

>>> Scottish News

May 2004



Class of 2004

CIPFA IN SCOTLAND

CIPFA in Scotland

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Disclaimer

The views expressed by the external contributors in this publication are that of the authors and are not necessarily the views of CIPFA.

>>> CLASS OF 2004



CIPFA President, Hilary Daniels formally welcomed new members to CIPFA in Scotland. The full list of graduating members, the class of 2004 is given here:

Sandie Mae Brown
Marianne Burgoyne
Amanda Campbell
Michael Cerdan
Una Stuart Coleman
Michael Cunningham
Deborah Farrell
Sara Lynn Kelly
Brendan Kelly

John Kilpatrick
Helen Alice Linton
Amanda Little
Anne Macleod
Jennifer Anne McLaren

Edinburgh College of Art
Glasgow City Council
Falkirk Council
Audit Scotland
North Lanarkshire Council
Forward Scotland
East Renfrewshire Council
Dumfries & Galloway Constabulary
Scottish National Blood
Transfusion Service
South Lanarkshire Council
City of Edinburgh Council
Strathclyde Police
Scott Moncrieff
Scottish Funding Council Further &
Higher Education

Ian McLean
Joanne McWilliams
Claire Mitchell
Colin Morrison
Stewart Muir
Caroline Myles
Lianne Smythe
Paul Thomson
Jocelyn Lyall
Lucy McFarlane
Kelly Morrice
Marie Moy
Anne Michelle Norrie
Duncan Stainbank

East Renfrewshire Council
PricewaterhouseCoopers
South Lanarkshire Council
Audit Scotland
South Ayrshire Council
Scott moncrieff
North Lanarkshire Council
Dundee City Council
Fife Health Board No
PWC
University of Aberdeen
South Lanarkshire Council
KPMG
Henderson Loggie



NEW CIPFA IN SCOTLAND EXECUTIVE COMMITTEE OFFICE BEARERS

The CIPFA in Scotland AGM was held on Friday 22 May 2004 in Glasgow City Chambers. At this meeting, members approved the new office bearers for 2004/5 as follows:

CHAIR

SENIOR VICE CHAIR

JUNIOR VICE CHAIR

PAST CHAIR

HON TREASURER

HON SECRETARY

REPRESENTATIVE TO SERVE ON INSTITUTE COUNCIL

HONORARY AUDITOR

LYNN BROWN, GLASGOW CITY COUNCIL

SANDRA BLACK, RENFREWSHIRE COUNCIL

LYNN BRADLEY, WEST DUMBARTONSHIRE COUNCIL

DAVID CLARK, NHS TAYSIDE

KAREN MITCHELL, EAST DUNBARTONSHIRE COUNCIL

DEREK YULE, ABERDEENSHIRE COUNCIL

JOHN MATHESON, NHS Lothian

MICHAEL BOYLE, STIRLING COUNCIL



IAN DOIG AWARD

The winner of the Inaugural Ian Doig Award, a new annual prize for innovation, leadership and support to CIPFA, was Carolyn Williamson, Director of Corporate Services at Inverclyde Council. She was accompanied by the Council's Chief Executive Robert Cleary. She is pictured here with her award, Hilary Daniels, President of CIPFA, Robert Cleary and Lynn Brown the newly elected Chair of CIPFA in Scotland.

>>> Prizewinners AGM 2004



CIPFA President, Hilary Daniels with Prizewinners Amanda Campbell, Ian McLean and John Kilpatrick and Lynn Brown, Chair of CIPFA in Scotland

The prizes for Scottish students of CIPFA were won by students from Glasgow Caledonian University.

The D R Bishop Prize is awarded each year to the top scoring Scottish student overall and was won by John Kilpatrick of South Lanarkshire Council. Although John was suitably reticent and modest about his achievement, Archie Strang, SLC Director of Finance said: "John is a great example to young people of what can be achieved by grasping an opportunity. John joined us in south Lanarkshire straight from school and through his determination and ability now has a professional career before him. The Council is very pleased to be associated with his achievement."

Ian McLean of East Renfrewshire council won the Archie Gillespie Memorial Prize for the best student from local government. Ian's Director of Finance, David Dippie, was

equally pleased: "Ian fully deserves this recognition for his hard work and commitment throughout the course. The award together with his CIPFA professional qualification is an excellent springboard for his future career. East Renfrewshire Council is delighted with Ian's success."

The third successful student was Amanda Campbell of Falkirk Council (formerly from KPMG) who won the Audit Scotland Prize for the top scoring Scottish student employed in public audit. Amanda said: "I was very pleasantly surprised to win the Audit Scotland Prize. I think it was mainly due to the support received both in the university and the council where my project was based."

The students received their prizes from the CIPFA President at a ceremony in the City Chambers, Glasgow on Friday 21 May 2004.

>>> CONTINUING PROFESSIONAL DEVELOPMENT

In January 2005 the first phase of mandatory participation in the CPD scheme will be implemented. CIPFA is keen to encourage members to participate in the scheme and recognises that there are many similarities between staff development schemes operated by employers and its CPD scheme.

Where similarities do exist CIPFA is able to accredit participation in the employer scheme as meeting the requirements of CIPFA's CPD scheme.

If an employer scheme is accredited, providing the member is registered with CIPFA's scheme and annually confirms participation, members will not be required to complete two sets of paperwork. If a member is asked to share evidence of their CPD the paperwork from the employer scheme will be accepted in place of CIPFA's scheme paperwork.

Members will benefit from having more time to devote to their development, as well as support and recognition from both their employer and CIPFA.

