

report

Paper CL 05 06-10

Committee	CIPFA/LASAAC
Venue	Barceló Carlton Hotel, Edinburgh
Date	15 June 2010
Author	Paul Mason, Technical Manager – Local Government Accounting
Subject	CIPFA/LASAAC Terms of Reference

The purpose of this report is to Ask CIPFA/LASAAC members recommend revised terms to CIPFA's Public Finance and Management Board and to LASAAC.

1 Introduction

- 1.1 CIPFA/LASAAC's terms of reference were developed at a time when the Board was a SORP preparing body under the auspices of the Accounting Standards Board. The terms of reference therefore include a number of provisions intended to satisfy the ASB's Code of Practice for SORP issuing bodies. Following the move to the new governance arrangements under the oversight of the Financial Reporting Advisory Board, it is now an opportune time to review the terms of reference.
- 1.2 An initial discussion took place at the February meeting. The draft terms of reference attached to this report reflect the views expressed at the meeting.
- 1.3 CIPFA's Public Finance and Management Board (PFMB) will confirm its nominations to CIPFA/LASAAC at its July meeting. Similar arrangements will apply for those members nominated by LASAAC.
- 1.4 The Secretariat is therefore asking CIPFA/LASAAC members to agree revised terms of reference to be recommended to PFMB and LASAAC for approval.

2 Consideration of Issues

- 2.1 At its February meeting, CIPFA/LASAAC agreed, in principle, a number of changes to the constitution. In addition, the Secretariat was asked to develop recommendations in other areas. These are discussed in the following paragraphs.

Board Membership

- 2.2 CIPFA/LASAAC agreed that a vice chair should be appointed from within the Board. CIPFA/LASAAC considered the role of observers, and agreed that no changes were required, with the exception that the Department of the Environment (Northern Ireland) should be invited to nominate an observer.

- 2.3 CIPFA/LASAAC also agreed that appointments to the Board should be for a fixed term of three years, which will be renewable. Appointments will be for three calendar years, to coincide with the development cycle of three Codes. At the end of the three years term, there will be an opportunity for both members and the board to consider whether continuing membership is appropriate. These arrangements are in line with those already applying to the CIPFA/LASAAC chair. The meeting was generally supportive of the suggestion that non-attendance at three consecutive meetings should trigger an early review of continuing membership, and the Board is asked to confirm that view.
- 2.4 At its February meeting, CIPFA/LASAAC considered that the existing membership arrangements remained appropriate. It noted, however, that whilst nominations covering Scotland and Northern Ireland included practitioners and auditors, nominations covering England and Wales also included independent consultants. The Board recognised the value of including consultants within the membership, and asked the Secretariat to consider whether existing arrangements were sufficient, or whether an alternative approach would be more appropriate. The Secretariat considers that nominations for England and Wales should include practitioners and auditors, in line with the practice in Scotland and Northern Ireland, and that the Board should be able to co-opt up to two independent consultants. CIPFA/LASAAC is asked to consider whether such co-options should be on a unanimous basis, a majority vote, or require approval of a minimum number of Board members. CIPFA/LASAAC is also asked to consider whether co-options should be for a three year period, or whether it would be helpful to be able to co-opt independent consultants for a shorter period, perhaps to provide additional experience when a particular development is taking place.
- 2.5 The Secretariat is engaged in developing better links with the various Treasurers' Societies in England and Wales, and considers that ensuring the Societies are represented on the Board would both enhance the relationship with the Societies and strengthen the Board. The Secretariat recommends that these links are developed within the existing nominations process, and that no changes to the Terms of Reference are required.
- 2.6 At present, substitutions may be made with the approval of the chair. LASAAC is proposing to nominate, as well as its five members, two named substitutes who will attend when members are unable to do so. The Secretariat considers these arrangements to be appropriate in LASAAC's circumstances. CIPFA/LASAAC is asked to consider whether these arrangements can be achieved within the existing wording of the Terms of Reference, or whether an amendment is required.

Board Meetings

- 2.8 The terms of reference currently require meetings to be held alternatively in London and Scotland. CIPFA/LASAAC is asked to consider whether this requirement should be withdrawn (or amended) to allow meetings to be held in other venues (eg Cardiff and Belfast).

Recommendation

CIPFA/LASAAC is asked to agree revised Terms of Reference. In particular, CIPFA/LASAAC is asked to decide:

- 1) That a vice chair should be appointed from among the Board.

- 2) That the Department of the Environment (Northern Ireland) be invited to nominate an observer.
- 3) That appointments should be for a fixed term renewable of three years, commencing in January.
- 4) CIPFA/LASAAC is asked to confirm that non-attendance at three consecutive meetings should trigger an early review of continuing membership.
- 5) CIPFA/LASAAC is asked to consider whether it wishes to be able to co-opt independent consultants, and if so the process for making such co-options.
- 6) Whether any changes to the substitutions provisions within the Terms of Reference are required.
- 7) Whether the provisions within the Terms of Reference in respect of venues should be withdrawn or amended.