

minutes

Board	CIPFA/LASAAC Local Authority Code Board	
Date	23 February 2010	
Time	11.00am	
Venue	CIPFA, 3 Robert Street, London WC2N 6RL	
Present	Lynn Hine (Chair) Angela Brown John Buchanan Peter Davies Robert Dowey Nick Gibbins Mike Langley Grant Macrae	<i>PricewaterhouseCoopers Independent Consultant Local Government Audit – NI Monmouthshire CC Newry and Mourne DC Hampshire County Council Audit Commission KPMG</i>
Observers	Alan O'Connor Graham Fletcher Hazel Black	<i>ASB CLG Scottish Government</i>
In attendance	Paul Mason (Secretary) Ian Carruthers Julian Smith	<i>CIPFA CIPFA CIPFA</i>

Action

1 apologies for absence

Apologies were received from Nick Bennett, Lynn Brown, Tim Day, Paul Dransfield, Ken Finch, Russell Frith, David Jones, Ian Robbie, Bruce West, Larry Pinkney, Ian Skinner and Gareth Davies.

2 minutes

The minutes of the meeting held on 13 November 2009 were approved.

3 matters arising

- 3.1 An update on progress with mitigation was provided by the Government representatives, with each of the UK administrations set to provide its own documents for their local authorities' information / action as appropriate.

- 3.2 For the next meeting agenda, an item would be included on related protocols, which would provide amongst other things an opportunity for an update on work with RICS.
- 3.3 The Secretary reported on the publication of the Code in December. LASAAC members had already been issued with their hard copy set of documents, to be followed by the remaining Board members.
- 3.4 The production of draft sections for the transitional Guidance Notes was already underway and some draft sections were now on the Board's website pages. The full Guidance Notes were expected to be ready for publication in summer 2010.
- 3.5 The next meeting would consider an update on (or draft of) the Telling the Story publication on stakeholder reporting, depending on progress.
- 3.6 The Secretary would copy to members the FRAB framework programme. In due course the Secretariat would consider whether to update the Code to reflect the approach (particularly in relation to disclosures) adopted in the IFRS for SMEs.

4 CIPFA/LASAAC terms of reference

- 4.1 The Secretary introduced the supporting paper.
- 4.2 Discussion included the following points:

On terms of office for Board members, for the rolling 3 year renewable term it would be helpful to plan for members to serve at least for "3 Codes", ie from the start of the first calendar year to the end of the third;

It was noted that technically LASAAC was currently over-represented by one member;

Board agendas should be amended, to show by which body each Board member was appointed to demonstrate the constitution easily for readers;

The Secretariat would liaise with ALATS and the individual treasurer societies around the UK to agree how to involve societies in considering representation at the Board – even though members of the Board serve as individuals, it is helpful for the societies to provide the Board with practitioner perspectives, and whilst not all societies will have a member on the Board, the Board can nevertheless keep in contact with all of the societies to keep itself informed of practitioner views;

The board should consider the impact on reporting to members on its future agendas;

It would be helpful for the Board to define more clearly to CIPFA and to LASAAC what mixture of practitioners, finance directors, auditors, government officers and consultants it would aim to have in future – a slight increase in overall membership numbers would also help avoid the risk of inquorate meetings;

Current observers should retain their status; however the Dept of the Environment for Northern Ireland should be invited to send an observer member to the Board;

The members not present today would be encouraged through the minutes to send in any views on future Board membership numbers / balance of perspectives etc, for decisions to be made at the next meeting;

Although the Board traditionally meets alternatively in Edinburgh and London, there was no reason why meetings could not also take place at suitable venues in Northern Ireland and Wales in future – it would also be helpful to plan ahead for all of a calendar year's meetings to help both LASAAC and CIPFA members and officers with their scheduling of papers etc;

It would be helpful for the Chair to be able to approve ad hoc substitutes where members cannot attend a particular meeting, but not to formalise particular people as regular substitutes – where a member could not attend 3 meetings in a row, this should trigger a review with that member of their ability to remain on the Board;

The constitution should include a designated Vice-Chair;

The Secretariat would provide a follow-up paper on membership and terms of reference matters for the June 2010 meeting, on which Board decisions could be put forward to both CIPFA (PFMB) and to LASAAC for approval;

It should be possible to carry out some Board business in future through virtual meetings / comments on documents etc – for example to finalise decisions on matters initially discussed at a Board meeting.