Employers that wish to have their scheme accredited for CPD purposes will need to demonstrate that their internal scheme will:

LEVEL 1

- > Record the development activities that have been undertaken
- > Verify that development has been undertaken

LEVEL 2

- > Plan development to be completed
- > Record the development that has been undertaken
- > Evaluate the development and consider the positive and negative aspects of the development
- > Verify that the development has been undertaken.

If you would like your employer scheme to be accredited please send a copy of the scheme to the CPD Section for assessment. For further information about the CPD scheme and to see which employer schemes have already been accredited please visit www.cipfa.org.uk/cpd

One such scheme that has been accredited as meeting the Level 2 requirements of CIPFA's CPD scheme is the Performance Development Scheme operated by Audit Scotland.

Caroline Gardner, Controller of Audit, welcomes this initiative:

"The accreditation of employer schemes for CPD purposes is very effective in recognising an employer's commitment to its staff development whilst the individual benefits from its employer scheme and CIPFA's scheme without having to complete two sets of paperwork. I am very pleased that Audit Scotland's Performance Development Scheme has been accredited at Level 2, I would recommend this approach to other organisations".

For more information about the CPD Scheme please contact Carla Rockson on 020 7543 5706 or email carla.rockson@cipfa.org or visit the website at www.cipfa.org.uk/cpd.

Did you know?

- > You can register now rather than wait until participation is mandatory
- > You can register to participate in the CPD scheme online via the secure membership area at www.cipfa.org.uk/members
- > That if you're already participating it is no longer necessary to send in your CPD documents. Instead, confirm your participation annually and maintain the documents locally.
- > You can confirm your participation online via the secure membership area at www.cipfa.org.uk/members
- > You can download the CPD Plan and Records at www.cipfa.org.uk/cpd
- > You can organise a CPD presentation at your workplace by contacting Eileen Cummins, CPD Manager on 020 7543 5668 or eileen.cummins@cipfa.org
- > Your employer-based scheme can be accredited for CPD purposes. Please email a copy to eileen.cummins@cipfa.org



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LASAAC ANNUAL REPORT

LASAAC launched the Annual Report for 2003/4 at the Committee's May meeting. The report which is the first ever annual report from LASAAC, was issued to all local authorities and stakeholders. Further copies can be obtained by contacting LASAAC at lasaac@cipfa.org or by telephoning 0131 718 2713. Alternatively, a copy can be downloaded from the LASAAC website at <http://www.cipfa.org/lasaac>

MEMBERSHIP

Carolyn Williamson, Director of Corporate Services at Inverclyde Council is the new Chair of LASAAC and succeeded Nick Bennett at the May meeting. Nick becomes designated "Past Chair" and will remain on the Committee. Grant Macrae, Director KPMG is the new Vice Chair.

Before the commencement of formal business, the Chair delivered opening remarks commenting that the LASAAC objectives in the constitution cover proper accounting practice and development of the SOR but the specific objective on "continuously striving to improve the importance of local authority accounts as a source of valuable information" was of particular personal interest and set out three specific areas as the focus for her period as Chair:

- to continue to work to ensure that local authority accounts are recognised as both important and valuable;
- seek to engage differently with interested stakeholders like chief accountants and directors of finance and by urging participation in debate and convincing them that their views are valued when they do participate; and

- build on the practical approach of the previous Chair to guidance and continue to provide assistance and support to practitioners so that the work of LASAAC itself is recognised as important and valuable. This work should be informed by practitioners and from increased engagement.

Ian Arnott has resigned from the Committee to take up a new appointment at Fife Council. Ian made a significant and practical contribution to LASAAC.

FRS 17

LASAAC issued interim guidance on the accounts entries for FRS 17 in the HRA for financial year 2003/4. The guidance entitled FRS 17 Retirement Benefits: HRA Accounting Entries was distributed to all local authorities in early April and can be downloaded from the LASAAC website at <http://www.cipfa.org/scotland/lasaac/developments.cfm>

GROUP ACCOUNTS

The 2004 SORP is in the process of finalisation. The major change as described in previous editions of Scottish News is the enhanced requirements for the preparation of group accounts by local authorities. The requirements can be summarised as:

- 2004/5 - introduction of group accounts with transitional arrangements; and
- 2005/6 - full implementation with required comparative figures.

The transitional arrangements will enable local authorities to compile group accounts outwith the statutory final accounts closure timetable.

LASAAC expect to provide practical assistance to local authority practitioners by identifying the key short term milestones for local authorities to enable a structured approach to be undertaken.

ACCOUNTING FOR RESERVES IN SCOTTISH LOCAL AUTHORITIES

LASAAC has previously debated the legal uncertainty surrounding certain reserves held by local authorities and that guidance should be prepared to clarify the legislative basis for reserves and to identify permitted types of reserves. The Committee will now assess the draft paper in the light of the Accounts Commission Overview Report for 2003/4. That report commented upon the level of reserves held by local authorities and has heightened the profile of reserves both locally and nationally.

ACCOUNTING FOR INSURANCE

At the May meeting the Committee discussed the present arrangements for accounting for insurance. It was noted that the 2003/4 SORP Practitioners Guidance Notes imply a significant change in the accounting arrangements. Notably however there has been no change to legislation or to the SORP. The core guidance in Scotland continues to be LASAAC guidance which issued in 1995 entitled Local Authority Funds for Insured and Self Insured Risks - Best Practice Guidance. The Committee has agreed to review the arrangements for accounting for insurance. A working group will be set up which includes a range of stakeholders. In the meantime local authorities have been advised that should continue to account consistently with previous years and to continue to have regard to the guidance issued by



>>> policy and technical update

LASAAC in 1995 entitled Local Authority Funds for Insured and Self Insured Risks - Best Practice Guidance.

