

# report

Paper CL 11 06-12

Committee	CIPFA/LASAAC
Venue	CIPFA's Offices, Edinburgh
Date	19 June 2012
Author	Sarah Sheen, CIPFA Technical Manager, Local Government Financial Reporting
Subject	Approval of the draft Terms of Reference for the CIPFA/LASAAC Review

---

The purpose of this report is to seek the CIPFA/LASAAC's approval of the Draft Terms of Reference for the Review.

## 1 Introduction and Background

- 1.1 CIPFA/LASAAC agreed to establish the Review at its November 2011 meeting. Members of the Board volunteered to take part in the review, two of Members have volunteered since the last meeting. The review is intended to consider the processes and procedures in place to produce and publish the Code of Practice on Local Authority Accounting in the United Kingdom to ensure that it continues to meet the needs of its stakeholders following the experience of the first year's implementation of the IFRS-based Code by local authorities.
- 1.2 The CIPFA/LASAAC Review Group held its inaugural meeting on the 22 May 2012. The Review Group considered the draft Terms of Reference for the Review and requested a number of additions. The majority of the processes and procedures for the production of the Code are contained in the Terms of Reference for CIPFA/LASAAC and thus these are the focus of the Review. The Draft Terms of Reference for the CIPFA/LASAAC Review are attached for CIPFA/LASAAC's consideration.

## Recommendation

CIPFA/LASAAC is invited to consider the draft Terms of Reference for the CIPFA/LASAAC Review for approval.

# CIPFA/LASAAC Review

## Terms of Reference

### Introduction

- 1.1 In 2011 CIPFA/LASAAC indicated in the August - September consultation on the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) that it wished to undertake a CIPFA/LASAAC Review following the first full year implementation of the new IFRS - based Code. It included a number of consultation questions on the issue. It agreed at its November 2011 meeting to establish a CIPFA/LASAAC Review.

### Background to the Review

- 2.1 The first year adoption of IFRS for local authorities under the Code was very successful. However, it is important to note that responses from interested parties to the consultation have been low for the last two years despite a number of approaches to increase participation. This included a Webinar, a Public Finance Blog and the Secretariat speaking at a Treasurers' Society.
- 2.2 CIPFA/LASAAC considered following the first year of implementation of the new IFRS-based Code that it would be appropriate to ensure that the processes and procedures adopted to produce the Code should be subject to review.

### Membership

- **Chair of CIPFA/LASAAC (Chair of the Review)**
- Rodney Allen *Northern Ireland Audit Office*
- Nick Bennett *Scott Moncrieff*
- Russell Frith *Audit Scotland*
- Greg McIntosh *KPMG*
- Bruce West *Argyle and Bute Council*
- David Jones *Wales Audit Office*

### Secretariat Attendance:

- Director, CIPFA, Policy and Technical
- Assistant Director, CIPFA, Professional Standards and Central Government
- CIPFA/LASAAC Secretary

- Other CIPFA officers as required

### **Objectives for the Review**

3.1 The overall aim of the review is to ensure the most effective and appropriate arrangements are in place to meet all stakeholders' needs in the production and publication of the Code of Practice on Local Authority Accounting in the United Kingdom.

3.2 The review will:

- consider and review the current Terms of Reference for the CIPFA/LASAAC Local Authority Accounting Code Board to ensure that it is able to deliver the objective of the review as stated above.
- consider the other operational arrangements not explicitly covered by the Board's Terms of Reference to ensure that these processes and procedures effectively support the objective of the review including for example:
  - the consultation process
  - communication of CIPFA/LASAAC's key messages
  - the effectiveness of the arrangements – for example, the use of technology at CIPFA/LASAAC Meetings, and
  - the establishment of Working Groups.
- consider the impact of the FRAB Review including the revised *Memorandum of Understanding between the Relevant Authorities* to ensure that the operational arrangements and the CIPFA/LASAAC Terms of Reference meet the new requirements
- consider the role of CIPFA/LASAAC in relation to narrative reporting
- consider the role CIPFA/LASAAC will need to play in relation to reducing clutter in local authority financial statements
- consider the responses to the consultation questions in relation to the review.

### **Secretariat support**

4.1 Secretariat support will be provided by the Secretary to CIPFA/LASAAC.

### **Operation of the meetings**

5.1 The meetings will operate under the operational procedures included in the Terms of Reference for CIPFA/LASAAC.

## **Recommendations**

- 6.1 The final recommendations to CIPFA/LASAAC will require approval by the majority of the group.

**12 June 2012**

DRAFT