorities (MOU) had been finalised.	
3.2	It was agreed to request clarification on the use of the hierarchy included in the previous MOU from Ian Carruthers. It was agreed that the Chair would discuss these points initially with Ian Carruthers, and then circulate a note to members. Clarification would also be sought on paragraph 9 of the MOU.	Chair/IC/SS Chair/IC/SS
4	a review of outstanding actions	
4.1	The Board welcomed the supporting paper and the inclusion of this agenda item at meetings.	
5	development of the code of practice on local authority accounting in the United Kingdom 2012/13 code update and 2013/14 code	
5.1	The Board agreed the way forward for the consultation on the 2012/13 Code Update and 2013/14 Code as presented in the supporting paper and also raised the following specific issues:	
5.2	Housing Revenue Account - CIPFA/LASAAC agreed to include reference in the 2012/13 Code Update for the part of the Determination which permits authority's to make transfers for amounts in excess of depreciation.	SS
5.3	CRC Energy Efficiency Scheme - minor typographical errors were identified and additional clarification on the commentary on the scheme. CIPFA/LASAAC also agreed minor editorial changes to the question related to the measurement of the allowances at fair value. It was agreed to edit out the second part of ITC question 5.	SS
5.4	The Board agreed that the minor amendments discussed with the Northern Ireland Audit Office and the CIPFA/LASAAC Members from Northern Ireland should be included in the ED of the 2012/13 Code Update.	SS

5.5	CIPFA/LASAAC agreed that there would be no need to refer to the amended capital finance regulations in the ED of the Code but requested that this be signposted in the ITC.	SS
5.6	The final sentence of paragraph 20, on pilot schemes etc, would be deleted. The ITC question itself did not need any amendments.	SS
5.8	The Board agreed that Section A and the introduction to the Invitation to Comment should clearly set out that the changes made in the Code Update were only those absolutely necessary ie those required by statutory changes.	SS
5.9	CIPFA/LASAAC requested appropriate paragraph reference in the ITC that related to the minor amendments.	SS
2013/14 Code items		
5.10	CIPFA/LASAAC wanted to use the terminology in IAS 19 in relation to short-term employee benefits and therefore refer to paid absences and to confirm in the Code that the Code Board considered that this meant compensated.	SS
5.11	Disclosure – CIPFA/LASAAC requested more explicit wording required in relation to the disclosures on long/ short-term employee benefits and termination benefits.	SS
5.12	IAS 19 Amendments – the meeting agreed to the proposed approach in the ITC and EDs of the Code.	
5.13	The Board agreed that the approach in the Code in relation to the three options for reporting the actuarial value of promised retirement benefits does not mean that all the options are required to represent the position at the balance sheet date.	SS
5.14	The Board decided not to include the Hutton median pay disclosure in the ITC.	
5.15	IAS 1 amendments - CIPFA/LASAAC requested that the ED on the 2013/14 Code refer only to the third option in the report.	SS
5.16	In relation to fair value measurement, CIPFA/LASAAC wished to seek interested parties views on whether the accounting policies and critical judgements presented	

	much of the same information required for IFRS 13 disclosures in relation to those assets that the ED of the Code had excluded from the requirements of Fair Value Measurement. The Board also agreed to seek interested parties views on disclosures.	SS
5.17	The Board debated the issue of service concession arrangements in local government and were particularly concerned about the measurement of the liability. CIPFA/LASAAC also wanted to highlight why the proposed amendments utilised the additional guidance available.	SS
5.18	The Board agreed wording in the Exposure Draft of the 2013/14 Code in relation to the 2011 amendments to IFRS 7.	
5.19	The Board agreed not to advocate early adoption of the suite of Group Accounting Standards.	
5.20	The Board agreed to the approach specified in the Draft ITC in relation to the Annual Improvements to IFRSs 2009 to 2011.	
5.21	Next steps for approval of the Code were noted.	SS (and other bodies as a part of due process for approval).
6	whole of government accounts	
6.1	Karen Sanderson gave a presentation on Whole of Government Accounts (WGA). The Board noted its gratitude to her for the presentation and the issues she brought to their attention.	
7	development of the code of practice on local authority accounting in the United Kingdom 2012/13 code update and 2013/14 code – the code of practice on transport infrastructure assets	
7.1	The meeting considered the supporting paper on options suggested by the Secretariat, section 3. Following the lengthy debate the Board therefore resolved to consult on an approach which proposed a 2014/15 financial year adoption in the Code (including retrospective restatement) but also to seek interested parties views on the practical and financial consequences of such an approach.	SS
8	development of the code of practice on local authority accounting in the United Kingdom 2013/14 code –	

	proposals from the post-implementation group	
8.1	The terms of reference for the post-implementation review were approved by the Board.	
8.2	<p>The Board agreed the recommendations of the Post Implementation Review in relation to:</p> <ul style="list-style-type: none"> • The use of the term enhancement • Valuation issues including references to rolling programmes and the minor amendments. • Lease and lease type arrangements • Assets held for sale • Exceptional Items. 	SS
8.3	Government and non-government grants - the Board decided that the proposals would be to encourage the approach recommended as opposed to mandating it. It was noted that the proposals should use the terminology used elsewhere in the Code in relation to the earmarking of the General Fund in Scotland.	SS
8.4	The Board concurred with the recommended approach from the Post Implementation Review that the complete set of financial statements should be allowed sufficient time to bed in before a more detailed review should be undertaken.	SS
8.5	The Board agreed the Post Implementation Review's recommended approach on disclosures that were not directly supported by financial reporting standards or a statutory requirement to include the disclosures in the financial statements. These would be included in Appendix A to the ITC.	SS
8.6	The Board agreed to amend the disclosures on exit packages to align with financial reporting requirements.	SS
8.7	The Board recommended that there should be some minor redrafting of the paragraphs in the ITC relating to the complete set of financial statements.	SS
9	development of the code of practice on local authority accounting in the United Kingdom 2012/13 code update and 2013/14 code – proposals from the working party – accounting for schools in local government	
9.1	The meeting considered the supporting paper. The Board considered there were a number of reporting	

	<p>consequences that needed to be considered in detail.</p> <p>Graham Fletcher noted with concern the other reporting consequences that might arise from the conclusions of the Working Party.</p> <p>CIPFA/LASAAC requested that the proposals for the ITC and the financial and reporting consequences of the control decision reported to CIPFA/LASAAC be considered by the CIPFA/LASAAC Working Party Accounting for Schools in Local Government.</p>	SS, working party
10	accounting and auditing standards update	
	The Board noted the current (draft) Accounting and Auditing Standards Panel update with thanks.	
11	consideration of the communication process for the code consultation	
	<p>The Board supported using an email message to communicate the issue of the Code consultation.</p> <p>In addition Sarah Sheen would provide some slides about the consultation process for use by the Board.</p>	<p>SS</p> <p>SS</p>
12	CIPFA/LASAAC review	
	The Board approved the terms of reference for the review.	
13	date of next meeting	
	6 November 2012 (CIPFA offices, London)	