Copies of the guidance are available from LASAAC at lasaac@cipfa.org or by telephoning 0131 718 2713.

LOCAL AUTHORITY ACCOUNTS (SCOTLAND) REGULATIONS 1985

The Scottish Executive propose to amend the Regulations which govern accounting control, public inspection of accounts and the audit of accounts. The Group formed by the Executive to take this matter forward has met. One potential implication from the modernisation of the Regulations may be that the present arrangement which requires that the Controller of Audit approves the advertising of accounts by local authorities could be abolished.

LASAAC will continue to contribute to the process and will also respond formally to the Scottish Executive when the draft Regulations are produced for consultation.

IMPROVEMENT TO PUBLISHED ACCOUNTS

Scottish News has previously reported on the LASAAC/Inverclyde Council project to examine improvements to published accounts. The summarised accounts which were the key output from the project were published in December and has attracted formal recognition. The project has been nominated as a finalist in the 2004 CIPFA Public Reporting and Accountability Awards, the winner of which will be decided at a ceremony prior to the CIPFA annual conference in Brighton.

A recent LASAAC/Inverclyde Council presentation to the Scottish Executive and other stakeholders on the scope and the results of the study was well received. The Scottish Executive is actively considering how the summarised accounts should inform both the public performance reporting agenda and the amendment to the 1985 Regulations.

The summarised accounts incorporated core financial information approved by LASAAC and the Committee decided at the last meeting to roll this initiative out to all local authorities. The core information requirements will shortly be issued to local authorities.

A copy of the summarised accounts is available from the LASAAC website at <http://www.cipfa.org/scotland/lasaac/developments.cfm>

ROAD USER CHARGING

The Scottish Executive is expected to begin consultation at an early stage on road user charging regulations. Transparency of income and expenditure on specific projects will be a likely requirement. Reliance be placed on proper accounting practice although a point of debate will be the inclusion, or otherwise, in the SORP of any potential statement.

Issues for consideration will be a disclosure note to the statement of accounts, or alternatively, a separate statement. The Committee have set up a working group to take forward the issues.

WHOLE OF GOVERNMENT ACCOUNTS

A representative from HM Treasury, Mr

Kieran Rix, addressed the May meeting of the Committee to provide an update on progress towards the compilation of accounts for government in the United Kingdom– the whole of government accounts (WGA).

The present timetable will require accounts as follows:

2004/5 – dry run WGA
2005/6 - dry run WGA
2006/7 – published WGA

There will be practical implications for the collection of statistical information and the Scottish Executive is presently examining the LFR process.

A particular issue of valuation of infrastructure was highlighted. At present local authority valuation of highways differs from that of central government.

The HMT position on notional interest was stated which was that while HM Treasury recognise that there may be issues of both costing and pricing, there was no particular requirement for notional interest. This was welcomed by the Committee.

The Whole of Government Accounts was recognised as a matter which will require greater resource input from the Committee. Further information on WGA can be obtained from the dedicated website at www.wga.gov.uk. The CIPFA website also now includes a webpage dedicated to WGA, at www.cipfa.org/pt/wga.cfm

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LOCAL AUTHORITY ACCOUNTING PANEL

The SORP Practitioners Guidance Notes for 2003/4 were released in April. The revised guidance incorporates guidance on capital accounting and has been redesigned in a modular format. Copies of the Notes can be obtained at

<http://secure.cipfa.org.uk/cgi-bin/CIPFA.storefront/40a207a800653a1a273fc39d6199068a/Catalog/1004>

BVACOP

Proposed changes to BVACOP for 2004/5 are now the subject of consultation. The specific areas relevant to Scotland are the revised status of group accounts and treatment of grants. Specifically on group accounts, the interim position subject to further detailed consultation is while authorities are required to adhere to the SORP, BVACOP will apply to single entity accounts and not to group accounts.

There are also other minor consequential changes in section 2, intended to improve clarity and to ensure consistency with the 2004 SORP. Consultees are also invited to comment on any of these if they wish.

Comments on the proposed changes are required by 11 June 2004 and can be downloaded at <http://www.cipfa.org.uk/pt/bestvalue.cfm>

CORPORATE GOVERNANCE

CIPFA has entered into partnership with the Office of Public Management to develop a public service wide corporate governance code. An Independent Commission on Good Governance in Public Services has been established which comprises representation from the public, voluntary and private sectors. The Commission will be chaired by Sir Alan Langlands, Principal and Vice Chancellor, University of Dundee.

The work will be informed by views from across the United Kingdom and consequently, a series of meetings will shortly be held in Scotland with the

assistance of the Scottish Executive which will identify the distinct features of public service governance arrangements in Scotland.

The commission has established a website at www.opm.co.uk/ICGGPS/index.htm

VALUATION OF ASSETS FOR FINANCIAL STATEMENTS

CIPFA has responded to the IVSC Position statement on the valuation of assets. CIPFA considered the proposal to value specialised properties at continuing use (CUV) and identified that there are numerous instances of specialised properties within the public sector. CIPFA considered however that in many cases, their specialised nature derives mainly or entirely from their location such as a school. Service delivery is closely linked to a particular location.

