



Minutes *Approved by LASAAC on 20/08/2019*

Committee	Local Authority (Scotland) Accounts Advisory Committee	
Date	22 May 2019	
Time	14:00 pm	
Venue	CIPFA, 160 Dundee Street, Edinburgh	
Members	Gillian Woolman	Audit Scotland (Chair)
In Attendance	Hugh Dunn	City of Edinburgh Council (Vice Chair)
	Paul O'Brien	Audit Scotland
	Hazel Black	Scottish Government
	Fiona Kordiak	Audit Scotland
	Joseph McLachlan	East Ayrshire Council
	Nick Bennett	Scott-Moncrieff
	Gary Devlin*	Scott-Moncrieff
	Kirsty Flanagan*	Argyll and Bute Council
	Lesley Bairden	East Renfrewshire Integration Joint Board
	John Boyd	Grant Thornton
	*joined via conference call	
Apologies	Jennifer Ogilvie	West Dunbartonshire Council
	Elise Black	Scottish Government
	Tina Duncan	Glasgow City Council
	Ian Lorimer	Angus Council
Secretary	Gareth Davies	CIPFA

The Local Authority (Scotland) Accounts Advisory Committee (LASAAC) is funded by the Chartered Institute of Public Finance & Accountancy (CIPFA), Audit Scotland and the Scottish Government.

The members of LASAAC are volunteers representing the funding bodies or participating as appointed or co-opted members. LASAAC is primarily concerned with the development and promotion of proper accounting practices for Scottish local authorities. A key task in achieving this is LASAAC's contribution to the development of the 'Code of Practice on Local Authority Accounting in the United Kingdom' ('the Code').

LASAAC meetings are to be conducted in accordance with LASAAC's Terms of Reference as approved by LASAAC and ratified by the funding bodies.

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	Item	Action
1	Item 1. Apologies	
1.1	Jennifer Ogilvie, Elise Black, Tina Duncan, Ian Lorimer	
2	Item 2. Membership – Audit Practitioner	
2.1	Stephen Reid has stepped down due to other commitments. He was thanked for his service and participation. John Boyd (Grant Thornton) was approved as a new audit practitioner representative.	
3	Note of Interest in Agenda Item	
3.1	Joseph noted that his employer was affected by the loans fund re-profiling debate.	
4	Item 3. Minutes and Actions	
4.1	It was requested that the minutes note that Joseph had left the meeting before the loans fund re-profiling was discussed. Subject to the amendment the approved minutes are to be uploaded to the website.	1
4.2	Matter arising: Matters arising were noted as being dealt with under the relevant agenda items.	
4	Item 4. Membership and Attendance	
3.1	The papers were noted and the Chair recognised the commitment of members in serving on LASAAC.	
3.2	Members to notify secretary of availability to fill the remaining nominated CIPFA/LASAAC substitute role.	2
5	Item 4. Work Plan 2019/20	
5.1	In discussion: <ul style="list-style-type: none"> • Annual report to be prepared for August meeting • Review of LASAAC guidance on reserves statutory basis to be specific project for 19/20 • Education governance & funding arrangements to be removed from the plan • LASAAC agreed to the removal of suggested plan items • Item relating to ALEOs to be removed • Accounting for loans fund to be added Work plan to be updated per LASAAC decisions.	3
5.2	Regarding historic child abuse claims the challenges relating to these were noted. Some claims precede district and regional structures. The identification of which authority would now be responsible for settlement was not always clear. The Scottish Government £10k compensation programme was noted as an advance payment, but councils could be liable for more and claims could be significant.	
6	Item 12. Integration Joint Board Update	

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6.1	<p>Lesley provided an update noting:</p> <ul style="list-style-type: none"> • LASAAC 18/19 updated guidance being used. The appropriate number of segments is being debated in some cases. • There is significant interest in IJB reserves • IJBs generally all had audit actions to ensure next year budgets were set by 31 March. Improvements have been seen but not all issues are fully resolved. • Funding sustainability is still a concern • Set aside budget work is a focus for 19/20 • Integration schemes are now falling due for resubmission. This may see changes to address some issues eg hosted services. 	
6.1	NHS health board brokerage forgiveness by Scottish Government was being used to cover IJB overspends on health in some cases.	
7	Item 6. CIPFA/LASAAC Code Board	
7.1	The request for a nominated substitute was noted.	
7.2	<p>The paper was noted, including reference to</p> <ul style="list-style-type: none"> • CIPFA/LASAAC vision statement and strategic plan • IFRS 16 Leases • Code 20/21 development 	
7.3	For 20/21 Code development it was suggested that CIPFA/LASAAC could reconsider the implementation of the IAS 19 Employee Benefits amendments relating to in year re-measurements. Adaptation to negate the requirements could be suggested.	
7.4	In discussion the potential for a clear set of principles for CIPFA/LASAAC to follow in determining adaptations and interpretations was raised.	
7.5	<p>Regarding CIPFA/LASAAC's terms of reference the following amendments were suggested:</p> <ul style="list-style-type: none"> • 2.2 – 'relevant governments' should also be added (eg Scottish Government, Welsh Government) • 2.3 consultation period default should state "normally eight to twelve weeks" <p>Proposed CIPFA/LASAAC terms of reference amendments to be raised at CIPFA/LASAAC.</p>	4
8	Item 7. Key Messages/ Statutory Adjustments	
8.1	<p>In discussion:</p> <ul style="list-style-type: none"> • The requirement for the pensions statutory adjustment was debated. • The relevance of an IAS 19 based liability was challenged. Potentially reliance could be placed on a funding based calculation per triennial valuations. 	

