



scottishnews

CIPFA
IN SCOTLAND

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Season's Greetings

CIPFA in Scotland



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BRIEFING



FROM 1906 TO 2006 AND BEYOND!

At this time of year it is something of a tradition to look back while, at the same time, attempting to consider the challenges which lie ahead in the forthcoming year. CIPFA in Scotland has spent most of the year marking its centenary which has inevitably involved a reflection on the first 100 years of the voluntary membership in Scotland.

There's no doubt that the twenty two members who started the Scottish Branch back in 1906 could not have foreseen either the shape of the modern Institute or indeed the electronic age in which our business is now conducted.

The modern CPFA now conducts his or her professional business with the assistance of email, spreadsheets and desk-top computers which could not even have been imagined in 1906, even by the most forward thinking public sector accountant.

To understand the difficulty faced in trying to look forward one hundred years in 1906, it is necessary to understand the times and the issues faced by not only the public sector accountant but by the citizen of that time. When the Liberal government came to power in 1906 one of the key

issues was women's suffrage and the campaign (by both men and women) to enable women to gain the right to vote.

From that time, how markedly different could it be that in this the centenary year, the Chair of CIPFA Scotland was Sandra Black, Director of Finance & IT at Renfrewshire Council who was successor to Lynn Brown's year as Chair and who herself was succeeded by Lynn Bradley. In this year, in which the President of CIPFA Caroline Gardiner who lives and works in Scotland as the Controller of Audit and Deputy Auditor General, an obvious pattern would seem to emerge. The point however is not to labour the issue of women's rights but to demonstrate that the modern Institute in 2006 can proudly demonstrate that it actively

BRIEFING



and proudly practices equality, something that in 1906 was only an emergent principle.

The beginning of the twentieth century also saw greater calls for recognition of Scotland's position

this is partly from the consequences of Financial Reporting Standard 17 on retirement benefits, a standard which was championed by public sector accountants. This year saw the government unveil plans for a new

government could see a changing political landscape on both fronts in Scotland. Local authorities in particular, with the introduction of single transferable voting (STV) for the first time, could emerge significantly different from the past. When placed against the continuing efficiency and transforming agendas it is evident that the management of change will continue to provide challenges to CIPFA members.

Perhaps after all, when compared with 1906 and considering the changes that have occurred since then, the year 2106 may in fact be no different in that the accountant of the future may have to maintain the principles and professionalism of the past and of the present. Whether you're looking back or looking forward can I wish you a merry Christmas and a prosperous and successful 2007.

Angela Scott
Head of CIPFA in Scotland

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within the United Kingdom, a call which led to specific arrangements at Westminster, A Standing Committee for Scottish Bills. A trail which eventually over a period of approximately one hundred years, led to the Scottish Parliament at the end of the twentieth century.

The topic of pensions was also firmly on the agenda in 1906. The focus then however was the introduction of what was seen then as a much needed 'old age pension'. Again contrasting that with 2006, we find that reform of pensions is firmly on the modern agenda. Interestingly

national pension scheme against the background of public sector accountants continuing to address the reporting consequences of FRS 17.

So what then of the next hundred years? Given the scale of change over the last hundred years, it would be an impossible task to attempt a prediction at what the world may be like for the accountants in 2106.

It is perhaps easier then, to look ahead for only one year and consider what next year may bring to public sector governance and finance in Scotland. Elections for both the Scottish Parliament and for local

TECHNICAL UPDATE

REVIEW OF THE AUDIT OF BEST VALUE AND COMMUNITY PLANNING

The Accounts Commission has published a consultation paper aimed at assessing:

- how well the current audits are working;
- the effectiveness of the best value audit reports;
- the impact on citizens, service users and councils; and
- how the audits should develop in the future.

Half of local authorities in Scotland have now received the audit of Best Value and Community Planning and the commission has concluded that the time is now right to review the process. In addition to public consultation, an independent report will be commissioned and the Commission will meet with key local authority stakeholders.

