

>>> Scottish News

September 2004



Working in Partnership

THE WEEKEND SCHOOL 2004

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.

>>> PROPOSED MERGER



CIPFA members will by now be well aware that talks are currently taking place between CIMA, CIPFA and ICAEW. The three bodies have all conducted their own internal strategic reviews and identified similar agendas and complementary strengths. They are now exploring the potential for consolidating into a single global professional body. Members and students will have an opportunity to discuss the merger with the President of CIPFA Mike Barnes at a meeting in Glasgow in Parish Halls, George Street, Glasgow on October 26th. This brief article which is set out as a series of questions sets out answers to some questions that members will be asking:

WHAT IS THE POSITION OF THE THREE EXISTING INSTITUTE COUNCILS?

During exploratory talks, the governing Councils of the three bodies recognised the benefits consolidation of the UK profession might bring. All have existing strategies to successfully support their members. A detailed proposal must therefore be developed which clearly adds value and shows the advantages of such an agreement. The terms must help the bodies to meet their aims more effectively and efficiently.

The governing Councils recognise that a detailed proposal needs to be developed with great care to demonstrate the practical benefits, which can be delivered for members. A final decision on any proposal which emerges will rest with the memberships of the three bodies.

>>> PROPOSED MERGER

WHAT IS THE ATTRACTION OF POTENTIAL CONSOLIDATION?

The combination of CIMA, CIPFA and the ICAEW would create a single professional body of impressive scale and reach, spanning all sectors of the UK economy as well as strengthening the global reach of all three bodies. It would represent in excess of 200,000 members and more than 85,000 students including all of the many different specialisms that make up the modern accountancy profession. Consolidation would increase national and global influence and provide a stronger voice with governments, regulators and standard setters. It would ensure unrivalled expertise, member representation and support.

DOES THIS MEAN THAT THE THREE BODIES ARE NO LONGER VIABLE WORKING WITHIN THEIR CURRENT INDEPENDENT STRUCTURES?

Each institute comes to the table from a position of strength rather than weakness. One of the potential attractions of consolidation is that it could add a powerful accelerator to already successful strategies.

WHAT WOULD THE NEW COMBINED INSTITUTE BE CALLED?

This has yet to be decided. It would be premature to announce a name while exploratory talks are still in progress. Any title change would require Privy Council approval.

HAVEN'T WE BEEN HERE BEFORE?

UK accountancy bodies have made several attempts to merge over the past thirty years. However this is the first time that the unique combination of CIMA, CIPFA and the ICAEW have discussed consolidation. These are three of the UK's leading Institutes, each one occupying a very distinctive space within the overall profession. The combination offers the prospect of a uniquely well-positioned Institute with outstanding strengths and opportunities.

WHAT'S IN IT FOR MEMBERS?

For members, a successful consolidation would mean:

- Enhanced status
- Improved support services
- Expanded opportunities, including the ability to access much wider networks within a single Institute
- A more powerful and influential voice in national and international discussions with governments, regulatory bodies and standard setters

WHAT IMPACT WOULD CONSOLIDATION HAVE OUTSIDE THE UK?

One of the key considerations during preliminary talks is the common recognition of the potential for international expansion. A combined approach would consolidate existing international strengths, influence and presence.

WHAT HAPPENS NEXT? WHAT IS THE TIMESCALE FOR A CONSOLIDATION?

The precise timescale is yet to be finalised and will depend on ongoing discussion. However, we hope that a proposition can be put to the vote of the members of each Institute by June 2005 at the latest.

WHAT IF CONSOLIDATION DOESN'T PROCEED?

Then CIPFA continue with our existing development programmes. Consolidation is a fast-track option but it is not the only option.

WOULD A CONSOLIDATED BODY CUT SERVICES?

On the contrary, the purpose of consolidation would be to deliver our individual strategies more quickly. This would involve providing better services quickly, effectively and efficiently to meet the needs of members working in all of the different specialisms that make up the profession.



3 YEAR DEVELOPMENT PLAN APPROVED

CIPFA in Scotland, the volunteer arm of the Institute in Scotland recently submitted its Development Plan for 2004-2007 to the Institute's Board for the Regions, following debate and agreement with the Executive Committee on its key themes and priority targets over the medium term.

Over the next three years the Executive Committee has agreed to focus its efforts on support and services to members, promotion of the CIPFA qualification and CPD, and the running of major Branch events such as the annual Scottish Conference. Angela Scott and her staff, as the permanent paid staff of the Institute based in Scotland will continue to take a lead on professional and technical issues, calling on experience within the wider membership as required.

Our key themes for the next three years are:

SUPPORTING MEMBERS

CIPFA in Scotland aim to provide an annual programme of activities to support members in their professional and personal development and to encourage participation in CIPFA business. In particular, a special programme of events is planned for CIPFA in Scotland's Centenary in 2006, which will be advertised during 2005.

PROMOTION OF CPD

CIPFA in Scotland recognises the importance of raising awareness of mandatory CPD and of supporting its roll out across the membership over the next three years.

BUILDING EFFECTIVE PARTNERSHIPS

CIPFA in Scotland promotes an open and inclusive approach to doing business, and over the next three years aims to broaden and strengthen links with employers, universities and Scotland's special interest groups to help ensure its activities remain focussed and relevant to the workplace.