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	<ul style="list-style-type: none"> The role and purpose of each statutory adjustment requires to be clearly understood. Presentation of those adjustments that are required was discussed, including leaving these as part of the General Fund balance. 	
9	Item 8 Materiality and Disclosures	
9.1	<p>In discussion:</p> <ul style="list-style-type: none"> The proposed central government 'question checklist' for determination of whether a disclosure is required and appropriate was noted. The FReM plans to incorporate these, including reference to cost-benefit consideration. The potential to require a disclosure concerning the assessment of materiality for the accounts presented was noted. Materiality should not be focused wholly on the quantitative aspects 	
10	Item 9 Stakeholder Engagement	
10.1	<p>In discussion:</p> <ul style="list-style-type: none"> Stakeholders may potentially be grouped as: <ul style="list-style-type: none"> Accounts users interested in accountability for taxpayer resources Other accounts users Professional experts, subdivided into: CFOs; Preparers and auditors; Other experts eg actuaries, valuers, TM advisors A CIPFA/LASAAC stakeholder survey is planned Specific CIPFA/LASAAC outreach will be required 	
11	Item 10. Code Structure and Format	
11.1	<p>Based on an initial small focus group style discussion, mainly of English authority practitioners, the following feedback was noted</p> <ul style="list-style-type: none"> Practitioners indicated they will normally and primarily refer to guidance notes rather than the Code. If uncertainty arises the Code may be referenced, however this may often require further direct reference to the underlying standard or relevant legislation Extensive Code detail in respect of IFRS application may be less relevant where guidance is available. <ul style="list-style-type: none"> An auditor, not involved in the group, later noted that the Code detail of IFRS requirements was helpful in providing a clear overview of requirements rather than requiring continual recourse to IFRS standards The group clearly expressed the view that more focus could be placed on the adaptation and interpretation in the development of the Code (eg especially In relation to disclosures) 	

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	<ul style="list-style-type: none"> The existing consultation process was noted as being insufficient in itself to ensure engagement with stakeholders, especially in highlighting key issues and potential impacts in any proposals It was suggested that the Code could clarify the respective roles and responsibilities of preparers and auditors 	
12	Item 11 Statutory Requirements Application: LASAAC Role	
12.1	<p>The recent debates regarding interpretation of the statutory requirements regarding loans fund repayment re-profiling were discussed:</p> <ul style="list-style-type: none"> Views were expressed that it was predominantly a matter of interpretation of the legal requirements This would generally be outside of LASAAC's remit, especially since it would normally require a legal opinion LASAAC can however, in some instances, provide a helpful initial forum for discussion and identification of ambiguity or uncertainty in the interpretation of statutory requirements Generally however such discussions would be most relevant for LASAAC in advance of actions being undertaken 	
13	Item 13 Audit Scotland Update	
13.1	<p>Loans fund re-profiling:</p> <ul style="list-style-type: none"> At present Audit Scotland and Scottish Government understanding of the requirements have differed from council obtained QC opinions Audit Scotland have requested a QC opinion on legal interpretation This will inform future action and advice by Audit Scotland regarding 18/19 accounts Ultimately decisions regarding qualifications are a matter for the appointed auditor Scottish Government, COSLA and Audit Scotland are meeting next week to discuss 19/20 statutory changes 	
13.2	Significant Trading Operations: The requirement for auditors to explicitly comment on STO target achievement arises from the current Code of Audit Practice.	
13.3	Pensions multi-employer schemes: There is no change from the previous situation for the overall Scottish teachers' pension scheme regarding the ability to identify individual employer related benefits. No identification of individual employer liabilities is anticipated.	
13.4	The CIPFA Pensions Panel note for English authorities on the pensions age discrimination (McCloud) is to be brought to the attention of Scottish authorities.	5
14	Item 14. Scottish Government	
14.1	New legislation is proposed to include a formal requirement for Regional Transport Partnerships to set a balanced budget.	

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15	Item 15. CIPFA Update													
15.1	<ul style="list-style-type: none"> The consultation process on the CIPFA Financial Management Code, regarding supporting financial sustainability in the budget process, has closed. Issue is expected in the autumn. Fiona Kordiak is the new Chair of the CIPFA Scotland branch 	12												
16	Dates of next meetings													
16.1	All at CIPFA, Edinburgh, 160 Dundee Street													
	<table border="1"> <thead> <tr> <th>Day</th> <th>Date</th> <th>Time</th> <th>CIPFA-LASAAC</th> </tr> </thead> <tbody> <tr> <td>Tuesday</td> <td>20/8/19</td> <td>2pm</td> <td></td> </tr> <tr> <td>Wednesday</td> <td>23/10/19</td> <td>2pm</td> <td>6/11/19 Edinburgh</td> </tr> </tbody> </table>	Day	Date	Time	CIPFA-LASAAC	Tuesday	20/8/19	2pm		Wednesday	23/10/19	2pm	6/11/19 Edinburgh	
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