The consultation paper requires responses by 12 January 2007 and can be accessed at: [Audit Scotland Audit of Best Value](#)

AUDIT SCOTLAND CODE OF PRACTICE

Audit Scotland has issued a revised Code of Audit Practice. The code is intended to replace the version originally released in 2001 and will apply from April 2006. The Code explains how external auditors are expected to carry out their functions under either:

- The Public Finance and Accountability Act 2000; or
- The Local Government in (Scotland) Act 1973

The code focuses upon the wider expectations of auditors in acknowledging that the audit of financial statements are largely covered by professional auditing standards.

Comments on the Code are required by 31 January 2007, a copy of which can be accessed at: [Audit Scotland Code of Audit Practice](#)

LOCAL GOVERNMENT FINANCE REVIEW – THE BURT REPORT

The Local Government Finance Review Committee published its findings on 9th November. The Committee, chaired by Sir Peter Burt, found in favour of a property based taxation system for local government in Scotland. The report entitled 'A Fairer Way', however rejected the current council tax system and has recommended a new local property tax (LPT) based on capital values of domestic properties.

The Committee's view was that a radical alternative was required and that a new LPT should be payable by all householders, whether owners or tenants and by owners of second

homes. The committee calculate that around two-thirds of households would be either better off or no worse with LPT than with council tax. Notably, the committee concluded that regular routine revaluation should be a prerequisite to the introduction of an LPT.

The Committee considered changes to non-domestic taxation but based on evidence received the recommendation is to maintain the status quo.

Income tax was considered by the Committee but was rejected on the grounds of both principle and practice.

The report raised the fundamental

question of the relationship between local and central government and considered that the respective roles of each was a long-standing but still unresolved debate. The committee recognised therefore the difficulty in considering local government finance in isolation from the services that it funds and from the wider basket of UK taxation.

This independent report will now be considered by the Minister for Finance and Public Service Reform.

The report, which refers to CIPFA throughout the text, can be read in full, together with all associated submissions and evidence at [Local Government Finance Review report](#)

TECHNICAL UPDATE

BALANCE SHEET MANAGEMENT IN THE PUBLIC SERVICES

CIPFA has produced a guidance framework to enable a more comprehensive approach to be taken to managing balance sheet assets and liabilities. The consequence of good balance sheet management should be assurance that resources are being utilised effectively in both financial and operation terms.

The guidance entitled Balance Sheet Management in the Public Services – A Framework for Good Practice sets out the reasons why balance sheets have been given inadequate attention. The importance of balance sheet management and the consequences of not addressing this area are also explored.

The framework set out by CIPFA comprises three elements:

1. understanding the balance sheet;
2. a good practice self assessment tool; and
3. a realisation of the benefits

The framework contains a printed guide and an interactive CD-ROM which enables users to conduct their assessment and analysis electronically. It also includes 15 awareness-raising briefing notes for distribution to key individuals throughout the organisation.

The guidance can be obtained from the CIPFA Shop at:

[CIPFA Shop Balance Sheet](#)

STATUTORY PERFORMANCE INDICATORS – 2006 DIRECTION

Audit Scotland has issued the Standards of Performance Direction 2006 under the Local Government Act 1992. The direction gives notice that for 2007/8 there will be seventy performance indicators. This represents one less than than was included in the 2005 direction.

The 2006 direction is issued against the wider background of improvement to performance management frameworks in Scottish local authorities. Projects are presently underway which are intended to develop suitable frameworks and include SOLACE, the Improvement Service, CoSLA and the Scottish Executive Public Services Reform and Efficiency Group.

A copy of the Direction can be accessed at:

[2006 PI Direction](#)

ACCOUNTING FOR THE COMMON GOOD

The Committee has agreed the terms of reference for the proposed project on the provision of accounting guidance for the Common Good in Scotland. The Common good has attracted a high profile. The Local Government & Transport Committee of the Scottish Parliament has recently taken evidence based on three separate public petitions. Evidence given has indicated that there is scope to improve asset management and financial record keeping. This has enhanced the timely nature of the LASAAC project.