The Development Plan includes a range of tasks and targets to support these key themes. Examples include:

- development and expansion of the mentoring scheme in Scotland
- organising regional quizzes to support charities
- arranging CPD workshops for members
- engaging with SHFMA on joint events for health finance practitioners
- organising the annual Scottish Conference and Weekend School

Members wishing to read the full Development Plan can view it on the CIPFA website

http://www.cipfa.org.uk/scotland/download/development_plan.pdf

>>> MEMBERS' NEWS



LESLEY STEWART - A PERSONAL TRIBUTE

Lesley Stewart, an active CIPFA member, recently tragically passed away. Here, Lynn Bradley, a former colleague and personal friend offers a written tribute:

When Lesley came to work in Ernst & Young, I felt as if I had known her for ages. She was such a well known face in Scottish social housing finance from her various jobs with CSL, Fife Special Housing Association and Canmore Housing Association. Before I got to know her properly, I remembered her roaring up to meetings on her motorbike. But it was not just her mode of transport that made Lesley stand out in a crowd. No-one who met Lesley could fail to be impressed by her tremendous energy and zest for life. She packed a lot into every day, but her young son, Ewan, always had top priority. Her premature death at the age of 47 was a shock and a loss to everyone who knew her.

Lesley always made it clear that work was only one of the many activities she gave her time to, and her life outside work was planned with the same rigour she gave to her job. As well as spending time with her son, often with him on the back of a tandem, Lesley was a successful masters rower and she obtained her umpire qualifications before she died. She was a good linguist and she often found herself speaking an amalgam of several languages in the course of one conversation at international rowing events. Her language skills came in useful when she was incapacitated due to an operation on her foot in 2001. She employed an au pair to help look after her son. Language didn't matter to her, but what was essential was that the au-pair could take Ewan swimming and cycling.

Lesley was a member of an Edinburgh running club, described by its members as a drinking club with a running habit, and the secretary of her local allotment society. She said that some of the older allotment owners used to look askance at the flowers she grew, until she explained that they were an organic method of keeping pests off her vegetables.

One of the first people to qualify with CIPFA at the Scottish CETC, Lesley was a member of the Executive Committee of CIPFA in Scotland. She stayed a member when she moved to her last employer, Arneil Johnston in 2003. The last time I spoke to Lesley was at the CIPFA Conference in March this year and she spoke enthusiastically about her job and her rowing. Sadly, later that month Lesley was diagnosed with cancer of the pancreas and she died on 27 July. The huge attendance at her funeral was a testament to Lesley by some of the many people who were fortunate to have known her.

Lesley's premature death will be remembered by the Executive Committee later this year when the proceeds from the CIPFA Charity Challenge will be donated to Cancer Research.

CHARITY CHALLENGE

- > Where are Scotland's public sector Masterminds?
- > Which area of the public sector is the Weakest Link?
- > Who are the trivia kings and queens of CIPFA?

We can't promise to make anyone a Millionaire. But we can promise:

- The chance to make some money for a good cause
- A great opportunity to meet other CIPFA members
- A bit of fun

CIPFA in Scotland is holding a charity quiz in aid of Cancer Research UK.

WHERE & WHEN

So why not put together a team (or two!) and join us at your nearest Regional heat on Thursday 18th November? Heats are being held at:

GLASGOW

The Satinwood Suite, Glasgow City Chambers
6.30pm for 7pm

EDINBURGH

The CarWash, The Mound, Edinburgh
6.30pm for 7pm

DUNDEE

tbc, 6.30pm for 7pm

Each team should contain four members and they need not all be from the same organisation.

The top three teams from each heat will go forward to the Grand Final on Thursday 25th November to be held at Dewars Rinks, Perth at 6.30pm for 7pm.

All events will have paying bars and a finger buffet will be provided.



For further details and to register a team contact Eileen Baird: eileen.baird@strathclydefire.org

>>> MEMBERS' NEWS



HEAD OF CIPFA SCOTLAND

Angela Scott has been appointed as the first ever Head of CIPFA Scotland.

Angela, who was formerly an Assistant Director at CIPFA Scotland assumes responsibility for an increased portfolio which now includes the management and

development of financial management training in Scotland. Along with her current responsibilities of policy and technical activities and events management the role will provide Angela with the opportunity to refocus the professional activities of CIPFA Scotland.

CHAIR OF TREASURY MANAGEMENT FORUM

CIPFA's Treasury Management Forum has a new Chair. Gordon Edwards, Director of Corporate Finance & IT at Aberdeen City Council and a former Chair of the Directors of Finance Section, will assume the role from May 2005. Tom McCabe will chair the Forum on an interim basis until that time.



EAST RENFREWSHIRE COUNCIL NEW CHIEF EXECUTIVE

East Renfrewshire Council has appointed David Dippie, currently director of finance, as its new chief executive. Mr Dippie takes over from Peter Daniels, the council's first chief executive, who retires on Thursday 23 September.

TREASURER REQUIRED FOR CHARITY

Equal Futures is a family led organisation that supports people with disabilities and their families to have a good life today with peace of mind and security for tomorrow.

We work with people to develop the structures needed to support families and people with disabilities to have a safe, secure and quality future.

Equal Futures can

- Help to set up a lifelong network of support with, and for, an individual.
- Assist people and families to plan for the future. For example we run workshops about future planning including: legal planning (wills, estate plans, discretionary trusts and maintaining state benefits); financial planning and housing options.
- Ensure that the quality of services the individual receives is maintained life long.
- Engage the wider community and raise awareness about how all people with disabilities can participate and contribute as equal citizens.

Our long term aim is to become self sustaining but we have just received a large grant from the community fund and therefore from a governance point of view we need a treasurer on the board.

Most of the families that we are working with are on the East and our meetings are once per month alternating between Edinburgh and Perth.

If anyone is interested in taking up this role in a charity with a different way of working then please get in touch with Paul Nicol by email at pnichol@quista.net or by phone on 01721-721131.

