

# Report

Paper CL 07 06-14

Committee	CIPFA/LASAAC
Venue	CIPFA Scotland Edinburgh
Date	4 June 2014
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Subject	CIPFA/LASAAC Review - Changes to the Terms of Reference

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The purpose of this report is consider the amendments agreed to the Terms of Reference in the CIPFA/LASAAC Review

## 1 Introduction

1.1 This report considers the issues raised by the CIPFA/LASAAC Review Group (Review Group) related to its Terms of Reference. The Review Group met in September 2012 and reported to the Board at its November 2012 and March 2013 meetings. It identified four main themes to the review which are outlined below. The proposals for changes to the Terms of Reference (ToR) were considered at its March 2013 meeting. The amended ToR are included at Appendix A to this report. The minutes of the meeting and the decisions of the Board are extracted below.

1.2 There were four areas considered by the CIPFA/LASAAC Review group:

- The production and publication process for the Code – focussing particularly on the timetable for consultation.
- The ToR of Reference of the Board and the Memorandum of Understanding between Relevant Authorities.
- Operation of Meetings.
- Membership – the Group considered whether the membership continues to meet the needs of its stakeholders?

1.3 The Review Group and the Board identified the following changes were necessary to the Terms of Reference:

- a) The Board was concerned to confirm that in its approach to developing the Code under the Memorandum of Understanding between the Relevant Authorities (and its own terms of reference) that one of its key objectives was to ensure high quality financial reporting in local authority financial statements. It also wished to confirm that it would consider issues relating to

information that is provided with local authority financial statements (see ToR new paragraph 1.3).

- b) As CIPFA/LASAAC has needed on occasion to establish sub-groups on areas of particular difficulty or interest, the Board recommended that this needed formal confirmation in the Terms of Reference (see ToR amended paragraph 2.2).
- c) The Review Group and the Board were generally content with the membership composition of CIPFA/LASAAC but considered that the approach to nominations should be the same or similar across the devolved governments. It suggested that therefore that the CIPFA in Wales and CIPFA Northern Ireland groups should be separately identified in the Terms of Reference (see ToR sections 3 and 6).
- d) The Board noted that the Terms of Reference did not refer to the need for its members to declare an interest. This omission has been corrected in Section 7 of the ToR.
- e) At the time of reviewing the Terms of Reference a practice had established for approving the consultation documents or the final version of the Code for issue or publication whereby the Board Members electronically confirmed its approval of the documents following the meeting. However, more recently the Board has established conference calls or been able to approve the documents at the meeting. It is suggested that both options be retained in the Terms of Reference (see ToR paragraph 9.3).
- f) The Review Group and the Board was of the view that a procedure needed to be introduced so that the Terms of Reference remained relevant and effective for the Code production process. The Board agreed that the Terms of Reference should stipulate the maximum period for a full formal review of the Terms of Reference (see ToR new section 10).
- g) The Secretariat has identified a number of minor corrections that needed to be made.

## 2 Other issues relating to the CIPFA/LASAAC Review

- 2.1 The Board agreed the following at its meeting in March 2013. The table below provides an extract of the minutes of the meeting. The Secretariat has provided additional commentary (*in purple italics*) to add relevant context to the decisions of CIPFA/LASAAC.

CIPFA/LASAAC Minutes 5 March 2013, Minute 10.

The Board considered the paper and made decisions on the individual recommendations as follows:

- Length and timing of consultations – to proceed as discussed at the meeting re item 8 and report to the next Board meeting or earlier if possible. (*Note this is under review as item 8 related to the new ways of working with other relevant authorities. However, with the exception of the schools consultation, currently the normal timings for Code production and consultation have remained*).
- Style and content of the Code – not to proceed with the FReM approach, apart from an approach which minimised detailed text where possible.

- Code amendments – November and March meetings to consider these in line with new working practices considered at item 8. (*again this has remained in line with previous practice*)
- Cost of Code - and other CIPFA publications – to liaise on these concerns, and options for formats, with CIPFA colleagues, to report back to Board members (*CIPFA publications are introducing a new electronic process for issuing the Code*).
- Dissemination of key messages – to retain the informal commentary, and learn from IPSASB at-a-glance summary style of presentation.
- Terms of Reference of the Board, and the Board's relationship with FRAB – agreed to proceed with recommendation 3.6 (*see point 1.3 a) above for description of the recommendation*), and 1.3 from Annex 1 (*Annex 1 contained the amendments to the ToR*), including addressing what to do regarding non-financial reporting.
- Cutting clutter – the approach in the report was agreed (*NB this has been superseded by the consultation on simplification and streamlining and the project on the review of the financial statements*).
- Frequency of Board meetings – to meet at least 3 times per year, considering conference calls as required (subject to improved facilities, including booster microphones to sit on tables in meeting rooms), and considering email communications as needed.
- Board decisions – agreed to use quorum in favour approach from recommendation 4.5 (*see 1.3 e), above*) if having to make a Board decision between meetings.
- Use of sub-groups – to clarify that external experts can be brought in to assist a sub-group(s), amending the Board Terms of Reference accordingly (*see 1.3 b) above*).
- Declarations of interest – to retain this as a standing agenda item at the start of meetings (*see 1.3 d) above*).
- Membership – to clarify the process for nominations of prospective members from Northern Ireland and Wales in accordance with the Terms of Reference (*see 1.3 c) above*).
- Size of Board – to proceed as recommended. (*Note the Board was content with the numbers and balance of Membership specified in the Terms of Reference*)
- Name plates – to retain these for use at future meetings.
- Vice-Chairs – to amend this point in light of today's discussion, to read as "one or more members" serving as Vice-Chair (*note that this is not taken forward as this is not the normal approach for CIPFA Boards*).

### 3 Approval of The Terms of Reference

- 3.1 CIPFA/LASAAC is invited to confirm the decisions it made previously on its Terms of Reference. Its final recommendations subsequently have to be approved by CIPFAs Public Finance and Management Board (PFMB) and LASAAC.

## **Recommendation**

**CIPFA/LASAAC is invited to consider the above report including the decisions it made previously on the Terms of Reference and make its final recommendations for change to the Public Finance and Management Board and LASAAC.**