The SORP makes only limited reference to the common good

(exclusion from the balance sheet and consideration for inclusion in group accounts). There is otherwise no set guidance for accounting for and reporting of the common good. Local authorities in Scotland, as a matter of custom and practice report the common good in their accounts, although examination of only two local authorities had identified differences in reporting.

The group appointed by the Committee will be chaired by Ian Robbie. Specific local authorities will also be contacted for assistance and information on their common good accounting procedures.

WHOLE OF GOVERNMENT ACCOUNTS (WGA)

The first year of the whole of government accounts process will be the subject of a short review by LASAAC. A group has been formed to consider, in particular, what improvements could be made to the WGA returns. The review group will include representatives from Scott Moncrieff, Audit Scotland and the Scottish Executive. Local authority stakeholders with comments on what improvements could be made to the WGA returns can also take the opportunity to comment. All comments should be emailed to lasaac@cipfa.org by 31 January 2007.

MEMBERSHIP

Two new members were appointed at November meeting of LASAAC. Bruce West, Head of Strategic Finance & IT, Argyll & Bute Council and Muir Wilson, Head of Finance at Clackmannanshire Council. Both members will represent the ACCA.

2007 SORP – INVITATION TO COMMENT (ITC)

Consultation on the 2007 SORP (for financial year 2007/8) commenced in November. The ITC proposes the following key changes:

- New financial instruments accounting standards;
- Revaluation reserve;
- Consolidation of charitable trusts into group accounts; and
- Other accounting standards developments.

Responses to the ITC should be lodged by 14 February 2007. The ITC can be accessed at: [2007 SORP Invitation to Comment](#)

NOVEMBER 2006 MEETING MINUTES

The full minutes and agreed actions from the November 2006 meeting of LASAAC can be obtained at: [LASAAC Minutes](#)

SORP COMPLIANCE BY SCOTTISH LOCAL AUTHORITIES

The Committee at its November meeting heard a report from Audit Scotland on the performance by local authorities in complying with the SORP. This is a key aspect for the committee in considering what modifications, if any may be required where significant areas of non-compliance were identified. In 2005/6, the financial statements of two local authorities were qualified. The areas of qualification were group accounts and capitalisation of revenue grants. A further eighteen local authorities received explanatory paragraphs in their audit certificates of which seventeen related to STO's. Only a few of the STO explanatory paragraphs however were in respect of the impact in 2005/6 from FRS 17.

Amendments to the accounts submitted for audit included upward adjustment to expenditure in the consolidated revenue account.

Equal pay was the subject of a number of amendments. One local authority had made no provision for equal pay and one other local authority had erroneously reported it as an 'extraordinary item'.

Three councils in Scotland did not produce group accounts. Of those that did, eleven councils declared subsidiaries and the majority included police and fire boards as associates within the group. One local authority had not however included the police and fire boards within the group.

There was however varying practice on the treatment of common good accounts within the group.

The issues surrounding SORP compliance will be forwarded to the CIPFA/LASAAC Joint Committee and will become the subject of an annual written report from Audit Scotland.

LOCAL AUTHORITY ACCOUNTING PANEL BULLETIN 67 CAPITAL INTEREST RATES 2007/8

The 2006 SORP removed the requirement for a capital financing charge with effect from 2006/7. For some local authorities, the capital financial charge is a key part of the budget setting process. For those local authorities who wish to continue using the charge, the rates will continue to be published annually. The rates for 2007/8 are will be:

- assets at current value – 3.5%
- assets at historical cost – 4.15%

The Bulletin can be accessed at: [LAAP Bulletin 67](#)