CIPFA considered that while there might be a market for such assets, valuation on this basis would be of little value to users of the financial statements. CIPFA welcomed the scope now provided by the Position Statement for CUV to be determined for specialised properties by using an income or replacement cost approach, where market comparisons cannot reliably be made.

In considering the proposed additional reporting requirements CIPFA considered that in specific instances there may be limitations as to the disclosures on CUV if this results in additional costs for preparers of Financial Statements.

A full copy of CIPFA's response can be downloaded at http://www.cipfa.org.uk/pt/pt_details_r.cfm?news_id=19828

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JOINT RESOURCING GROUP

The Joint Resourcing Group (formerly the Joint Resourcing and Advisory Network Group) has been reconvened and met in Edinburgh in April. Membership of the Group has been extended and at the meeting an update on the joint futures agenda was given by the Scottish Executive. The update identified that the current thrust is to reinvigorate the JF agenda to move from consideration of structures and processes to better outcomes. There will be 4 national outcomes, local targets will be drawn up and measured, all as part of the theme of continuous improvement.

The first order of business was to consider the successes and failures to date of joint resourcing and to identify the draft workplan for the Group. Scottish News will provide regular updates on the work of the Group.

FINANCE DIRECTOR OF THE YEAR

John Matheson, Director of Finance for NHS Lothian was named as the Financial Director of the year for Public/Not Profit organisations at the annual Finance Director of the Year awards. John was presented with this prestigious award at a ceremony on Friday 27th February, attended by over 400 people from across the financial sector in Scotland. This is the third successive year that this award has been won by a prominent member of CIPFA in Scotland. Previous winners were George Black of Glasgow City Council in 2003 and Donald McGougan of City of Edinburgh Council in 2002.

CIPFA PEOPLE ON THE MOVE



CAROLINE GARDNER IS THE NEW CONTROLLER OF AUDIT

Scotland's Deputy Auditor General, Caroline Gardner has been appointed Controller of Audit by the Accounts Commission with the approval of Scottish Ministers. Caroline joined the Accounts Commission for Scotland in 1995 as Director of Health and Social Work Studies. Immediately before this she was senior manager at the Audit Commission. She was appointed Deputy Auditor General for Scotland in 2000. Caroline, who was Chair of CIPFA in Scotland in 2001/2002, takes on an expanded role which will include reporting to the commission on the Best Value audits.

CAROLINE WHITESIDE JOINS GLASGOW HOUSING ASSOCIATION

Caroline Whiteside has recently joined Glasgow Housing Association (GHA), the largest Housing Association in the UK, with 80,000 homes. She will head up the Financial Planning function with specific responsibility for business planning, financial modelling and financial appraisal. She was previously a Senior Consultant in HACAS Chapman Hendy's Glasgow office.



Accounting Standards Board

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OPERATING AND FINANCIAL REVIEW

The Accounting Standards Board (ASB) has announced details of the intention to develop the first standards for an Operating and Financial Review (OFR).

The Government has previously announced that it intends to specify the ASB in legislation as the body to make the standards for a mandatory OFR. A consultation document entitled 'Draft Regulations on the Operating and Financial Review and Directors' Report', includes a proposal that quoted companies should have to prepare a statutory OFR for the first time for financial years beginning on or after 1 January 2005.

The Board has established an Advisory Committee on the OFR and the ASB hopes to issue an exposure draft of the first OFR standard later in 2004 with expected finalisation in 2005.

CONVERGENCE OF UK AND INTERNATIONAL ACCOUNTING STANDARDS

The ASB has set out plans for the future of accounting standards in the UK against the background of the move to the mandatory use of International Financial Reporting Standards ('IFRS') for the consolidated accounts of listed companies in the EU.

The Discussion Paper 'UK Accounting Standards: A Strategy for Convergence with IFRS' coincides with a Government Consultation Document 'Modernisation of Accounting Directives/IAS Infrastructure'. The effect of the Government's proposals is that many companies will have the choice of using either UK accounting standards or IFRS.

The paper takes as its starting point that there is no case, in the medium term, for the use of two sets of different accounting standards in the UK. Consequently, UK accounting standards should be brought into line with IFRS. The ASB plans to do this whilst minimising the burden of change on those bodies that choose to report under UK accounting standards.

A phased approach is proposed including:

- new standards effective in 2005 and 2006 to enhance existing UK financial reporting requirements, maintain their position as highly regarded internationally and adapt to changes in the law; and thereafter
- change on an incremental basis replacing one or more existing UK accounting standards with standards based on IFRS as prospective IASB projects are completed.

A stated objective of the ASB is to avoid requiring two changes of accounting policy in respect of the same issue within a short period and proposes the retention of a number of UK standards where the corresponding IFRS may change following completion of current IASB projects.

The Paper sets out ASB's current intentions for new standards expected to become effective for accounting periods starting in 2005 and 2006, which are:

Share options: FRS 20, based on IFRS 2 'Share-based Payment', requiring an expense measured at fair value to be recognised in the profit and loss account for all sharebased payment transactions. This will be mandatory for listed companies in 2005 and for unlisted companies in 2006;

Financial instruments: From 2005, standards based on IAS 32 'Financial Instruments: Disclosure and Presentation' and, for listed companies (and on a voluntary basis for other companies), much of IAS 39 'Financial Instruments: Recognition and Measurement';

Retirement benefits: FRS 17 will replace SSAP 24 in 2005 so that, consistent with IASB proposals for IAS 19 'Employee Benefits', actuarial gains and losses are fully recognised in the statement of total recognised gains and losses in the period in which they arise;

Post balance sheet events: a standard based on IAS 10 'Events after the Balance Sheet Date', replacing SSAP 17 from 2005;

Earnings per share: a UK standard (applicable to listed companies only) based on IAS 33 'Earnings per share' and replacing FRS 14 from 2005; and

Related party disclosures: a standard based on IAS 24 'Related Party Disclosures', replacing FRS 8 from 2006.

