CIPFA The Chartered Institute of Public Finance & Accountancy

LASAAC

Item 5 Appendix B LASAAC 23/10/19

CIPFA/LASAAC: Discussion Papers Overview

A brief summary of CIPFA/LASAAC discussion papers

Provided on behalf of CIPFA/LASAAC

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CIPFA/LASAAC Discussion Papers

- CIPFA/LASAAC has developed a vision statement
- Stakeholder engagement to inform strategy is sought
- A stakeholder survey has provided insight into key areas
- Consequently two discussion papers have been developed:
  - Code strategic direction
  - Differential reporting

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CIPFA/LASAAC Feedback Sought

- CIPFA/LASAAC thanks respondents to both the stakeholder survey and the recent 20/21 Code consultation
- CIPFA/LASAAC recognises that stakeholder time for further responses will be limited
- The discussion papers however indicate areas where CIPFA/LASAAC would appreciate further dialogue where this is possible and additional to comments already received
- Representative societies and Groups may wish to collaborate to provide feedback for the group or society, rather than each individual member providing a response
- Where possible any initial feedback by 4 November 2019 would be welcome to cipfalasaac@cipfa.org. If you have queries please contact the CIPFA/LASAAC support secretariat on 0131 221 8644.

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CIPFA/LASAAC's Vision Statement

UK local authority annual accounts should be widely recognised as an exemplar for clear reporting of the financial performance and position of complex public sector bodies. Users of accounts should be able to access the information they want to help them to understand the finances of an authority and to take practical and informed decisions.

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CIPFA/LASAAC's Strategic Plan

Themes

- Clarity of key messages
- Stakeholder engagement
- Code requirements

Streams

- Key messages - statutory adjustments
- Engagement
- Materiality & Disclosures
- Code format
- Narrative Report

Areas

- Capital
- Financial Instruments
- Pensions
- Group
- Out-turn
- Summary

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Code Strategy Discussion Paper - Topics

Framework

- Government authority, FRAB / WGA

Code Format

- Initial feedback group, 'what to do' in Code vs 'how to' in guidance, extent of IFRS text cited, comparison with others

Primary Users

- Clearer specification, public accountability?, Separate section, adaptations & interpretations

Primary Statements

- CIES changes re impact on taxpayer funds, 'subjective' (type of spend) basis CIES?

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Code Strategy Discussion Paper - Topics

Capital

- User needs, current value uses, accuracy required, WGA, role of depreciation and statutory charges

Pensions

- User needs, WGA use of LGPS accounts, Pensions Regulator, use of funding valuations

Financial Instruments

- User needs, complex & uncertain cash flows transparency, 'basic' vs complex requirements, importance to governance, professional judgement, fair value applicability, WGA

Group Accounts

- User needs, budget setting focus, nature and impact of group, role of related party disclosures, WGA

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Differential Reporting Discussion Paper

Issues

- Length & complexity
- Cost / benefit

Aim

- Relevance
- Costs commensurate

Current

- No 'size' difference in Code
- Parish & community councils not covered

UK Companies

- Regimes linked to size and complexity
- Combination measures: turnover, balance sheet, employees
- Common recognition and measurement
- Differences in statements, disclosures and options

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Differential Reporting Discussion Paper

Central Govt

- No size criteria for the FReM
- FRAB / WGA implications of differential reporting in local government

Charities

- Cash based or SORP
- No size differentiation in SORP
- Potential 'tiers' approach in SORP in future

New Zealand

- Public sector 4-tier approach
- Based on accountability type and expenditure scale
- Positive change, but behavioural changes also required

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Differential Reporting Discussion Paper

Considerations?	
	User needs and cost/benefit
	Scale measures (income, expenditure, balance sheet)
	Single or combination thresholds
	WGA, group accounts, frequency of reclassification, indexation of measures,
	Possible use of local authority 'class'
	Role of accounts in budget & tax setting
	Government support & legislation changes
	Public sector consistency
	Complexity of transactions
	Cost of change

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