>>> The Weekend School 2004

ANNUAL SEMINAR FOR PROFESSIONALS WORKING IN PUBLIC SERVICES 22/23 OCTOBER 2004, STIRLING HIGHLAND HOTEL

Understanding the value of partnership working and acquiring the skills needed to deliver their objectives plays an important part in the life of finance professionals across the public sector.

This one and a half day course is aimed at people who play a part in bringing about successful partnerships in a working environment. 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

The programme is generic and will benefit those who attend regardless of the sector they work in. On day one, we will provide learning and skills on partnership working. Day two will be closely linked, with skills explored on day one being used to examine case studies covering practical examples of partnerships working on the ground. Both students and qualified members are encouraged to attend.



DAY ONE PROGRAMME

OBJECTIVE

To develop the values, skills and actions required to ensure partnership working delivers outcomes for communities

Day One will be delivered by Max Wide, IPF Consultant. Max is returning this year following popular response from the 2002 & 2003 Weekend School!

DINNER & CEILIDH

Networking opportunities will be provided at an informal dinner preceded by a wine reception. Delegates will have the chance to try their luck at a mini-casino and dance till late at the ceilidh.

DAY TWO PROGRAMME

OBJECTIVE

To take skills from Day One and to use these to examine practical case studies.

Topics on Day Two include:

- Beyond The Headlines: Partnerships In Healthcare
- Better Neighbourhood Services
- What Is The Reality of Joint Futures?

Students will have the opportunity to attend either the Partnership Workshops focusing on the content of Day One; or the specific student workshops.

PRICING	Standard Rate	Student Rate
Full Delegate (incl. lunch, Friday accommodation, dinner, ceilidh & Saturday breakfast)	£195 & VAT	£75 & VAT
Friday Delegate: (incl. lunch)	£145 & VAT	£50 & VAT
Saturday Delegate: (incl. lunch)	£100 & VAT	£50 & VAT

For full programme content and to book online, visit www.cipfascotland.org.uk



LASAAC ACTIVITIES

LOCAL AUTHORITY (SCOTLAND) ACCOUNTS ADVISORY COMMITTEE

>>> policy and technical update

MEMBERSHIP

Two new members of LASAAC were welcomed to the September 2004 meeting. Memberships of Derek Glover from the Scottish Executive and David Nibloe from North Ayrshire Council were approved. Dave Deas, Audit Scotland announced his intention to resign from LASAAC.

Carolyn Williamson, Chair of LASAAC acknowledged the contribution that Dave has made to LASAAC and highlighted in particular his early contribution to the improvement to published accounts project.

THE CIPFA/LASAAC JOINT COMMITTEE

The CIPFA/LASAAC Joint Committee is established as a standing Committee of CIPFA and LASAAC and is formally recognised as the standard setter by the ASB. Its main purpose is to prepare, maintain and develop and issue the Code of Practice on Local Authority Accounting for the United Kingdom.

LASAAC has appointed the following members to the Joint Committee:

Carolyn Williamson, LASAAC Chair
Grant Macrae, LASAAC Vice-Chair
Russell Frith
Derek Yule
Derek Glover
Sandy Brown

DRAFT 2005 SORP CHANGES

The proposed draft changes to the 2005 SORP will be the subject of formal consultation after approval by the ASB of the proposed invitation to comment (ITC). The committee at its September meeting discussed the proposals which can be summarised as follows:

- an update to the Pension Fund Accounts section of Chapter 4 of the SORP

- update for changes during the year in accounting standards
- an update of the Statement of Internal Financial Control to reflect changes to legislation in England & Wales
- an update to reflect the introduction of business improvement districts (BIDS) in England & Wales.

In addition the ITC will initiate initial consultation on options for notional interest to be effective from the 2006 SORP. Three options will be considered for discussion of which two would result in the removal of interest from the SORP.

LASAAC decided to support the process of SORP consultation in Scotland by communicating separately with SORP complying bodies in Scotland to further explain the proposals in the ITC with a view to encouraging a response from practitioners.

ACCOUNTING FOR INSURANCE

The Committee is presently undertaking a review of the arrangements for accounting for insurance. The review was considered necessary when the 2003/4 SORP Practitioners Guidance Notes implied a significant change in the accounting arrangement. There has however been no change to legislation or to the SORP. While the review is underway local authorities have been advised that, for 2003/4 they should continue to account consistently with previous years. Regard should continue to be had to the guidance issued by LASAAC in 1995 entitled *Local Authority Funds for Insured and Self Insured Risks - Best Practice Guidance*.

LASAAC has formed the following group of practitioners and stakeholders to progress the review:

- Paul O'Brien, Audit Scotland
- Graeme Mackenzie, ALARM
- Colin Duncan, Stirling Council



>>> policy and technical update

ACCOUNTING FOR INSURANCE (CONTD)

LASAAC is represented by Stephen Crichton, Derek Yule and Don Peebles.

Preliminary findings would indicate that there was some evidence of direct reserve accounting within the accounting treatment. The group will go on to consider modernised guidance and also to address the role of BVACOP in the arrangements and in particular options for the accounting treatment of internal insurance premiums. LASAAC will consult and communicate directly with local authorities on any proposed change to guidance

Copies of *Local Authority Funds for Insured and Self Insured Risks - Best Practice Guidance* are available from LASAAC at lasaac@cipfa.org or by telephoning 0131 718 2713.