The Paper also considers the implications of the move to IFRS for the Financial Reporting Standard for Smaller Entities (FRSSE) and Statements of Recommended Practice ('SORPs'). The ASB anticipate that it will continue to support the development of SORP's.

Further information on FRS's, IFRS's and the work of the [International Accounting Standards Board can be found at http://www.iasb.org/index.asp](http://www.iasb.org/index.asp)

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AUDIT COMMITTEE PRINCIPLES IN LOCAL AUTHORITIES IN SCOTLAND – A GUIDANCE NOTE

CIPFA in Scotland in partnership with the CIPFA Directors of Finance Section, will shortly publish guidance on audit committee principles entitled Audit Committee Principles in Local Authorities – A Guidance Note.

The guidance which contains a ministerial foreword from Andy Kerr, Minister for Finance and Public Services sets out a series of Audit Committee Principles.

The guidance then assesses how the principles can be delivered in practice and the roles and responsibilities of the key stakeholders. An audit committee remit is included along with an Audit Committee Principles Matrix.

The profile of audit committees was recently raised with the inclusion of commentary by the Controller of Audit and Accounts Commission in the Overview of the 2002/3 Local Authority Audits Report, a summary of which is included below.

The guidance will on publication be distributed to all local authorities and stakeholders in Scotland.

OVERVIEW OF THE 2002/3 LOCAL AUTHORITY AUDITS

Audit Scotland has published the report which summarises the findings of the Controller of Audit and Accounts Commission for 2002/3. The report noted the continued improvement in financial controls and noted that there are no qualifications to the accounts of local authorities, the first time since reorganisation in 1996 that this has been achieved. The report however identified the following concerns:

audit committees, which have been fully established by only a third of local authorities;

budgetary control and financial monitoring; and

reserves and balances.

The report noted that while all councils have either established audit committees or are developing arrangements within their structures, only one third are well established. Auditors also identified the need for more training and support for those involved in managing budgets. The level of reserves of £0.8B was noted against a backdrop of annual expenditure of £9B.

Copies of the report can be downloaded at www.audit-scotland.gov.uk

ADOPTION OF INTERNATIONAL STANDARDS OF AUDITING ('ISAS')

The Auditing Practices Board (APB) is proposing to adopt the International Standards of Auditing ('ISAs') issued by the International Auditing and Assurance Standards Board (IAASB). The APB will also ensure that the quality of the auditing standards that apply in the United Kingdom and Republic of Ireland will be maintained and believes that UK auditing standards need to be reviewed in the context of recent financial reporting irregularities in the US and in Continental Europe to ensure that they are as effective as possible in addressing fraudulent financial reporting and aggressive earnings management.

The APB considered that it would be more effective to contribute to the international effort, through the IAASB, and thereby demonstrate the commitment to the worldwide harmonisation of auditing standards. The IAASB has introduced new standards in the critical areas of audit risk, fraud, and quality control. The APB consider that the new ISAs represent a significant strengthening of the auditing standards currently in use and must either adopt these ISAs or update its own Statements of Auditing Standards (SASs).

The APB also intend that the new ISAs relating to audit risk, fraud, and quality control should apply in the UK and Ireland for audits of accounting periods commencing on or after 15 December 2004. When this announcement was made, the APB acknowledged that this approach - particularly the adoption of the audit risk standards - would mean that significant consequential changes would need to be made to existing SASs. It announced that it was exploring the option of undertaking this work as part of a general move towards the adoption of all ISAs.

The APB has reviewed all SASs to identify instances where they contain higher standards than those contained in ISAs. It has also identified guidance in SASs that was developed after the equivalent ISA was. Consequently, the APB concluded that it is necessary to incorporate some material from existing SASs into the ISAs to avoid a reduction in the quality of UK and Irish standards.

The APB intends therefore to issue exposure drafts of 29 new standards in June 2004. The APB believes that the adoption of the other ISAs will not involve many changes of substance to existing standards or to the work currently undertaken by auditors.

Copies of all the ISAs issued by the IAASB can be downloaded from the IAASB's web site (www.ifac.org/IAASB)



SOCIAL HOUSING

>>> policy and technical update

WITHDRAWAL OF SECTION 54 GRANTS

The Minister for Communities, Margaret Curran, confirmed recently that the introduction of a viability test for grant claims would be postponed until later this year. This therefore means that claims relating to tax incurred in 2003/04 will not be subject to a viability test.

CO-OPERATIVES AND COMMUNITY BENEFIT SOCIETIES ACT 2003

Associations are reminded of the fact that Section 2 and 3 of the above Act came into force on 1 April 2004. From that date, it is a criminal offence for charitable Housing Associations not to declare their charitable status on all business documentation. A SFHA Information Note on the above Act has been sent to all members and is available in the members only pages of the SFHA: www.sfha.co.uk.

ANNUAL PERFORMANCE STATISTICAL RETURN (APSR)

Associations will have received correspondence from Communities Scotland concerning the return date for the APSR of 1 June 2004. The new version of the mainstream form is available on the Communities Scotland website along with Notes of Completion of the actual form itself.

SORP UPDATE

The SORP was planned for a re-write this year as a result of the expected issue of a number of new UK financial reporting standards. As a result of the publication delays, it is now possible that an update, rather than a re-write, will be issued.