5 transport infrastructure code update

Ian Carruthers reported on the transport infrastructure code, due to be issued in mid-March. It was possible that an event would be arranged for summer 2010 to help publicise the code further. The Board would need to consider points made in the consultation process about how the code will work as part of Whole of Government Accounts in future, in each part of the UK. The Secretariat would prepare a paper about the wider landscape in which the code sits, for the June Board meeting to consider.

6 development of the code of practice on local authority accounting 2011/12

- 6.1 For 2010/11, developments can be addressed through LAAP bulletins as the only changes are legislative, and both legislation and the Code acknowledge that legislation takes priority over the Code. LAAP Bulletins were agreed to be an appropriate method of providing advice on the implementation of legislation
- 6.2 For 2011/12's Code, the Carbon Reduction Commitment scheme will need to be addressed. The same timescale used to update the FReM should be adopted. Legislative changes in respect of the Business Rates Supplement and the Community Infrastructure Levy will also need to be reflected in the Code.
- 6.3 For 2009/10 remuneration disclosures and other changes it would be helpful for the Board to issue guidance – perhaps in a newsletter format, highlighting “legislative changes the Board sees as impacting on the Code” for example, with links to new legislation online. This would be of help for the audit process as well. In Scotland, legislative developments likely to need addressing in this way are officer remuneration, the Climate Change Act - affecting Council Tax administration, and pension changes for police and fire authorities. The Code itself allows for such developments, as it recognises that future legislation may

override aspects of any given year's Code, with new legislation taking precedence. The Secretary would check if any LGPS developments also require such a newsletter's advice.

- 6.4 Suggestions from Russell Frith would be checked against discussion at the Local Government Policy Panel of the statement on the role of the CFO in local government.
- 6.5 The Secretary would revisit the issue of local authorities receiving shares as a settlement of a debt.
- 6.6 Where local authorities may need to revise their own procedures, and when a Standard cross-referenced by the Code (without the requirements being directly incorporated into the Code) is later changed, re-numbered etc, the Board should flag up such changes to local authorities.
- 6.7 The analysis in the table in paragraph 4.3 of the report, covering leases etc, should form the basis of the Code text on these points.
- 6.8 Authorities' attention should be drawn to changes on heritage assets reporting for action in 2011/12 – for example as a "key change" included in the 2010 Exposure Draft document. This should also clarify that councils could use internal valuers – perhaps museum experts for example - as well as external valuers.
- 6.9 The Secretary would re-draft text on IAS 24 related party disclosures, in liaison with government officers regarding the FReM and Whole of Government Accounts developments in this subject area.
- 6.10 Remaining points highlighted in the supporting paper should be addressed by the Secretariat in papers for the June meeting, alongside the question of joint boards used by parish and town councils.
- 6.11 The Secretary would circulate the link to the recent Audit Commission report on IFRS implementation by local authorities to members of the Board for information, as well as FReM Exposure Drafts.
- 6.12 The June meeting should include agenda items for:
 - a verbal update on FRAB's work,
 - an update on work to provide a proforma set(s) of accounts for Code readers,
 - to consider where best to address "non-accounting" matters such as developments on officer remuneration,
 - to consider "hot topics" such as where greater clarity may be needed over text open to interpretation (such as use of the word "substantial" when covering risk in the Code),
 - the next consultation should include a question to invite such hot topics authorities would like the Board to provide greater clarity on,
 - rate-regulated activities,
 - thresholds for Whole of Government Accounts,
 - liabilities developments,
 - carbon reduction commitment,
 - heritage assets,
 - related party disclosures.
- 6.13 The Board agreed to receive some of the revisions electronically ahead of the next meeting to enable early consideration of the issues and comments to be incorporated into the draft presented at the meeting.

7 The Board noted the latest Accounting and Auditing Standards Update Report.

8 Future meetings were noted as:

15 June 2010 (Edinburgh)

27 October 2010 (London)