

# report

Paper CL 11 03-13

Committee	CIPFA/LASAAC
Venue	CIPFA in Scotland, Edinburgh
Date	5 March 2013
Author	Sarah Sheen, CIPFA, Technical Manager, Local Government Financial Reporting
Subject	CIPFA/LASAAC Review Report

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## 1 Introduction

- 1.1 At its November meeting CIPFA/LASAAC deferred the Report of the CIPFA/LASAAC Review to this meeting. The report of the review is therefore attached to this report at Appendix 1.
- 1.2 A number of issues have been changed by events and these are marked up in red font. As the attached report provides the commentary and recommendations of the CIPFA/LASAAC Review only minor edits have been made. However, following the CIPFA/LASAAC's request for closer working with the HM Treasury, CIPFA Secretariat have entered into a dialogue with HM Treasury on this issue. This has meant that there has been further development on a number of issues that affect the working practices of the CIPFA Secretariat for the work of the Board. This will be reported as a separate agenda item but does impact on a number of the conclusions of the review.
- 1.3 In addition recent events regarding the approval processes are also relevant to the conclusions of the review, for example, the conference call on the 2013/14 Code approval. The Secretary will report on how these might impact on the review's conclusions at the meeting.

## Recommendation

**CIPFA/LASAAC is invited to consider the attached report including the individual recommendations and provide its comments on the way forward.**

# Report

Paper CL 10 11-12

Committee	CIPFA/LASAAC
Venue	3 Robert Street, London
Date	6 November 2012
Author	Sarah Sheen, CIPFA, Technical Manager, Local Government Financial Reporting
Subject	CIPFA/LASAAC Review

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The purpose of this report is consider the issues raised by the CIPFA/LASAAC Review

## 1 Introduction

- 1.1 This report considers the issues raised by the CIPFA/LASAAC Review Group (Review Group) and it's Terms of Reference. The Review Group has identified four main themes from its Terms of Reference. Following an analysis of the issues raised, this report also recommends to this Board a number of possible amendments to the Terms of Reference and suggests areas for their improvement (see [Annex 1](#)). However, a large number of items emanating from the review are not specified in the Terms of Reference but have evolved as a result of custom and practice for the Board over a number of years.
- 1.2 It is useful to summarise the following four areas for the CIPFA/LASAAC Review:
- The production and publication process for the Code – focussing particularly on the timetable for consultation.
  - The Terms of Reference of the Board and the Memorandum of Understanding between Relevant Authorities.
  - Operation of Meetings.
  - Membership – does the Group consider the membership meets the needs of its stakeholders?
- 1.3 The report therefore describes the current process or position of the Board, highlights issues that the Review Group considered to be of concern and makes suggestions for improvement.

## 2 Production and Publication Process

### *Timetable*

2.1 The normal timetable for the production of the Code is as follows:

<b>Process</b>	<b>Timing</b>
CIPFA/LASAAC finalises the development programme for the Code for the next year a year ahead of the year any changes would be applied.	End February – Early March
The CIPFA Secretariat outlines the anticipated approach to the FRAB on the standards to be adopted in the Code in the following year highlighting any anticipated adaptations to EU adopted IFRS.	May FRAB (NB 2012 was the first year this was done).
CIPFA/LASAAC prepares the draft Invitation to Comment (ITC) and a draft Exposure Draft (ED) Code, which is formally considered and commented on by the FRAB Working Group (FRAB). The CIPFA/LASAAC Board provides its final approval following its June meeting. Note this finalisation is normally electronic.	June meeting of CIPFA/LASAAC  Consultation with FRAB Working Group
The ITC and ED are approved by CIPFA's Public Finance and Management Board (PFMB) before issue.	July/August meeting of PFMB
Immediately following this approval CIPFA/LASAAC issues the ITC and ED Code as consultation documents to local authorities and other interested organisations, for a minimum 8 week consultation period. This year this was facilitated by: <ul style="list-style-type: none"> <li>• electronic mail shot to Directors of Finance in Local Authorities and other local authority accountants.</li> <li>• direct email to other interested parties per the Board's Terms of Reference.</li> <li>• email to CIPFA Finance Advisory Network subscribers</li> <li>• email via publications mailshot.</li> </ul> <p>In addition a blog was issued on the Public Finance Opinion webpages.</p>	August – September (this year to 1 October 2012)