GUIDANCE ON GROUP ACCOUNTS

A practical checklist for use by practitioners is in the process of preparation. The committee considered the first draft at the September meeting. The checklist summarises the SORP requirements and sets out chronologically the key tasks and milestones for practitioners. It is anticipated that early release of the document will encourage practitioners to begin preparation for the modified requirements of group accounts a requirement of the 2004 SORP.

ACCOUNTING FOR RESERVES IN SCOTTISH LOCAL AUTHORITIES

LASAAC has previously determined that guidance should be prepared to clarify the legislative basis for reserves and to identify permitted types of reserves. A draft paper was presented to the Committee for comment by each member. The paper discusses the legislative framework in Scotland and provides a practical indication, within the framework of the SORP, of how reserves should be accounted for and disclosed by local authorities. The committee has agreed that further work should be carried out prior to release of the paper.

FRS 17

The Committee was briefed on an issue surrounding the relationship between joint boards and constituent authorities with regard to FRS 17 liabilities. It was understood that the possibility had been explored that the FRS 17 liabilities of joint boards might be brought into the accounts of constituent authorities. The Committee heard that accounting for one liability in isolation to other assets and liabilities was not in fact supported. The Committee's understanding was that appointed auditors had recommended disclosure of the liability in the 2003/4 accounts.

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FINANCIAL MANAGEMENT MODEL

The CIPFA FM Model: Improving Financial Management and Effectiveness in the Public Service has now been released. The model comprises a set of self assessment questionnaires. From these scored statements for the organisation reports can be provided at a range of levels. The model is a web based product and is hosted on a secure website.

The model's core structure focuses upon three progressive styles of financial management:

- securing stewardship – which emphasises control, probity and meeting regulatory requirements and accountability;
- supporting performance – being responsive to customers, efficient, effective and being committed to improving performance; and
- enabling transformation – being strategic and customer led, future orientated and proactive

Within this the following five management dimensions are addressed:

- leadership – strategic direction and business management;
- people – competencies and engagement of staff;
- processes – examining the ability of the organisation to design, manage and control performance;
- stakeholders – relationship between organisations and with customers; and

- results-based on the organisation's own data and which act as a reality check on outcomes

This key tool will contribute to financial management in public services and at a practical level will enable an organisation:

- to establish a profile of its own financial management;
- to compare this positioning with where its own financial management should be;
- identify strengths and areas for improvement;
- prioritise improvement;
- review and track progress in an action plan developed directly from the outcome of the model.

The model was tested in a number of high profile sites throughout the UK including Glasgow City Council. A demonstration of the model and further details are available at <http://www.cipfa.org.uk/> and can be purchased from the CIPFA Shop at <http://secure.cipfa.org.uk/cgi-bin/CIPFA.storefront/EN/product/FM020>

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LOCAL AUTHORITY ACCOUNTING PANEL

The Chair of the Local Authority Accounting Panel has communicated directly with all SORP preparing bodies in the United Kingdom. The purpose of the communication was to recommend the LASAAC/Inverclyde Council initiative on summarised accounts as a model which might be followed by SORP preparing bodies throughout the United Kingdom.

Full details on summarised accounts can be downloaded from the LASAAC website

<http://www.cipfa.org.uk/scotland/lasaac/developments.cfm>

CORPORATE GOVERNANCE

CIPFA's partnership with the Office of Public Management to develop a public service wide corporate governance code has resulted in the release of a consultation document entitled Draft Good Governance Standard for the Public Services.

The document was informed by views gathered from throughout the UK including a forum at the Scottish Executive in June. The forum attracted a number of high profile practitioners from Scottish public services.

The resulting draft document can be viewed at

www.opm.co.uk/ICGGPS/index.htm

JOINT RESOURCING GROUP

The Joint Resourcing Group has met since the previous edition of Scottish News. The group has now appointed three sub-groups to address the following specific areas:

- corporate governance;
- value for money; and
- accounting.

The Group is expected to meet again in November and consider the specific remits of each of the sub-groups.

FE/HE RESPONSE

CIPFA has responded to the Scottish Executive consultation paper on the proposed merger of the Further Education and Higher Education Councils in Scotland. The comments by CIPFA focussed attention on the the practical challenges to be faced by the merged funding council in achieving the highest standards in the following areas:

- Corporate Governance;
- Financial Management; and
- Financial Reporting.

CIPFA made recommendations in each of these areas. Full details on CIPFA's comments can be downloaded at

http://www.cipfa.org.uk/scotland/news_details.cfm?news_id=20681



Accounting Standards Board

>>> policy and technical update

FINANCIAL REPORTING EXPOSURE DRAFT (FRED) 33 'FINANCIAL INSTRUMENTS: DISCLOSURES'

The FRED presents proposals for a UK accounting standard based on the International Accounting Standards Board's (IASB's) Exposure Draft, ED7. In FRED 30 'Financial Instruments: Disclosure and Presentation & Recognition and Measurement' the ASB proposed that the UK requirements on financial instrument disclosures should be brought into line with the IASB's requirements through the implementation of a UK standard based on IAS 32 'Financial Instruments: Disclosure and Presentation'. The IASB now proposes, in ED7, to amend IAS 32's requirements. FRED 33 proposes that these amended requirements should be implemented in the UK.

The proposed new disclosures incorporate many of FRED 30's proposed disclosures in addition to:

- additional qualitative and quantitative disclosures on the risks arising from financial instruments; and
- new disclosures about entities' management of their capital resources.

Comments on the proposals in FRED 33 are requested by 22 October 2004.