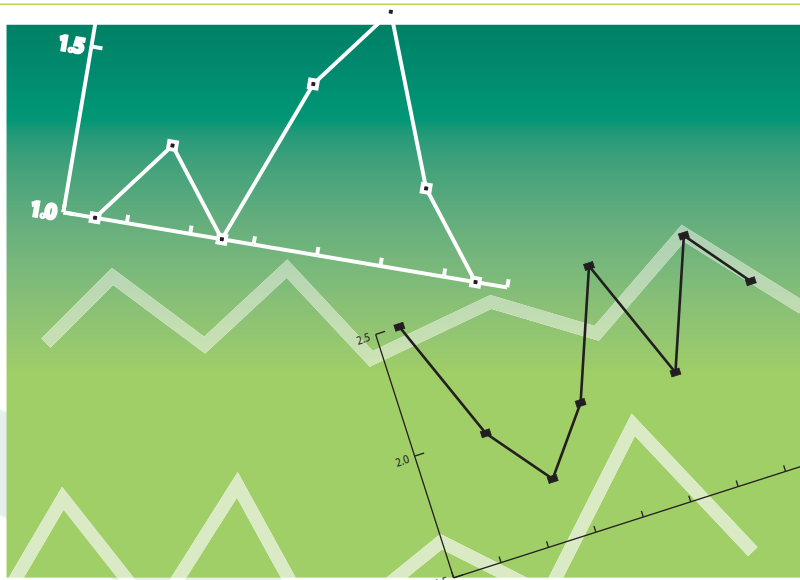
NEW FINANCIAL INSTRUMENTS STANDARDS

Readers of CIPFA Scottish News have been kept informed on the ongoing debate and proposals for the introduction of the new financial instruments standards into the SORP. Now all stakeholders can contribute formally with the publication of the 2007 ITC (see separate article for details of the ITC). The CIPFA/LASAAC Joint Committee formally indicates proposals for the introduction of FRS's 25, 26 and 29.

There has been considerable debate on the impact upon the budget requirements from introduction of the requirements of the FRS's. In particular the debate has focused upon the treatment of debt premiums, which would require to be written off to revenue in 2007/8. The proposals of the Joint committee however are dependent upon the issue of regulations which mitigate the impact upon taxation and housing rents. The Scottish Executive confirmed to LASAAC, at the November 2006 meeting, that approval had now been given to provide a regulatory solution to the effects of existing debt premium.

Further consequences may arise from other financial instruments namely, lender option borrower options (LOBO's) and loans issued by local authorities at lower than the market rate (soft loans). LASAAC, in partnership with the CIPFA Treasury Management Forum, is collecting information on both of these matters from local authorities. The information will be passed on to the Scottish Executive to enable consideration of whether further regulatory intervention may be required.

FINANCIAL REPORTING STANDARDS



AMENDMENT TO FRS 17 RETIREMENT BENEFITS

The Accounting Standards Board (ASB) published an Amendment to Financial Reporting Standard (FRS) 17 'Retirement Benefits' in December 2006. The Amendment will be effective for accounting periods beginning on or after 6 April 2007. The ASB is however encouraging early adoption.

The effect of the amendment will align the current disclosures in FRS 17 with those of the equivalent international standard, (IAS) 19. Initially, the ASB had proposed an effective accounting period date of on or after 31 December 2006. The ASB has however in response to concerns from commentators decided that a longer implementation period to prepare for the amended disclosure

requirements is appropriate.

The amendment also results in a change to paragraph 16 of FRS 17. For quoted securities, the current bid price (rather than the mid-market value) will be taken as fair value. This represents a further alignment with IAS 19. The public sector and SORP preparing bodies will be required to consider this amendment for future implementation.

THE UK APPROACH TO CORPORATE GOVERNANCE

The Financial Reporting Council (FRC) has recently published a booklet which sets out the approach in the UK to corporate governance. The document, aimed at the private sector, does not purport to set a standard but provides a useful summary of the background and approach to corporate governance in the United Kingdom.

The document should be read against the public sector background of The Good Governance Standard for Public Services.

Both documents can be accessed at -

[UK Approach to Corporate Governance](#)

[Good Governance Standard](#)



FINANCIAL REPORTING STANDARDS

PROMOTING AUDIT QUALITY

The FRC has published a discussion paper entitled 'Promoting Audit Quality'. This is the first of a number of Discussion Papers to be published by the FRC discussing the way it addresses its objectives, and inviting stakeholders and commentators to comment on the FRC's approach.