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2003-04 ANNUAL ACCOUNTS MANUALS

The Scottish Executive Health Department issued draft annual accounts manuals and template financial statements in March followed by final versions in early May. NHS Trusts which dissolved mid-year will be required to prepare final accounts from 1 April 2003 until the dissolution date while the host NHS Board will be required to apply merger accounting and hence account for the trust(s) from 1 April 2003. Full details are provided in the Unified NHS Boards Manual.

The only significant changes arising in the final version of the manual relate to the revised pension disclosure and the accrual of RRL creditors by unified boards. These have been approved by the Technical Accounting Group for NHSScotland. The proposal to amend guidance to allow netting revaluation increases and decreases will not be made.

With regard to the 2003-04 accounts, the Valuation Office Agency (VOA) is carrying out a 5 year revaluation of the NHS Estate. The service was originally expected to agree balances with the VOA by 29 April but this has now been extended to 24 May. It should be noted that as of 2004-05, the appointed valuer will provide a valuation for 20% of the NHS estate and from this exercise will provide balances for the remaining NHS estate at the balance sheet date.

The final version of the Capital Accounting Manual was also issued in March and is available on SHOW.

STRATEGIC FINANCIAL PLANS

The final strategic financial planning templates were issued in February for completion by the end of June. The only significant change to the templates from last year has been the inclusion of elements relating to the Performance Monitoring Template, particularly HCH activity data. The SEHD intend to undertake a fundamental review of the Performance Monitoring Template in the near future. This will include links to both the financial planning process and the cost book.

REVISED MONITORING TEMPLATES

Following the dissolution of NHS Trusts from 1 April 2004, the SEHD have been reviewing the monitoring returns for NHS Boards. The revised monitoring return for 2004-05 will be for Unified NHS Boards and Special Health Boards only, and no separate returns will be required for the former Trusts or subsequent Operating Units/Divisions. A draft version of the revised monitoring returns have been circulated to a selection of colleagues to review the content and format of the forms. The final forms will be issued to the service in early June with the first monitoring return for 2004-05 being required for the 3 months to June 2004.

HEALTH UPDATE

>>> policy and technical update

MENTAL HEALTH

JOINT IMPLEMENTATION PLANS

The final report of the review of mental health services, known as the 'national mental health services assessment', which has been undertaken to assist the implementation of the Mental Health (Care and Treatment) (Scotland) Act 2003, was issued on 1 March 2004. The report highlights key areas where NHS Boards, local authorities and partner agencies need to target service planning and development to implement the provisions of the act from April 2005. NHS Boards and their local partners were required to submit joint local implementation plans to the SEHD by 31 March 2004.

The joint local implementation plans (JLIPs) should set out how NHS Boards and local authorities with other partners intend jointly to ensure that services will be ready to meet the requirements of the new Act by April 2005. The process and outcome should reflect and build upon joint management, joint resourcing and joint delivery approaches and follow the principles set out under the Joint Future initiative.

2004-05 ALLOCATIONS

NHS Boards have been advised of their 2004-05 Revenue Resource Allocations. NHS Boards received a minimum increase of 6.75% in their unified budget allocations for 2004-05, with an average increase of 7.25%.

The Primary Medical Services (Scotland) Act 2004 places NHS Boards under a new duty to provide or secure the provision of primary medical services. Boards have been advised of their Primary Medical Services Allocations for 2004-05. This allocation means that the previous GMS non-discretionary arrangements will cease.

NEW HDLS

HDL (2004) 23 Fraud: Tackling NHS Fraud, issued on 29 April, confirms the arrangements to support the extended role of the NHSScotland Counter Fraud Services (CFS) and outlines the methods by which financial recoveries arising from the activities of CFS will be applied. The Executive has revised its policy in respect of recovery retention arrangements arising from the activities of the CFS such that there will be a 100% redistribution to NHSScotland after the deduction of any debt recovery costs incurred at the centre.

HDL (2004) 19 Guidance on hospital car park charging was issued on 1st April 2004 and provides revised guidance to be used in determining in future whether or not to charge for and, if charging, the principles to be adhered to in determining the level of charges to be set. The letter stresses that the introduction of car park charging, or the revision of existing car parking arrangements, is a matter for local determination by NHS Boards and that in all cases, charges should reflect a reasonable balance between the perceived needs of staff, patients and visitors, the cost of car parking generally in the area, and the costs of maintaining car parking facilities.

HDL (2004) 16 Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) – Residuals Pool Interest, issued on 31 March, recognises the final move to single NHS system working from 1 April 2004 and provides an update on the financial thresholds above which NHS Boards can seek assistance towards CNORIS settlements from the residual pool.

>>> Education and Training

TOM SOWERBY AWARD 2004 WINNER ANNOUNCED

CIPFA is pleased to announce that Dave Sexton has won the Tom Sowerby Award 2004. This award is given for outstanding service to CIPFA students, and Dave is certainly a deserving winner, having spent years as a CIPFA lecturer and committee volunteer. His recent achievements include chairing the Association of CIPFA Lecturers (ACIPFAL) and helping to set up the National Student Forum.

The Tom Sowerby Award trophy will be presented to Dave Sexton on 16 June, during CIPFA's Career Conference, which is part of the Institute's 2004 Annual Conference in Brighton. The ceremony will take place at 12.15pm, and all conference delegates are welcome to attend.