AN EXPOSURE DRAFT 'AMENDMENT TO FRS 2 'ACCOUNTING FOR SUBSIDIARY UNDERTAKINGS': LEGAL CHANGES'

The Accounting Standards Board (ASB) has issued an Exposure Draft 'Amendment to FRS 2 'Accounting for Subsidiary Undertakings': Legal Changes'. The Exposure Draft proposes amendments to FRS 2 to reflect draft Regulations which, when finalised, will amend the law relating to group financial reporting.

In summary the proposed changes to FRS 2 are:

- to delete references to 'participating interest' in the definition of a subsidiary;
- to reflect the proposed exemption from the preparation of consolidated accounts for intermediate parent undertakings whose immediate parents are not governed by the law of an European Economic Area (EEA) state; and
- to remove the requirement for exclusion from consolidation of subsidiaries with dissimilar operations to the parent undertaking.

Comments on the Exposure Draft were requested by 30 September 2004.

FRS 21 (IAS10) 'EVENTS AFTER THE BALANCE SHEET DATE'

The Accounting Standards Board (ASB) has issued FRS 21 (IAS 10) 'Events after the Balance Sheet Date'. This standard will apply for years beginning on or after 1 January 2005 and has the effect of implementing in the UK IAS 10 'Events after the Balance sheet Date'.

The principal difference from SSAP 17, which FRS 21 replaces from 2005, is to remove the requirement to report dividends proposed after the balance sheet date in the profit and loss account, and instead to require disclosures in the notes to the financial statements.

This accords with the now generally accepted view that dividends declared after the balance sheet date should not in fact be reported as liabilities.

Further information on FRS's, and the work of the ASB can be found at <http://www.asb.org.uk/asb>



>>> policy and technical update

AUDIT COMMITTEE PRINCIPLES IN LOCAL AUTHORITIES IN SCOTLAND – A GUIDANCE NOTE
CIPFA in Scotland in partnership with the CIPFA Directors of Finance Section, have published guidance on audit committee principles entitled Audit Committee Principles in Local Authorities – A Guidance Note. The guidance was distributed free of charge to all local authorities in Scotland and is available on the CIPFA Scotland website at <http://www.cipfa.org.uk/scotland/publications.cfm>

The CIPFA Audit Panel expects to build upon the work carried out in Scotland by adopting the principles (with minor modification) and expects to develop guidance for the rest of the United Kingdom. The Panel will liaise closely with CIPFA Scotland to learn from the expertise developed during the compilation of the guidance in Scotland.

AN OVERVIEW OF THE PERFORMANCE OF THE NHS IN SCOTLAND

Audit Scotland has published the first ever report on the performance of the NHS in Scotland. The report which acknowledges that much has been done to improve the NHS also comments that there is more to do including being able to demonstrate that new funding and new ways of working are benefiting patients in Scotland.

The report can be downloaded at <http://www.accounts-commission.gov.uk/publications/pubs2004.htm>

A JOB WORTH DOING: RAISING THE STANDARD OF INTERNAL AUDIT IN SCOTTISH COUNCILS

Audit Scotland has published a report which follows up on their previous study on internal audit in local authorities.

The report records the progress in improvement by 27 of Scotland's 32 local authorities. The report can be downloaded at <http://www.accounts-commission.gov.uk/publications/pubs2004.htm>

AUDIT PRACTICES BOARD – CORPORATE GOVERNANCE REQUIREMENTS OF PUBLIC SECTOR AUDITORS (LOCAL GOVERNMENT BODIES)

The Board has issued the above bulletin to set out the governance arrangements in local government and provide guidance to auditors on their review and reporting responsibilities.

The bulletin in providing guidance to auditors of those bodies that publish a statement of internal control (SIC) acknowledges that local authorities in Scotland are required by the SORP to include as a minimum a statement on internal financial control (SIFC). The bulletin however is expected to assist auditors with such reviews.

The bulletin sets out auditors responsibilities in tabular form against the following key subject areas:

- corporate governance framework;
- statement on internal control; and
- audit committees.

The bulletin can be downloaded at <http://www.asb.org.uk/images/uploaded/documents/APB%20LG%20Bulletin%20website%20final.pdf>

The APB has recently issued two further items of guidance for auditors on the following key developing issues:

- interim guidance for auditors on anti money laundering regulations; and
- a draft bulletin on the first time application of International Financial Reporting Standards.

Both documents can be downloaded at <http://www.asb.org.uk/apb/publications/>



SOCIAL HOUSING

>>> policy and technical update

INSURANCE MEDIATION

Registered Social Landlords (as defined in the Financial Services Authority rule book) have an absolute exemption from the need to register with the FSA in relation to their activities in sourcing and recharging insurance cover for their tenants and factored properties. FSA have confirmed that RSL's can arrange insurances for anyone, without authorisation, whether for profit or not.

MONEY LAUNDERING REGULATIONS 2003

The Money Laundering Regulations 2003 are now in force and whilst not aimed at Housing Associations, staff should be aware that under the Proceeds of Crime Act 2002 there is no level of materiality relating to transactions and so any activities that raise suspicion should be reported to the National Criminal Intelligence Service (NCIS). Association cannot "opt-out" of the new system by refusing to accept large cash payments.

INLAND REVENUE DISPENSATIONS

Completing and submitting forms P11D can be both costly and time consuming. The Inland Revenue can, on application, grant a dispensation so that routine expense payments and benefits that would not give rise to a tax liability need not be reported on forms P11D. For further details check the Inland Revenue website www.inland.revenue.gov.uk.

RIGHT TO BUY MANUAL

The final draft of the Right To Buy Manual is presently being checked by relevant SFHA Members/Solicitors and Communities Scotland. It is anticipated that the Manual will be set out to all SFHA members in September/October 2004.