The FRC has a stated objective of both promoting and maintaining confidence in the audit process and the audit report which results from the process. The FRC consider this to be a key component of the corporate reporting and governance regime. The Paper invites comments from stakeholders as to whether, all appropriate steps are being taken to maintain and enhance the quality of audits. Any identified areas where more could be done will be a key focus for the FRC.

Comments on the Discussion Paper are invited by 31 March 2007 a copy of which can be accessed at:

[Promoting Audit Quality](#)



THE INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (IPSAB)

The International Public Sector Accounting Standards Board has recently released two exposure drafts for proposed public sector accounting standards:

- Impairment of Cash Generating Assets – Exposure Draft 30 proposes arrangements for the recognition, measurement and disclosure of the impairment of cash generating assets in the public sector; and
- Employee Benefits – ED 31 proposes requirements for accounting for employee benefits, including short-term benefits, post-retirement benefits, other long-term benefits and termination benefits.

IPSA's are intended to enhance consistent financial reporting by government entities on a global basis. The United Kingdom has not formally adopted IPSA's but developments are kept under review and any significant deviation is monitored.

Comments on both ED's are required by 28 February 2007 and can be accessed at: [IFAC Exposure Drafts](#)

This briefing, provided by Elaine Lawther, provides an overview of the current issues affecting colleagues in the health sector and throughout the NHS Scotland.

EFFICIENT GOVERNMENT

NHS Boards progress towards single system working is now well advanced with almost all Boards having determined the shape and structure of management teams.

This has allowed each Board to tailor their local finance teams to best support operational and strategic aims. To make single systems work effectively, significant effort has been put into financial management service reviews and redesign, with greater standardisation of policies and procedures where required. Work has also been undertaken on consolidating financial information systems to facilitate joint working and improve management information.

Much of this consolidation work reflects the proposals for a move towards greater use of shared services within the NHS in Scotland. This is part of the Efficient Government initiative and covers all of the organisations in NHS Scotland. The scope of the project is to create shared services for the transactional elements of Finance, Procurement and Payroll Services.

Following consultation with all

NHS Scotland Health Boards and with trade unions, agreement was reached on a 'hub and spoke' configuration, designed to establish a new national Shared Support Service organisation close to the users and providers of the service. There will be 2 'hubs', one for Payroll services and one for Finance and Procurement. The 'spokes' will be located in Health Boards and will feed into both hubs. There will continue to be however local finance departments and Directors of Finance in each Health Board, providing financial management and support.

In the same drive for Efficient Government, NHS Scotland is also reflecting on the recommendations of the Review of Public Procurement in Scotland - the McClelland Report. NHS Boards have been completing self-assessment exercises and are developing action plans to bring about improvements in procurement services across the NHS.

THE ARBUTNOT FORMULA

The forward issue most likely to impact on the health sector in the coming months is undoubtedly the conclusions which arise from the review of the Arbutnot Formula. This weighted capitation formula was designed to provide greater resources to areas of greater need and is used to allocate funding for Hospital and Community Health Services and GP Prescribing, which together account for almost 70% of NHS budgets. It was introduced in 1997 and was last reviewed in 2000 although this is the first major review of its use. Any changes to the formula will impact on Board allocations, and therefore the services they can afford to provide to their local communities.

Further information on NHS Scotland can be found at; www.show.scot.nhs.uk/

Housing Associations

SECTOR BRIEFING

The sector briefing on Housing Associations is provided by **Arthur Cockburn**, Finance Manager at Prospect Housing Association.

ACCOUNTING ORDER UPDATE

The consultation draft of the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 has now been issued. The accounting framework for registered social landlords (RSLs) is laid down in legislation and UK accounting standards.

The Housing (Scotland) Act 2001 gives Scottish Ministers the authority to determine accounting requirements for Registered Social Landlords (RSLs) in Scotland. The current Accounting Order for RSLs has been in place since 1999 and it is proposed to replace that order to incorporate a number of changes that have taken place in recent years to primary legislation, accounting standards and to regulatory requirements. This effectively updates the 1999 Accounting Order, and now applies to all RSLs including limited companies.