The FRAB considers the Exposure Draft of the Code for comment.	October meeting of FRAB
<p>Following the closure of the consultation period, the Board analyses responses and agrees the amendments to be made to the consultation Exposure Draft Code.</p> <p>The Code is approved following email approval.</p>	<ul style="list-style-type: none"> <li>November meeting of CIPFA/LASAAC (at this meeting the Board also considers the forward programme for the following edition of the Code).</li> </ul>
The Code CIPFA/LASAAC proposes to publish is considered by CIPFA's Public Finance and Management Board (PFMB), the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and FRAB. CIPFA/LASAAC considers these comments and finalises the Code for publication.	<ul style="list-style-type: none"> <li>December meeting of FRAB.</li> <li>December for PFMB approval (this has had to be delegated to the Chair in the past).</li> <li>December approval by LASAAC Members.</li> </ul>
The approval of the Code is subject to EU adoption of the standards it adopts. The process therefore requires that CIPFA/LASAAC sometimes has to consult on amended or new standards prior to their EU adoption. If these standards are not adopted by 1 January of the year in question they cannot be adopted in the Code.	1 January of the year in question.
The approved Code is released for the publications process. The Memorandum of Understanding between the Relevant Authorities requires that the Code is published prior to the 31 March preceding the year in question.	Printing and publication takes approximately 8 weeks (for the last two years publication has been in late February).

- 2.2 The Board has previously been concerned about the number of consultation responses received. In the last two years this has been 27 and 32 respectively. Some of the feedback from the consultation responses has been that respondents are concerned about the timing of the consultation period, the end of which coincides with the publication dates for the statement of accounts for English and Welsh authorities ie 30 September.
- 2.3 The annual production process for the Code is set on a very tight timetable which allows some slippage at the end of the process. The timetable is principally limited by approval by FRAB which normally meets in the first week of December. The Review Group requested that the Secretariat discuss with the FRAB Secretary and Chair the possibility of an early January meeting for FRAB approval of the Code, allowing a two week extension of the consultation period into October. However, this means that would be only a very small allowance for contingency and slippage for the printing and publication process. Currently there are approximately three weeks contingency, a January FRAB approval would only leave one.
- 2.4 The Review Group recommended that this new approval date be sought and that the Secretariat should seek to move the end of the consultation period forward if possible by two weeks into October. The Review Group also considered that the Invitation to Comment is quite detailed and long with numerous questions. The Review Group noting the Board's role as setting the detailed reporting requirements as "standard setter" to local government bodies wished to Secretariat to look for a way to simplify the approach as much as possible with summaries and detailed Appendices where necessary.

**NOTE THIS WAS THE POSITION OF THE REVIEW IN NOVEMBER 2012 – THIS WILL BE UPDATED BY THE DISCUSSION ON WORKING PRACTICES**

**The Board is invited to consider the recommendations of the Review Group for the production of the Code and especially the consultation process.**

*Style and Content of the Code*

- 2.5 Although the structure of the Code has changed significantly from the predecessor the SORP the style is similar in that it sets out in some detail the adoption of IFRS provisions not just the adaptations and interpretations. However, it is considered that the public sector nature of local authorities, the consistency of the major transactions that they face and the interaction of the Code with legislation is likely to mean that it is important to the users of the Code that this comprehensive format is maintained. This also assists with the comparability of local authority financial statements.
- 2.6 The Review Group considered that it is likely that practitioners would support the current approach to style and content and was not minded to recommend any significant redrafting. However, it recommended that in the future the approach to the development of the Code would be to adopt an approach which was moved closer to the FReM approach and which focuses on the main adaptations to IFRS in the Code.

**CIPFA/LASAAC is invited to consider whether it agrees with this recommended approach.**

### *Approach to Amendments in the Code*

- 2.7 At the November and March meetings, CIPFA/LASAAC receives reports on new and amended standards and policy or legislative developments that have been issued or are in the process of being issued. These reports highlight those developments that will have particular impact on local authorities and therefore the Code. Where necessary individual papers are developed for CIPFA/LASAAC's particular views. CIPFA/LASAAC considers the need for adaptation when Exposure Drafts are being developed but identifies significant adaptations as early as possible. Notable examples of these are its views on IFRS 13 *Fair Value Measurement* and the suite of group accounting standards<sup>1</sup>.
- 2.8 Throughout the development process of the Code CIPFA/LASAAC considers the impact of standards and other developments on the financial performance, position and cash flows of local authorities within the limits of application of IFRS GAAP and the statutory reporting requirements that local authorities operate within. This is overtly seen in the consultation process where the Invitation to Comment includes questions on the financial consequences and practical application of the proposed amendments to the Code. These are then considered when the final amendments to the Code are agreed. It is considered that these arrangements are working effectively to involve practitioners at the earliest reasonable time when amendments might impact on financial standing or potentially involve significant administrative expense.