INTERNATIONAL STUDENTS WELCOMED

CIPFA now has 40 students registered from Ghana. They are studying at the Institute of Accountancy Training in Accra and will take their first set of examinations in June 2004. For any enquiries about CIPFA training outside the UK, please contact Ray Foley on 020 7543 5698 or email ray.foley@cipfa.org.

NEW CETC PRIZE HONOURS MEMORY OF SENIOR CIPFA MEMBER

CIPFA student Simon Perks has been awarded the John Sandbach Memorial Prize for his excellent examination results in the CIPFA Professional Accountancy Qualification (PAQ). The new prize has been established by the Governing Body of the CIPFA Education & Training Centre (CETC) to honour the memory of its former Chairman, John Sandbach, who died in 2003.

The John Sandbach Memorial Prize recognises the CETC student with the highest grades at the PAQ's Diploma level (formerly known as Professional 2 level). Simon Perks, the first ever winner, was delighted with the award of a trophy and a cheque: "I was happy just to pass these exams", he said, "so winning a prize was a shock and an amazing bonus".

Gary Gilbert, Head of the CIPFA Education & Training Centre, said: "Simon is an excellent student and a deserving winner of the John Sandbach Memorial Prize. We believe John would have been proud to have his name attached to an award like this, so it's a fitting way to keep his memory alive."

CETC EAST SCOTLAND - UPDATE

A full range of CIPFA's Professional Accountancy Qualification courses have now been scheduled at CETC East Scotland; details of these can be found on the CETC website at www.cetc.org.uk. The modules being offered are: Certificate Financial Reporting/Financial Management, Systems and Techniques, P2 Accounting for Decision Making/Public Policy and Taxation, and P3 Finance and Management Case Study. Support has also begun for students doing the P3 Project for November 2004.

CETC EAST SCOTLAND

DIPLOMA IN PUBLIC AUDIT

The CIPFA Diploma in Public Audit (DPA) is CIPFA's newest qualification. CETC are proud to have been involved in its development and to have been involved in the successful delivery of the first DPA courses. The DPA has been developed to meet the training and development needs of auditors working with and within the public services. The qualification reflects the fact that it is increasingly vital for audit services to demonstrate their professionalism. The DPA is:

- SKILLS ORIENTED
- RELEVANT
- QUALIFICATION BASED
- FLEXIBLE AND ACCESSIBLE
- PUBLIC SERVICES FOCUSED
- PORTABLE

This innovative 24 day programme can be completed inside a year. It is delivered on an open course day release basis or it can be delivered on an in-house basis to suit an individual client organisation's particular needs.

CETC is expanding the availability of the DPA in 2004. The next day release DPA courses at CETC start in London and Edinburgh in September 2004. For further details please contact Andrea Samuels on Tel: 020 7403 4300 or email: enquiries@cetc.org.uk or visit our website <http://www.cetc.org.uk>

IPF TRAINING COURSES - AUTUMN 2004

Date	Location	Title
17-Sep	Glasgow	Managing Public Services
20-Sep	Edinburgh	On Board - Training for Board Members of Public Bodies
27-Sep	Edinburgh	Project Management Overview
04-Oct	Glasgow	Planning for Efficiency
07-Oct	Edinburgh	Best Practice in Performance Management - (1) Strategy
11-Oct	Edinburgh	Project Management Practicalities
15-Oct	Glasgow	Managing Individuals
25-Oct	Edinburgh	Developing an Effective Business Case
26-Oct	Edinburgh	Option Appraisal
29-Oct	Glasgow	Managing Change
05-Nov	Glasgow	Managing by Budgets
08-Nov	Edinburgh	Project Board Briefing and Risk Management
09-Nov	Edinburgh	Best Practice in Performance Management - (2) Planning
15-Nov	Glasgow	Developing and Managing Teams
22-Nov	Perth	On Board - Training for Board Members of Public Bodies
23-Nov	Edinburgh	Managing Small Projects
26-Nov	Glasgow	Gathering Information
02-Dec	Edinburgh	Best Practice in Performance Management - (3) Reporting
03-Dec	Glasgow	Managing Quality
06-Dec	Edinburgh	Project Management Tools

For course information and booking forms please e-mail Scotland@ipf.co.uk

CONTRIBUTORS REQUIRED FROM SCOTLAND

Technical Information Services currently require contributors from Scotland for their TIS Health and Personal Social Services titles. Both editorial boards are in the process of setting up sub-groups to reflect the financial, legislative and administrative differences in these areas and ensure that the information on their website, <http://www.tisonline.net>, remains comprehensive and accurate.

The Personal Social Services title currently contains financial information on key service areas, including children and families, adult services, mental health needs, and learning and physical disabilities. Practitioners with experience in these areas would be most welcome.

TIS Health requires contributors to produce drafts on various subjects including capital, endowments, agenda for change, structure of NHS Scotland, costing, joint futures, convergence on accounting systems. Case studies are also welcome.

Although authors are required for specific topics, enthusiastic contributors from all areas and levels are welcome. Most work would be conducted via an email network, but meetings will be held locally when necessary. Editorial board members are expected to take responsibility for producing a section, and then reviewing and updating it when necessary. In return, benefits include complimentary access to the full TIS Online service, the chance to meet with other practitioners on a regular basis, and all contributions count towards CPD hours.

The editorial boards are keen to provide a full service to Scotland, and you could play a key role in this development. If you would like more information, contact: Sarah Ellison, Editor, on 020 7340 1203 or sarah.ellison@ipf.co.uk

IPF SCOTTISH CONSULTANT

The public sector landscape is changing and moving forward at a fast pace. This creates particular challenges for all those charged with providing public services. For the past 15 months, IPF has employed a consultant, solely for work in Scotland, helping a range of public sector clients to meet some of these demands.