>>> policy and technical update

SHARED SERVICES UPDATE

Late in 2003 an Outline Business Case (OBC) for Shared Support Services was completed examining a range of options for shared services covering procurement, finance, human resources (HR) and payroll. Although there was general support for making these services more efficient and effective a number of concerns were raised over the preferred, 3 centre, solution and it was agreed that a group of Scottish Partnership Forum representatives and Chief Executive representatives should seek a way forward.

It has now been agreed that the way forward should be to develop a 'hub and spoke' model for finance and payroll services as a national service for the whole of NHSScotland. This would involve a processing centre in each of the 12 mainland Health Boards (the spokes), one of which would be designated the lead centre for financial systems and another the lead centre for payroll systems (the hubs). The hubs would run a single finance system and a single payroll system.

Work is now underway to revise and update the OBC and establish governance arrangements. NHS National Services Scotland will take forward responsibility for implementing the project if approved by the Capital Investment Group.

With regard to procurement, the Best Procurement Implementation project will take place, i.e. roll out of e-Procurement Scotland and Strategic Sourcing. The HR community will take forward the work recently commenced on the specification of a national HR system.

Further details can be found on the Shared Services Newsletter issued in September 2004.

2004 REVALUATION EXERCISE

A revaluation of the NHS Estate was carried out as at 31 March 2004. The outcomes of the revaluation have had a significant financial impact on NHS Boards, largely resulting from the interpretation of guidance on how to undertake a valuation of property under a Depreciated Replacement Cost (DRC) valuation approach. The Department intend to carry out a review of the financial impact of the revaluation as part of the next capital charges/property transactions exercise.

The Department has also written out to the service asking them to complete an evaluation survey on the revaluation exercise. The evaluation is not examining the methodology by which public sector assets are valued under a DRC basis. Instead, it is aimed at assessing the performance of the Appointed Valuer with the results of the exercise being collated and used by the Project Steering Group to inform the decision on whether or not the Appointed Valuer be offered the rolling programme element of the valuation program.

Dependent on the outcome of the evaluation, a decision will have to be made as to whether to continue with the rolling programme of valuations and if so who should carry out the exercise.

COMMUNITY HEALTH PARTNERSHIPS

Partnership for Care, the Health White Paper, sets out the context for partnership working in Scotland and for the development of Community Health Partnerships (CHPs). CHPs will seek to bridge the divide that has existed between primary and secondary care and between health and social care. The aim will be to devolve resources and decision making to frontline staff in order that health and social care professionals can look at the whole picture of care from a patient's point of view.

CHPs are not expected to simply replace existing organisations or "take over" successful partnership and joint working arrangements. They will move the agenda forward by building on existing good practice and devolving decision making and resources to frontline staff to enable them to find innovative solutions to problems and make change happen.

Draft statutory guidance and draft regulations were issued by the Health Minister in March 2004 encouraging the involvement of all stakeholders in the development of CHPs. NHS Boards are required to submit CHP schemes of establishment for approval to Scottish Ministers by December 2004.

Once schemes have been approved then NHS Boards will have a statutory duty to implement the schemes within 3 months of approval.

HDL(2004)37, Community Health Partnerships (CHPs) and Integrated Mental Health Services, sets out advice for the development of local arrangements to deliver the policy objectives of CHPs and the Joint Future programme in relation to the provision of integrated mental health services. The approaches set out in the paper are designed to improve access by users of mental health services and their carers to timely, appropriate support, irrespective of whether the service is provided by local authorities, the voluntary sector or the NHS.

>>> Education and Training

CIPFA SCOTTISH STUDENTS' SOCIETY SURVEY

The CIPFA Scottish Students' Society recently undertook a survey of CIPFA students in Scotland and to encourage a good response, we offered a prize of a bottle of champagne. The winner of the champagne was Tamsin Craigie of Aberdeenshire Council.



Tamsin received her prize from Alan Wood, Corporate Finance Manager in charge of CIPFA training at Aberdeenshire Council and Suzanne MacDonald of the Students' Society Executive Committee.

The Students' Society had a 20% response to the survey and the results will be incorporated into their development planning and will be formally reported to the CIPFA in Scotland Executive Committee and the Board for the Regions.

CIPFA WORKSHOPS

A series of workshops have been arranged by CIPFA, primarily to support students who are not able to attend day or block release courses at college. These take place in different UK locations during September/October, and several are being offered in Scotland (all at CETC East Scotland in Edinburgh). Details of these can be obtained from joanna.pashley@cipfa.org.

INITIAL PROFESSIONAL DEVELOPMENT SCHEME (IPDS) – IMPACT ON EMPLOYERS

One of the major changes to the CIPFA PAQ is the introduction of the Initial Professional Development Scheme (IPDS). This scheme applies to all students who embark on the new PAQ and also to any students who transfer from the old PAQ scheme. Many P2 students who sat exams in June 2004 have transferred to the Diploma level of the new scheme, so the IPDS will apply to them. Information on the requirements of the scheme is available from E&T and the CIPFA website. In addition, CETC East Scotland is offering a series of seminars for students. The next seminar is scheduled for 15 December. Please contact CETC Student Support Team in London on 020 7403 4300 for further details of dates and fees.

DIPLOMA IN PUBLIC AUDIT

The Diploma in Public Audit (DPA), a relevant and practical product for audit staff in public services, will be available at CETC East Scotland (Edinburgh) from February 2005. The DPA is an innovative one-year qualification that meets the needs of those new to audit or those who have been working in audit and do not hold a professional qualification. The programme is intended to be delivered on an open course day release basis. Information on the qualification and the course arrangements can be obtained from Stewart MacLeod, Course Director, CETC East Scotland– stewart.macleod@cetc.org.uk.