**CIPFA/LASAAC is invited to consider whether it wishes to add any commentary to the approach to amendments in the Code.**

### *Approach to Publication*

- 2.9 The Code is published in hard-copy and as a CD ROM. Any mid-year updates to the Code are published and made available on the CIPFA/LASAAC pages of the CIPFA Website. The Review Group will be aware that forms of publication are generally moving towards electronic issue and that standard setters use a mix of electronic issue and hard-copies. It is considered that users of the Code may still prefer using hard copy publications but it is increasingly likely that this will move to a preference for electronic publication. Electronic versions are favoured because they are searchable and it is easier to take extracts from them. Changing the format may increase the efficiency and effectiveness with which the Code is used. The demand for such things as automated cross checking would, though, increase the complexity of the production process. The Secretariat will consider options for this approach with CIPFA Publications and will keep the Board updated as information is available.
- 2.10 The Review Group considered a commentary that the Code is expensive for some practitioners particularly in smaller authorities. It was noted that the production of the Code is a resource intensive process. The Review Group recommended that the Board request that the Secretariat raise the issue of the cost of the Code with CIPFA Publications.

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<sup>1</sup> IFRS 10 *Consolidated Financial Statements*; IFRS 11 *Joint Arrangements*; IFRS 12 *Disclosure of Interests in Other Entities*; IAS 27 *Separate Financial Statements* (as amended in 2011); and IAS 28 *Investments in Associates and Joint Ventures* (as amended in 2011)

**CIPFA/LASAAC is invited to consider the approach to CIPFA/LASAAC and whether it agrees with the Review Group's recommendation on cost.**

*Dissemination of CIPFA/LASAAC's Key Messages*

- 2.11 The review Terms of Reference require the Group to consider the communication of CIPFA/LASAAC key messages. The CIPFA/LASAAC pages on the new CIPFA website can help assist the Board in disseminating its key messages and this is being considered by the Secretariat with the Web Editor. The web pages include the:
- Terms of Reference for the Board,
  - Code setting process for the Board,
  - Board Membership,
  - The Memorandum of Understanding ([a link to](#)),
  - The 2011/12 Code Update and the informal commentary on the changes, ([the website now includes the 2012/13 Code Update](#))
  - Past minutes ([the 2012 CIPFA/LASAAC minutes are available on the website](#)).
- 2.12 Last year the Board issued an informal commentary on the 2011/12 Code and 12/13 Code Update on the amendments to the Code following the consultation process. The Secretariat has received feedback from a LASAAC Member that this was a useful document.

**CIPFA/LASAAC is invited to comment on the approach to dissemination of the Boards recommendations and key messages. The Review Group recommended that like the informal commentary any publication that signalled the key changes in the Code to practitioners would be beneficial.**

**3 The Terms of Reference of the Board and the Relationship with the Financial Reporting Advisory Board**

*The Memorandum of Understanding between the Relevant Authorities*

- 3.1 The new *Memorandum of Understanding between the Relevant Authorities* which has been considered by CIPFA/LASAAC sets out the operational arrangements for developing financial reporting guidance for the public sector in the United Kingdom. The due process set out in the Code production and approval process reflects the requirements of the Memorandum. New features in the revised Memorandum of Understanding include:
- clarification that Mid-Year Updates to the Code should not be driven by changes in accounting standards, but only by those necessary to address regulatory or adaptation issues that emerge after publication of the relevant version of the Manual and
  - that an adaptation in the relevant Manual in the Code is now referred to as "adaptation of EU-adopted IFRS includes an adaptation, interpretation, deferral or clarification of IFRS as considered necessary in the context of the

UK public sector". This will mean that where the Code previously referred to adaptations and interpretations it will now only refer to adaptations.

- 3.2 One of the issues that arises from the relationship between the processes used for the production of the FReM and those used for the production of the Code is the timing of issue of consultations. Changes can, by exception, be made to the FReM during the year of account. If these changes need consideration, subject to the due process of CIPFA/LASAAC, in the IFRS-based Code then they need to be available for the June meeting of CIPFA/LASAAC (ie 9 months before the start of the relevant accounting year) to be able to be considered for inclusion in the consultation process on the Code. This might mean that there is a delay between the application of items in the FReM and those in the Code of at least a year depending on whether these are driven by new standards or driven by regulatory issues or other issues which might temporarily add to the list of differences between the FReM and the Code. CIPFA Secretariat will bring this issue to the attention of the FRAB Secretary in order that the FRAB is aware of the timing for Code amendments.