A revised RSL Statement of Recommended Practice (SORP) will be published in early 2007 that gives updated guidance to RSLs on the interpretation of accounting standards and practice. This proposed Order aims to be consistent with both the current SORP and the 2007 SORP

The consultation period will continue until 23rd January 2007. The draft order and consultation document are available at [Communities Scotland](#)

CONSTRUCTION INDUSTRY SCHEME

HM Revenue and Customs (HMRC) have recently announced 'important changes' to the Construction Industry Scheme (CIS) effective from April 2007. Any organisation with construction spends of £1m or more will be regarded as 'deemed contractors'. Deemed contractors have specific responsibilities in identifying employment and sub-contractor status.

At this present point in time the way the regulations are drafted appear to exempt charities from the Scheme, but this may change before April 2007.

COMMUNITIES SCOTLAND REGULATORY CODE OF GOVERNANCE

CIPFA has responded to the recent consultation by Communities Scotland on a Regulatory Code of Governance. CIPFA noted its overall support for the Code and commended Communities Scotland in adopting the principles set out in the Good Governance Standard for Public Services. CIPFA commented that The Good Governance Standard makes use of examples and this has proved an effective way of illustrating the text and that some illustrative examples from the RSL sector would be helpful.

CIPFA's comments can be read in full at www.cipfa.org.uk/



SHARED OWNERSHIP

Across the last year there have been reports that HM Revenue Customs have been attacking first tranche shared ownership. The central issue is HM Revenue Customs continued interest in whether charitable SO activities are in fact taxable or even charitable. Clear messages have been received by some NHF members that first tranche sales are trading and therefore taxable - and if transacted in any volume may well be non-charitable (with additional tax implications). The NHF had set up a short life working group to consider this. The NHF is now including in its budget submission a proposal to get exemption for shared ownership from Corporation Tax by Charitable Housing Associations. So far this has not appeared to have been an issue in Scotland, but if it is taken as standard policy by HM Revenue Customs, it will become so.

LOCAL GOVERNMENT SECTOR BRIEFING

LOCAL GOVERNMENT FINANCE IN SCOTLAND

How much do local authorities spend? What is the forthcoming significant change to the voting system? and what was the largest piece of local government legislation introduced in Scotland since inception of the Scottish Parliament? These questions are addressed in this article which briefly considers the changing governance and financial landscape of local government in Scotland.

In recent years the background of local authority service delivery, has been changes from legislation combined with the development by the Scottish Executive of a range of other initiatives. The pace of change will not however be abated in the short term. Next year local authorities, will be the subject of a new electoral system. The Local Governance (Scotland) Act 2004 determined that from 2007, local elections will be conducted using the single transferable voting system (STV). One consequence of this will be the introduction of multi member wards. STV is broadly a system of proportional representation, and marks a move away from the traditional 'first past the post' elections in which electors mark preferences against a number of candidates rather than vote for only one.

Under STV, a successful election is dependent upon a quota system. For example, in a 3 member ward, a

successful 1st preference candidate will gain more than 25% of the vote. Surplus votes are then distributed amongst 2nd preference candidates until the appropriate number of candidates for each ward have been elected. Significantly, the financial landscape for elected members also changes in that from 2007 all elected members will receive a basic salary.

This Act followed on from the Local Government in Scotland Act 2003, which was the single largest item of legislation to impact upon local authorities in Scotland since inception of the devolved administration. The Act was consistent with the overall broad modernising agenda in that it provided local authorities with a number of freedoms such as a modernised capital controls system and the repeal of compulsory competitive tendering which had been a feature of local authorities since the early 1980's. These freedoms were however, accompanied by additional

LOCAL GOVERNMENT SECTOR BRIEFING



The new CIPFA Guide to Local Government Finance in Scotland is the only recognised consolidated text which provides a detailed explanation of both the legislative and financial management framework. The new 2007 Guide can now be obtained from CIPFA in Scotland at: [CIPFA's Guide to Local Government Finance 2007](#)

statutory duties and responsibilities the combined impact of which was designed to act as a driver of accountability of local authorities.