Assignments have included school estate asset management planning, prudential borrowing work, option appraisal, housing repairs reviews, business planning work and benchmarking reviews.

The consultant is based in Scotland and is a CIPFA accountant so understands many of the challenges faced by CIPFA members.

If you would like to talk over any relevant issues (on a no commitment basis) then feel free to contact Jim Rooney at jim.rooney@ipf.co.uk or on 0131 718 2752

THE CALEDONIAN CHALLENGE

Next month a team from CIPFA / IPF will once again take part in the annual Caledonian Challenge. All four members of the team aim to walk 54 miles, more or less non-stop, from the start at Fort William to the finish at Loch Lomond.

With the help of CIPFA members and friends they aim to raise over £2000 for the Scottish Community Foundation. Grants from the Scottish Community Foundation go to smaller charities that help at a local level to meet needs and improve the quality of life in Scotland for people with disabilities, the elderly, disadvantaged children and others less fortunate than ourselves.

Getting the team's fundraising off to a good start, the after dinner raffle at this year's CIPFA Scottish Conference raised £660. However there's a long way to go, both literally and figuratively. If you would like to sponsor the team, please let us know and we will send you a pledge form.

Thank you.

Events Spotlight

FRAUD WORKSHOP

3 June 2004

Apex International Hotel, Edinburgh

Facilitated by John Baker, the Counter Fraud Advisor to the CIPFA Better Governance Forum, the interactive workshop will cover:

- The necessary conditions for Fraud to succeed in
- Why fraud occurs, who commits it and how it is discovered?
- Creating and embedding an Anti-Fraud and Corruption culture
- How to plan an investigation
- Questioning and Interviewing techniques and best practice
- Searching and Seizing for Evidence

FINANCIAL STANDARDS WORKSHOP

17 June 2004

Apex International Hotel, Edinburgh

The purpose of the Financial Standards Workshop is to provide an overview of selected Financial Standards followed by practical examples.

The coverage will not be sector specific - it will provide a mechanism for accountants to ensure they are up-to-date with the latest developments in accounting standards.

This financial standards workshop will include:

- The Regulatory Framework for Accounting in the UK;
- FRS 5 - Reporting the Substance of Transactions;
- FRS 12 - Provisions, Contingent Liabilities and Contingent Assets;
- FRS 17 - Retirement Benefits;
- FRS 18 - Accounting Policies; and
- Financial Standards Surgery - an opportunity for generic financial standard issues to be raised and discussed with fellow finance professionals.

INTRODUCTION TO LOCAL GOVERNMENT FINANCE IN SCOTLAND WORKSHOP

8 June 2004

Apex International Hotel, Edinburgh

The workshop will provide a valuable insight giving an overview, followed by a more specific examination, of some of the complexities in local government finance and is designed for:

- Finance and non-financial personnel who are new to the field of local government and need a basic understanding of local government finance;
- Finance and non-financial personnel already working in local government who want to increase their basic understanding or want an overview of new developments taking place; and
- Staff from other parts of the public sector who increasingly are required to have contact with local government.

AUDIT COMMITTEE PRINCIPLES WORKSHOP

30 June 2004

Apex City Hotel, Edinburgh

Many local authorities are in the process of implementing audit committee principles or refining the way in which they seek to achieve them. The purpose of this workshop is to assist in this process by providing clear workable guidance on established features of good practice.

The key sessions will be:

CORPORATE GOVERNANCE & AUDIT COMMITTEES
AUDIT COMMITTEE PRINCIPLES
EFFECTIVE AUDIT COMMITTEE
THE ROLE OF THE COMMITTEE
THE ROLE OF INTERNAL EXTERNAL AUDIT
MAKING AUDIT COMMITTEES WORK IN PRACTICE

For full programme details and to book online visit
<http://www.cipfa.org.uk/scotland/events.cfm>

Events Spotlight

ANNUAL SEMINAR FOR FINANCE PROFESSIONALS IN THE PUBLIC SECTOR THE WEEKEND SCHOOL

22 OCTOBER AND 23 OCTOBER 2004, STIRLING HIGHLAND HOTEL

Sandra Black, Senior Vice Chair of CIPFA in Scotland looks forward to welcoming finance professionals to the annual 'weekend school' in Stirling. This one and a half day course is aimed at those people who play a role in bringing about successful partnerships in a working environment. The programme is generic and will be of benefit regardless of what part of the public services individuals are employed in.

By the end of the seminar, participants will have:

- explored the importance of partnerships
- considered the role of partnerships in delivering outcomes
- looked at the common problems experienced in partnerships
- experimented with the skills required to deal with partnerships
- explored examples of successful partnerships
- assessed their own partnership working practices and skills

Networking opportunities will be provided at an informal dinner and ceilidh and delegates will have the chance to try their luck at the mini casino.

For full details of one of CIPFA in Scotland's most enjoyable events on the calendar, contact the events team on 0131 220 4316 and at events.Scotland@cipfa.org. You can also book and obtain details at www.cipfascotland.org.uk

FORTHCOMING EVENTS INCLUDE:

THE BEST VALUE CONFERENCE (SEPTEMBER)

RISK MANAGEMENT CONFERENCE (OCTOBER)

LOCAL GOVERNMENT TECHNICAL UPDATE (NOVEMBER)

For full programme details and to book online visit
<http://www.cipfa.org.uk/scotland/events.cfm>