

## **CIPFA/LASAAC LOCAL AUTHORITY ACCOUNTING CODE BOARD**

### **TERMS OF REFERENCE**

- 1.1 The CIPFA/LASAAC Local Authority Accounting Code Board (CIPFA/LASAAC) is established as a standing committee of CIPFA and LASAAC for the purpose of preparing, maintaining, developing and issuing the Code of Practice on Local Authority Accounting for the United Kingdom (the 'Code').
- 1.2 The Board's terms of reference are:
  - (i) To prepare, maintain, develop and issue the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.
  - (ii) To follow the Memorandum of Understanding with the Financial Reporting Advisory Board (FRAB) on the Development of the Code.
  - (iii) In addition to the requirements of the FRAB, finalisation of the Code requires the approval of both CIPFA (through report to CIPFA's Public Finance and Management Board) and LASAAC.
- 2 DUE PROCESS FOR THE PREPARATION OF THE CODE
  - 2.1 CIPFA/LASAAC shall keep under review the Code. In particular it shall consider at least annually:
    - Any implications for the Code of new accounting standards. Proposed divergences shall be notified to the FRAB Working Group as soon as practicable.
    - Any developments in local government that suggest further guidance on accounting matters is desirable.
  - 2.2 Drafting of the Code is undertaken by CIPFA/LASAAC. The process should ensure the participation of local authority representatives from all jurisdictions covered by the Code, external auditors of local authorities, relevant government departments, the FRAB and independent outsiders on behalf of the wider public interest.
  - 2.3 CIPFA/LASAAC shall conduct its proceeding in an open way and follow due process involving wide consultation. Before publishing the final Code, CIPFA/LASAAC shall invite public comment by means of a published exposure draft and invitation to comment explaining the proposals. The period for responses shall be eight weeks. CIPFA/LASAAC shall seek to secure publicity for the exposure draft and invitation to comment in local authority journals and accounting journals. The exposure draft and invitation to comment shall be placed on the CIPFA website. In addition to local authorities those specifically notified of the consultation and invited to comment shall include member bodies of CCAB, external auditors of local authorities and relevant government departments.

- 2.4 During the development of the Code CIPFA/LASAAC shall identify any divergences from accounting standards and/or the Government Financial Reporting Manual (the FReM) and inform the FRAB Working Group under the process set out in the Memorandum of Understanding.
- 2.5 The FRAB shall be given a list of the key differences between the final draft of the Code and the FReM for consideration before the Code is finalised.
- 2.6 The invitation to comment included with exposure drafts shall state that comments will be regarded as on the public record, unless confidentiality is requested. Copies of comments that are on the public record should be made available on the CIPFA/LASAAC website.
- 2.7 Any material that CIPFA/LASAAC proposes to issue formally offering an interpretation of accounting standards shall be included in the Code or should be submitted to the same due process and scrutiny procedures as the Code, including discussion with the FRAB Working group and consideration by the FRAB. Normally, such guidance shall subsequently be incorporated into a revised version of the Code.
- 2.8 The CIPFA Guidance Notes for Practitioners on the Code of Practice on Local Authority Accounting in the United Kingdom are prepared by the Local Authority Accounting Panel (LAAP). CIPFA/LASAAC is not responsible for reviewing the Guidance Notes, which are issued by CIPFA. Accordingly the following pro-forma statement shall be included in the Guidance Notes.

*“The overall aim of the Guidance Notes is to assist practitioners in the preparation of financial statements. They do not form part of the [dated Code], nor have they been reviewed by CIPFA/LASAAC. They attempt to explain and illustrate what is required by the [dated Code], but do not carry the authority of the Code.”*

### 3 COMPOSITION

- 3.1 The composition of CIPFA/LASAAC is:
  - the Chair (see section 4 below)
  - 9 nominations from CIPFA covering the geographical areas of England and Wales
  - 5 nominations from LASAAC covering the geographical area of Scotland
  - 2 nominations from Northern Ireland.
- 3.2 Nominations from each of the geographical areas should include both local government practitioners and auditors.
- 3.3 Additionally, one nomination from each of the following shall have the right to attend as an observer:
  - ASB
  - CLG
  - FRAB Secretariat
  - Scottish Government
  - Welsh Assembly Government

3.4 Staff from the CIPFA Secretariat also attend and provide support to CIPFA/LASAAC.

#### 4 CHAIR

4.1 The Chair is selected by CIPFA/LASAAC through open advertisement and competition.

4.2 The appointment is for a fixed term renewable of 3 years.

4.3 The Chair has a casting vote.

#### 5 SECRETARIAL SUPPORT

5.1 Secretarial support for the Board is provided by CIPFA.

5.2 The Technical Manager (Local Government Accounting and Financial Reporting) acts as Secretary to CIPFA/LASAAC.

5.3 The Assistant Director (Local Government Finance and Policy) and the LASAAC Secretary attend CIPFA/LASAAC on a regular basis.

5.4 Other members of the CIPFA Secretariat may be involved in supporting the work of CIPFA/LASAAC and attend as required.

#### 6 BOARD APPOINTMENTS

6.1 Appointments to CIPFA/LASAAC are made by nomination from:

- CIPFA (Public Finance and Management Board) for the CIPFA nominees
- LASAAC for the LASAAC nominees
- the Department of the Environment (Northern Ireland) for the Northern Ireland nominees

and are subject to the governance arrangements of those bodies. All nominations are personal to the individuals concerned – substitutions for particular meetings may only be made with the consent of the Chair.

6.2 Observers are appointed by nomination from:

- ASB
- CLG
- FRAB Secretariat
- Scottish Government
- Welsh Assembly Government

and are subject to the governance arrangements of those bodies. All nominations represent their organisation. They may be represented by another member of their organisation on an exceptional basis.

6.3 Members and observers must not use their position for personal gain in either business, political or social relationships. Therefore a member or observer

who has, or may be perceived to have, such a personal interest in a particular matter under consideration should declare that interest and withdraw from all discussions relating to it. In addition, members should take no part in any vote on such a matter.

## 7 BOARD MEETING FREQUENCY AND AGENDAS

- 7.1 CIPFA/LASAAC normally has four meetings per year, the venue alternating between London and Scotland. Meetings are scheduled in advance but may be changed by agreement. Fewer / additional meetings may be held by agreement.
- 7.2 Work between meetings is progressed through electronic communication, meetings of groups progressing specific items, and by the Secretariat in consultation with the Chair.

## 8 QUORUM

- 8.1 A quorum for meetings is 7 members.
- 8.2 Non-quorate meetings may discuss and formally note matters for future report, but have no executive authority. Urgent decisions, at the Chair's discretion, should be dealt with by correspondence.
- 8.3 Different arrangements apply to the issue by CIPFA/LASAAC of an invitation to comment on proposals for changes to the Code and to the finalisation of the Code, which require that at least 50% of members consent.