Local government in Scotland now collectively incurs revenue expenditure in excess of £10B and capital expenditure of more than £2B. This expenditure is enabled as a result of a complex basket of funding mechanisms which includes local tax collection, fees and charges, grant distribution and borrowing.

Local government in Scotland now collectively incurs revenue expenditure in excess of £10B and capital expenditure of more than £2B.

Scottish Executive financial support is provided from a range of departments within the Scottish Executive. There is therefore no separate local government department or indeed local government budget within the Scottish executive. There have however been recent moves to recognise the need for a separate local government budget within the total budget for public expenditure in Scotland. Add to this the proposals within the recent Scottish Executive discussion document Transforming Public Services, The Next Phase of

Reform. That document signaled a forward aim to link funding with performance reporting by introducing an outcome based approach. It is likely that in future therefore that a change will be required to the basis for future financial relationships between the devolved administration and local government.

The complexities inherent within local government finance in Scotland are evident. These complexities are compounded by recent and future

changes, of which an understanding is crucial, if local government is to be governed, managed and accounted for effectively. The new CIPFA Guide to Local Government Finance in Scotland is the only recognised consolidated text which provides a detailed explanation of both the legislative and financial management framework. The new 2007 Guide can now be obtained from CIPFA in Scotland at:

[CIPFA's Guide to Local Government Finance 2007](#)

MEMBERS NEWS



CIPFA IN SCOTLAND CENTENARY BALL

CIPFA in Scotland nears the end of its centenary year, and the undoubted highlight of the year was the glittering Centenary Ball which took place at the stunning Prestonfield House in Edinburgh on 3rd November. Members of the CIPFA in Scotland Executive Committee were joined by CIPFA members, senior public sector figures and representatives from partner organisations at an enjoyable evening. The main beneficiary from the evening will be the Meningitis Trust as a result of the money raised from table sales.

The guest of honour was Olivia Giles, who represented the Meningitis Trust, and spoke movingly after dinner of the work of the trust and her own personal battle as a result of the disease.

The centenary celebrations of course commenced back in January when every CIPFA member received a centenary calendar. Since then a range of events have taken place. The centenary has been marked formally, informally and social

throughout the year. The events have provided much needed funds for the Meningitis Trust in Scotland throughout the year.

The keynote professional event was the Centenary lecture delivered by Robert Black, Auditor General in the Scottish Parliament. This was conducted in association with PMPA, and was attended by over 80 members. The text from this historic lecture was published and subsequently issued to every member in Scotland.



MEMBERS NEWS



CPD – EMPLOYERS ACCREDITATION

CIPFA operates two employer accreditation schemes, one for students and the second for members. The aims of employer accreditation are to:

- Act as a means of recognising good practice amongst our employers;
- Improve the services CIPFA offers our employers; and
- Establish minimum and best practice standards for the level of support employers offer their CIPFA members and student members.

An increasing number of employers particularly those with Investors in People accreditation, have or are in the process of implementing their own employee development schemes. These schemes are known by different names but are usually based on planning, recording and evaluating development.

Members already participating in a similar scheme operated by employers may find it likely that this will meet CIPFA's CPD requirement and could be approved as such. Once the employer scheme is accredited this removes the requirement to complete two sets of paperwork. The documentation from the employer's scheme

will be counted towards the participation in CIPFA's CPD scheme.

A number of employers in Scotland have joined the accreditation scheme, the most recent being NHS Fife.

Members of course, are still expected to register with the scheme and declare participation in the CPD scheme annually. The benefits of this arrangement however include receiving support from both the employer and from CIPFA as well as freeing up time to devote more time to development. More details on the scheme can be accessed at:

[CIPFA Accreditation Scheme](#)

MEMBERS NEWS



CIPFA DISCIPLINARY CASE STUDIES

For those who successfully gain the CIPFA professional qualification, the consequent full membership is rightly seen as a highly valued career milestone. For some it is the pinnacle of academic achievement while setting the professional foundation for a professional career.

But what happens when CPFA's face ethical dilemmas? And if the wrong choices are made what then are the consequences? In this brief article, the role of the Statement of Professional Practice on Ethics is assessed against the background of past real life case studies and how they have interacted with the Institute's regulation scheme which ensures that members adhere to the SoPP.