**NOTE THIS WAS THE POSITION OF THE REVIEW IN NOVEMBER 2012 – THIS WILL BE UPDATED BY THE DISCUSSION ON WORKING PRACTICES**

#### *CIPFA/LASAAC Remit*

- 3.3 The CIPFA/LASAAC Terms of Reference are to prepare, maintain, develop and issue the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. Therefore most of the work of CIPFA/LASAAC has been devoted to specifying the provisions of international financial reporting and accounting standards in the Code and their interaction with the complex regulatory framework that local authorities work within. The focus of the CIPFA/LASAAC work has been on high quality financial reporting. In order to do this CIPFA/LASAAC is regularly updated on events in the public sector and is also reliant on the significant expertise of its membership.

#### *The Remit of CIPFA/LASAAC and other non-financial reporting areas*

- 3.4 The Code also contains provisions on a Management Commentary currently in the form of the Explanatory Foreword and the Statement of Responsibilities and includes a requirement for Scottish authorities not opting to provide a wider statement of internal control to produce a Statement of Internal Financial Control. It is therefore arguable that the Board's remit is wider than accounting and financial reporting standards but also includes these areas. These issues are not explicitly included in the Terms of Reference of the Board.
- 3.5 The Board has sought to ensure that its provisions complement the statutory reporting framework in which local authorities operate and has delayed making further significant reporting recommendations, for example, whilst there might be a future possibility of there being a statutory requirement for an annual report.
- 3.6 The Review considered that it would be useful for the Terms of Reference to explicitly state that CIPFA/LASAAC includes provisions in these areas. The Review Group considered that the Board should be able to consider making recommendations or stipulations in the Code for any information that accompanies the financial statements. It has proposed amendments to the Board's Terms of Reference to set this out clearly.



**CIPFA/LASAAC is invited to provide its view on the approach recommended in paragraph 3.6 and whether it agrees with the Review Group's recommendations.**

- 3.7 The Review Group wanted to consider its role in relation the recent debates of the Financial Reporting Council on Cutting Clutter in Annual Reports. It is contended by the Secretariat that in the Board's focus on high quality financial reporting and its adoption in the Code of IAS 1 provisions on materiality that this is implicitly already included in the Terms of Reference of the Board. In addition the Board has maintained since its inception a challenge to any new reporting requirements ie that they should be integral to the ability of local authorities to present a true and fair view of its financial performance, position and cash flows.
- 3.8 The Review Group considered that it would be beneficial to set out the Board's promotion of best practice in financial reporting for local authorities and therefore recommended that relevant text is added to its Terms of Reference.

**CIPFA/LASAAC is invited to consider whether it wants to explicitly refer to the Board's approach to financial reporting in its Terms of Reference.**

## 4 Operation of the Meetings and Decisions Made by CIPFA/LASAAC

### *Frequency of Meetings*

- 4.1 The Board normally meets three times a year according to the timetable and processes set out in Section 2 above. The current Terms of Reference set out that the Board meets four times a year. The Review Group recommended that the Terms of Reference are redrafted to state that the Board will meet at a minimum of three times a year. The process set out above seems to accommodate the production process of the Code and means that there is a reasonable resource commitment for the Board's Membership.

**CIPFA/LASAAC is invited to comment on whether it wishes to take forward the proposed amendment in its Terms of Reference in relation to the frequency of meetings.**

### *Papers for the Board's Consideration*

- 4.2 The papers are disseminated to Members for the large part seven days before meetings. Very occasionally circumstances arise that require a shorter timescale and very rarely papers are tabled. With the exception of the Code consultation and Code approval process papers are very rarely considered outside of meetings.
- 4.3 The Secretariat does send early drafts of proposed Code amendments to the Board for feedback on drafting but this is an informal process. It is considered that the normal process for papers to be issued to the Board is that only in exceptional circumstances to be agreed with the Chair should papers be considered by CIPFA/LASAAC between meetings. This is with the exception of the consultation and approval process (described below). Items of note are considered to be acceptable for communication between meetings.
- 4.4 In accordance with practices for most meetings of this kind both within the Institute and externally the papers are disseminated by email to its Membership.