P3 PROJECT

Any students wishing to do the P3 Project for submission in April 2005 must submit their Brief by 1 October 2004.

Events Spotlight

FRAUD WORKSHOP

28 September 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

WHO SHOULD ATTEND?

Internal auditors of all public sector bodies

- Inspection and regulatory staff within the public sector Benefit Fraud Investigators
- All council and housing benefit officers
- Any staff that have contact with the public on financial matters

COMMUNITY PLANNING CONFERENCE

30 September 2004
Apex International Hotel,
Edinburgh

The introduction of the Local Government in Scotland 2003 required all local authorities to facilitate the Community Planning process. This conference will examine how Community Planning has been implemented and will provide future guidance to all interested partners.

Speakers include:

- Chief Inspector Tony Fitzpatrick, Fife Police
- John Tomlinson, Corporate Director for Neighbourhood Services, Aberdeen City Council
- David Meikle, Community Care Implementation Unit, Scottish Executive
- Lucy Rennie, Strategy & Performance Manager, Tayside NHS Board

WHO SHOULD ATTEND?

- Chief Executives
- Corporate/Community Planning Officers
- Heads of Service
- Directors of Finance
- Planning Officers
- Fire Service & Police Constabulary representatives
- Elected Members

VAT: PARTIAL EXEMPTION AND LAND & PROPERTY SEMINAR

6 October 2004
Apex City Hotel
Edinburgh

In association with PricewaterhouseCoopers, this course examines the VAT treatment of land and property transactions and the partial exemption rules applicable to local authorities. It looks in detail at various exempt transactions and the most commonly encountered land transactions affecting local authorities. It explains the capital items scheme and change of intention (claw-back) and provides practical illustrations of how these schemes work. It also examines, in detail, the workings of the option to tax.

WHO SHOULD ATTEND?

This course is essential for anyone involved in land and property transactions, particularly lawyers, accountants and surveyors.

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

Events Spotlight

LOCAL GOVERNMENT PRACTITIONERS TECHNICAL UPDATE

2 November 2004
Apex International Hotel
Edinburgh

Due to demand, CIPFA in Scotland are providing Local Government Practitioners with the second Technical Update for 2004. Chaired by Karen Mitchell, Head of Finance & ICT, East Dunbartonshire Council, the programme will cover:

2005 SORP

An Overview of the proposed amendments
Derek Yule, Head of Finance (Accountancy & Corporate Finance), Aberdeenshire Council

TRADING ACCOUNTS

With the implementation of Trading Accounts, Practitioners will find this double session of particular interest:

- The Practitioners Perspective
- Audit Issues - Paul O'Brien, Senior Manager, Audit Scotland

TOWARDS GROUP ACCOUNTS

A Practical Template For Practitioners
Enhanced group accounts requirements in the 2004 SORP represents a major challenge to practitioners. This session will provide a practical overview of the issues that practitioners should be addressing now in preparation.

PREPARING FOR THE EURO IN LOCAL GOVERNMENT IN SCOTLAND

The next assessment of whether the UK has met the 5 economic tests for Euro entry will be provided in March 2005. In the event of a positive referendum vote the UK will implement the Euro within 2-3 years. This session will examine the preparations underway and highlight the impact on local authority practitioners in Scotland.

CIPFA IN SCOTLAND TECHNICAL UPDATE

Don Peebles, Policy & Technical Officer

VAT: EXTERNAL FUNDING SEMINAR

2 December 2004
Apex International Hotel
Edinburgh

In association with PricewaterhouseCoopers, this course looks at the VAT treatment of local authority externally funded projects. It examines, in particular, the effects of externally funded projects on a local authority's partial exemption position and involves case studies, which cover bidding for funding, opting to tax, project changes, third party involvement and partnerships. It also asks the question: "who makes and receives the supplies?" VAT planning opportunities and VAT efficient structures, including separate VAT registrations, are also covered.

WHO SHOULD ATTEND?

This course is ideal for accountants and senior financial staff responsible for capital programmes, and is essential for senior officers from all departments involved in external funded projects.

For full programme details and to book online visit

<http://www.cipfa.org.uk/scotland/events.cfm>



Events Spotlight

BEST PRACTICE IN PROJECT MANAGEMENT

The ability to deliver business change on time and to budget is key to an organisation's success. Increasingly, a project management approach is chosen to manage this process.

The key benefit of a structured project management approach is that it provides a common framework to manage the project using agreed terminology, tools and timescales. PRINCE2 is the dominant project management methodology in the public services. PRINCE2 agrees the project's terms of reference before work commences, so that every team member is clear as to what has to be done, when and by whom.

In response to growing demand, we are offering a series of six project management courses that are aimed at all levels within public services in Scotland, including Senior Managers (Project Board Members), Project Managers and members of a Project Team.

These courses can be taken individually or as a complete series and are delivered by highly experienced trainers, who draw on their knowledge and expertise in using the methodology in public sector organisations to ensure that the training is practical and tailored to the public sector environment.

Delegates successfully completing at least four of the courses, including assessment, will gain a Best Practice in Project Management Award from the Institute of Leadership and Management (ILM).

DATES AND VENUE

The courses will be held at our training venue in the Apex European Hotel in Haymarket Terrace, close to Edinburgh's Haymarket railway station.

Monday 27th September 2004	Project Management Overview
Monday 11th October 2004	Project Management Practicalities
Monday 25th October 2004 & Tuesday 26th October 2004	Developing an Effective Business Case and Option Appraisal
Monday 8th November 2004	Project Board Briefing and Project Risk Management
Tuesday 23rd November 2004	Managing Small Projects
Monday 6th December 2004	Project Management Tools

FEES

The fee for an individual one day module is £250 + VAT.