THE CASE OF THE INCOMPETENT CHIEF EXECUTIVE

A Chief Executive of a local authority who was a CIPFA member faced allegations which included authorising payment of expenses in connection with attendance at party political events, seeking Council approval of various matters without disclosing all material facts and failing to display the skill and objectivity expected of a CIPFA member in relation to a building redevelopment project.

Following a preliminary hearing, the member chose not to comply with the directions issued by the Disciplinary Committee and accordingly a further hearing was scheduled.

The hearing took place in the member's absence but documentary evidence was provided by the local authority and expert evidence was received from a CIPFA member appointed to conduct an investigation on behalf

of the Institute.

Allegations which included failing to display the skill and objectivity required of a CIPFA member and seeking approvals from Council without reporting all of the material facts were proven.

The Disciplinary Committee determined that principles of integrity, professional competence and due care and objectivity contained in the Standard of Professional Practice on Ethics had been breached. The member was also found guilty of misconduct in that he brought discredit on himself, his employer and the Institute.

This was a case where there was a continuous course of conduct over a period of time and the breaches were serious. The member was expelled from the Institute.

THE CASE OF THE INCOMPETENT ACCOUNTANT

The Chief Executive of a local authority who was a CIPFA member faced various allegations in connection with the management of the Council's Capital Programme. The member also held the statutory duties of the Chief Financial Officer for part of the time under consideration. Allegations including, using unjustified accruals and a failure to manage and control the Capital Programme by not reporting formally on it to the Council were proven.

The Disciplinary Committee determined that the member had breached principles of integrity and

professional competence and due care in the Standard of Professional Practice on Ethics. The member was guilty of conduct bringing discredit to himself, his employer, the Institute and the profession of accountancy. In this case however, the Committee took into account the effect that several inquiries had had on the member's health and other personal mitigation, the member's long service to local government and the fact that there was no evidence of fraud, corruption or intent to deceive. In this instance, the Committee imposed a Severe Reprimand.

From these case studies which are for illustration only, it can be seen that all cases are decided on their own facts. The Committee is not bound to follow the decision of a previous Committee or precedent.

Further details on the SoPP on Ethics and on CIPFA's disciplinary scheme can be seen on the CIPFA website at www.cipfa.org.uk

CAREER

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WOULD YOU BE INTERESTED IN A CAREER WITH CIPFA?

In 2007, CIPFA in Scotland intends to recruit a further member to our expanding team. A Policy & Technical Officer will be appointed who will become a key part of the small but effective Policy & Technical team. The successful candidate will likely have a keen interest in accounting and public sector finance developments and be prepared to represent the Institute on a range of high-profile policy developments. A secondment may be considered.

Recruitment is expected to commence in early 2007 but if you think that you may be interested you can take an early opportunity to discuss your interest informally by contacting Don Peebles, Policy & Technical Manager on 0131 559 3613.

CALLING FUTURE CIPFA MEMBERS - CETC EAST SCOTLAND COURSE DATES FOR JUNE 2007 EXAMS AVAILABLE

The CIPFA Education and Training Centre (CETC) has released the dates for all its added value courses and mock exams for the June 2007 exam diet. This includes the dates for day/block release courses, revision courses, and mock exams for all CETC's locations.

CETC East Scotland is offering Certificate, Diploma and Final Test of Professional Competence level courses at its teaching premises in Edinburgh with courses commencing from February. Level 2 courses are also available for the Diploma in Public Audit qualification.

If you are a CIPFA member or employer and you wish to gain more information, the Course Dates brochure is available for downloading on the CETC website: www.cetc.org.uk or by request to enquiries@cetc.org.uk. For more information on CETC East Scotland contact Karen Veitch on 0131 5593605

CAREER MOVES

CIPFA members have again been prominent in recent senior public sector appointments.

Audit Scotland have appointed Gavin Stevenson as Director of Health and Central Government. Gavin who is currently Director of Local Government is succeeded in that post by Lynn Bradley who is presently Director of Health.