**CIPFA/LASAAC is invited to note the processes and procedures for issuing papers and consider whether there are any other issues it would wish to raise.**

*Board Decisions*

- 4.5 In practice at its meetings the Board formulates its views by a process of consensus decision-making influenced by its Members, guided by the Chair of the Board and supported by technical guidance from the Secretariat. This form of decision-making, without the need for formal voting, is also supported by a subsequent process for the approval of the consultation papers and the final Code. The discussion and debate at meetings for both the approval of the Code and the Code consultation papers has meant that a short report is issued confirming the changes the Board requested and requiring email approval of either the Code or the consultation papers. Recent processes have established that this has to be a positive vote from the Board's Members in accordance with the Terms of Reference ie 50 per cent of the Membership. This approach allows for sufficient debate to be followed by formal approval and means that the provisions of the Code have been effectively considered by the Board. The Review Group recommends that this process should be formalised in the Terms of Reference and proposed amendments have been included.

**CIPFA/LASAAC is invited to consider whether it wishes to formalise the current approval process for the consultation on the Code in its Terms of Reference.**

- 4.6 The Board also includes Observer Membership from the relevant Government Departments, HM Treasury, Financial Reporting Council and the National Audit Office. This ensures that the Board is kept up-to-date on accounting, legislative/policy and FReM developments.

**CIPFA/LASAAC is invited to consider its decision making processes and whether it wishes to make any further commentary on the processes it uses for decision making following the comments of the Review above.**

*Meeting Format and Electronic Communications*

- 4.7 CIPFA/LASAAC meetings are still largely conducted in the traditional way by face-to-face meetings. These meetings alternate between Robert Street and Edinburgh in CIPFA's offices. The Terms of Reference allow for attendance via telephone or video conference, which a number of members use. Telephone conferencing is available in both Robert Street and Edinburgh. It is difficult to conduct meetings with both telephone conference facilities and video conference facilities and therefore the Secretariat has to balance the requirements for each meeting.

**CIPFA/LASAAC is invited to consider its meeting format and whether it has any suggestions for change following the comments of the Review above.**

*Use of Sub Groups*

- 4.8 This year has seen a significant increase in the use of sub groups. The groups have been established to resolve complex issues, or as a separate review process. There is nothing explicitly set out in the Terms of Reference to recognise these

groups. It is suggested that the Terms of Reference should be amended to accommodate this. The groups have been established under agreed terms of reference that depend on the Board's own Terms of Reference. The groups have also included assistance from Members outside of the Board where additional experience or expertise has been required. Additional Membership has been sought either from CIPFA's Panels or the FRAB.

**CIPFA/LASAAC is invited to consider the recommended changes to the Terms of Reference for the use of sub groups of CIPFA/LASAAC and whether or not it wishes to add further specifications for the formalisation of the establishment of sub groups.**

#### *Conduct of Meetings*

- 4.9 The Review Group raised the issue of declarations of interest and whether or not this should be included in the formal processes of the meetings of CIPFA/LASAAC. The Terms of Reference covers this issue but does not stipulate that the meetings of the Board should consider this. This has been specifically added to the Terms of Reference and has been added to the agenda for this Board's meeting.

**CIPFA/LASAAC is invited to consider the recommended changes to the Terms of Reference on declarations of interest.**

## 5 Membership of the CIPFA/LASAAC Board

#### *Balance of Membership*

- 5.1 The Membership of the CIPFA/LASAAC Board is set out in its Terms of Reference. On the whole it is considered that the Membership is able to represent the constituent stakeholders for the Code ie the local authorities following the Code in each of the four jurisdictions and the relevant interested parties to the Code. The Secretariat has not had any other feedback on this issue.

#### *Nominations Process for Northern Ireland and Wales*

- 5.2 The Review Group did, however, consider the issue of the process of the nominations of Membership. It noted that in England and Scotland both CIPFA and LASAAC nominated appropriate numbers of Membership. The Review Group noted that to parallel these processes the appropriate accounting Forums in Northern Ireland and Wales Ireland should nominate Members for these jurisdictions. The Review Group recommended that it the CIPFA Branches in Northern Ireland and Wales be invited to nominate two Members from each group. This should take effect when new Members need to be nominated for these jurisdictions.

