

REPORT

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Committee	CIPFA/LASAAC LOCAL AUTHORITY SORP BOARD
Venue	Edinburgh
Date	15 April 2008
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Subject	'First Principles' Review of Local Authority Accounts

1 INTRODUCTION

- 1.1 As part of the process for implementing an IFRS-based Code of Practice on Local Authority Accounting, CIPFA/LASAAC agreed at its meeting in December 2007 to undertake a 'First Principles' Review of the format and content of the local authority Statement of Accounts.
- 1.2 Practitioners have criticised the current format of local authority financial statements for being difficult to understand, not focussing on the needs of the general public, and for being too lengthy. The introduction of an IFRS-based Code provides an ideal opportunity to engage with practitioners and other stakeholders to revise the Statement of Accounts to align better with the needs of the users.
- 1.3 This report outlines the proposed consultation exercise, and seeks the views of CIPFA/LASAAC on the process and content of the consultation.

2 CONSULTATION PROCESS

- 2.1 The consultation exercise needs to engage with practitioners and other stakeholders. To this end, a series of presentations to the various treasurers' societies and other bodies are being arranged.
- 2.2 These presentations will cover the issues of principle that need to be considered when developing a new format for the Statement of Accounts, and seek the views of stakeholders as to the preferred way forward.
- 2.3 A session will also be held at the CIPFA Annual Conference, engaging with a broader range of practitioners.
- 2.4 A wider consultation exercise will run in parallel with the presentations, and a consultation document will be distributed in the same way as for SORP ITCs and will be available on the CIPFA web site. The consultation exercise is planned to conclude in July 2008, allowing the results to inform the development of the IFRS-based Code from then onwards.

2.5 In parallel with the 'first principles' review consultation, we also plan to issue a consultation paper on the broader local authority reporting framework ('Towards Improved Reporting') which we have developed with assistance from PricewaterhouseCoopers. The final draft of this document will be circulated separately to CIPFA/LASAAC members next week for information, and for comment on a 'fatal flaw' basis if desired.

3 CONSULTATION MATERIAL

3.1 A copy of the presentation summarising the consultation themes is included as Appendix A to this report. A copy of the draft consultation document is included as Appendix B.

3.2 The consultation document refers to a discussion paper on the users of the accounts. This draft paper is included as Appendix C.

4 RECOMMENDATION

CIPFA/LASAAC is asked to consider and comment on the planned consultation process, the presentation, the draft consultation document and supporting papers.