**CIPFA/LASAAC's view is sought on whether it agrees:**

- **that there is no need to review the Membership of CIPFA/LASAAC in more depth to ensure that it is representative of the Code's constituent stakeholders;**
- **with the recommendations of the Board in relation to the process for nominations for the Board Members in Northern Ireland and Wales.**

#### *Independent Members*

- 5.3 The Review Group has indicated that they consider that it would be beneficial if the Terms of Reference included an independent member. Currently the Board includes one co-opted independent Member. The Terms of Reference allow for a further independent member but as yet there has been no clear need to add the second co-opted Member. It is also difficult to recruit a truly independent member to the Board.
- 5.4 In addition, the review process by FRAB is rigorous and ensures that the Code effectively adopts EU IFRS in accordance with the Memorandum of Understanding between the Relevant Authorities.

**The Board is invited to note the above commentary on the use of independent members by the Board.**

*Size of the Board*

- 5.5 The Review Group also considered the numbers of Members and noted that with the Members and Observers that the Group felt like it had a large Membership. It raised concerns that the size of the meetings might limit discussions and debate amongst Members. The Review Group considered other models where observers sat separately from the members of other standard setting bodies. The Review Group concluded, however, that the inclusive format of meetings with observer members being able to provide information to be considered by Members was a part of the effective working of the Board. It was particularly important because of the interaction of the statutory accounting and reporting requirements with the financial reporting requirements of local authorities. It therefore opted to maintain the status quo. The Review Group recommended that to assist with the debate that name plates for Board Members should be provided at meetings to assist with communication.

**CIPFA/LASAAC is invited to consider the debate of the Review Group on the size of the Board and whether it agrees that nameplates should be provided at meetings.**

- 5.6 The Secretariat considers that there are two significant issues that impact on the work of the Board and its Membership. The Secretariat has been unable to recruit from a large English Unitary or Shire authority; therefore practitioner views from this size of authority are not available to the Board meetings. This issue cannot be resolved by this review but is of concern to the Secretariat and the Board – to a certain extent it has been resolved when necessary in the sub-group meetings by including representation from these types of authorities from the Local Authority Accounting Panel. The second issue is that the Board does not have a Vice Chair. The Chair has sought expressions of interest on this issue but currently none have been received by the Secretariat.

**The Board is invited to note the above commentary.**

*Attendance at Meetings*

- 5.7 The use of substitutes is generally not permitted by the Board; substitutions for particular meetings may only be made with the consent of the Chair. Appointment to Board Membership is on a personal basis because of the expertise and experience members bring to the meetings.

- 5.8 With rare exceptions, attendance at the Board's meetings has been excellent in recent times and the Secretariat has not seen any need to bring additional administration to the Board by monitoring it formally at Board meetings as the Board's agenda is already very full. However, it should be noted that the Terms of Reference allow for a review of appointment following three missed meetings. The Review Group concurred with the Secretariat's view that there was no need to report attendance to the Board.

**The Board is invited to consider whether it agrees with the Review Group that CIPFA/LASAAC does not need to formally monitor attendance at meetings.**

## 6 Conclusions

- 6.1 This report sets out a number of items and only a relatively small number of changes have been recommended to be made to the Terms of Reference for the Board. In addition to the specific issues raised by the Review Group above it also agreed to recommend that the Terms of Reference include a requirement for them to be reviewed as needed and that they should stipulate that the Terms of Reference must be reviewed in a five year period. Any changes agreed by the Board will subsequently need to be approved by both PFMB and LASAAC.

**The Board is invited to consider for approval the changes proposed to the Terms of Reference.**

- 6.2 The Secretariat is not aware of any serious deficiencies of process or procedures which impact on the effective production of the Code for its stakeholders. There is concern expressed by both the Board and the Secretariat that the numbers of respondents has fallen in the last two years. It is possible that a consultation period which is extended into October might encourage a higher response rate and this might be able to be achieved by means of discussion with the FRAB Secretary. However, it should be noted that this likely to be at the risk of slippage on the agreed issue date of the Code.
- 6.3 The Secretariat would note that this report has covered all the areas of the review requested by the Review Group and suggests that the work of the Review Group is likely to be complete, subject to the decisions of the Board. The Secretariat acknowledges that the Review Group wanted an active communication with stakeholders but this could be achieved by CIPFA/LASAAC setting the conclusions of the Review Group on the CIPFA Website and allowing interested parties to comment on these conclusions, if they so wish.
- 6.4 The Terms of Reference do not include the detailed operational procedures set out above. If the Board considered it beneficial the operational procedures and processes of the Board set out in this report could be set out in a separate document. This will assist with the formalisation of these procedures but will also give new members and external parties an understanding of the way in which CIPFA/LASAAC works.

## Recommendation

**CIPFA/LASAAC is invited to consider the above report including the individual recommendations and provide its comments on the way forward.**