The fee for the two day module is £395 + VAT.

Delegates registered for the Best Practice in Project Management Award (four or more modules) will receive 10% discount.

WRITTEN FEEDBACK FROM PREVIOUS DELEGATES:

"Excellent. I will recommend this course to my colleagues."	"Very useful."
"Made the subject easier to understand."	"Very interesting and enjoyable."
"Very good practical lessons."	"Good project management practice."
"Helped me focus on what is required."	"Useful tools for future projects."

For a Booking Form and Course Descriptors please e-mail: Robert.Hogg@ipf.co.uk

Events Spotlight

BEST PRACTICE IN PERFORMANCE MANAGEMENT

Public sector organisations in Scotland are expected to have robust and effective performance management approaches in place in order to deliver best value services.

As part of our autumn training programme, we arranged a three-day training course on Best Practice in Performance Management. The course was booked out very quickly and will therefore be repeated on Thursday 27th January, Thursday 24th February and Thursday 17th March 2005.

The course is structured around a simple, but effective, three stage approach to performance management and planning that integrates strategic planning with corporate, service and operational planning. All of the modules are “hands on” and the course is particularly well-suited for small groups of three or four delegates who would like to work on improving their own corporate / service plans. The total number of delegates on the course is limited to a maximum of sixteen in order to facilitate this process and places are allocated on a “first come, first served” basis.

1

THURSDAY 27TH JANUARY 2005 - STAGE 1 - STRATEGY

Setting Direction: agreeing corporate/service priorities and an overall strategic vision/mission. Includes market analysis; customer/community segmentation; competitor analysis; partner and stakeholder analysis; competitive advantage; strategic goal setting.

2

THURSDAY 24TH FEBRUARY 2005 - STAGE 2 - PLANNING

Putting plans together: developing effective strategic and business plans. Includes the development of strategy maps to identify critical success factors for the organisation; agreeing plan objectives; identifying key supporting actions.

3

THURSDAY 17TH MARCH 2005 - STAGE 3 - REPORTING

Monitoring performance: building a performance Scorecard, setting effective Performance Indicators, target setting.

THE TRAINER

Mik Wisniewski previously worked for Audit Scotland as part of the local government Best Value team. He is the author of a number of Audit Scotland / Accounts Commission publications on performance management, including guides to benchmarking, the Balanced Scorecard, the gap approach (Servqual) to measuring customer satisfaction and process mapping.

As a consultant and trainer, he has worked with a range of public sector organisations including the Scottish Executive, the Northern Ireland Executive, National Health Service, Inland Revenue, Civil Service College and the Scottish Police College, as well as a number of NDPBs. His experience with local authorities includes the City of Edinburgh Council, Glasgow City Council, Renfrewshire Council, South Lanarkshire Council, Stirling Council, West Dunbartonshire Council, Perth and Kinross Council, Angus Council and Fife Council.

Mik has degrees from Loughborough University and Birmingham University in Economics and in Economic Planning and is an elected Fellow of the Royal Statistical Society, a member of the UK Operational Research Society and of the Project Management Institute.

The delegate fee for the three day course is £495 + VAT and the venue is the Boardroom of the Teacher Building in Glasgow's St Enoch Square.

For booking information, please e-mail: events.scotland@cipfa.org

ANNUAL CONFERENCE 10 & 11 MARCH 2005 GLASGOW

The next Annual CIPFA in Scotland Conference & Exhibition, will be held at the Glasgow Hilton Hotel, William Street on 10 & 11 March 2005. The 2004 conference set the standard on many levels, with delegates leaving the conference feeling inspired to raise standards in public services. The 2005 conference entitled **Investing in Success: A Scotland Where Everyone Counts** aims to build on last year's success.

INVESTING IN SUCCESS

CIPFA in Scotland is investing in the success of the conference with two significant changes. The format of Day One will centre on a number of panel sessions. The panel membership will comprise a cross section of representatives who will debate a particular theme, with delegates having the opportunity to engage in the discussions. Day Two has been extended to allow more time for workshops. Speakers confirmed so far include:

ANDY KERR MSP

Minister for Finance and Public Services

NORMAN DRUMMOND

Founder & Chairman, Columba 1400

SIR PETER BURT

Chair, Independent Review of Local Government Finance

DR DAVID STEEL

Chief Executive, NHS Quality Improvement Scotland

JOHN OUGHTON

Chief Executive, Office of Government Commerce

KAREN WATT

Director of Regulation & Inspection,
Communities Scotland

Full residential packages offer excellent value for money – high quality accommodation at the Glasgow Hilton Hotel, along with the conference dinner – provide an opportunity to socialise with fellow delegates. Non-Residential and Day Delegate options are also available.

EVERYONE COUNTS

The Conference will not only discuss finance-related issues, but also the managerial competences that are required of leaders in the public service community. Whether you work in local or central government, education, the NHS or the police, this conference will bring you the latest developments, challenge your thinking and inspire you in the workplace.

Please look out for the **Investing In Success** brochure, which will be arriving on your desk in the next few weeks. This will provide you with Day One and Day Two programme content and further details of the workshops will follow. In the meantime, you can book online at www.cipfascotland.org.uk. Please book as soon as possible to ensure your attendance, particularly residential delegates, as places are limited.

Book online at www.cipfascotland.org.uk

LOOKING FOR A REWARDING WAY TO EARN CPD HOURS?

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, 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, structure of NHS Scotland, costing, joint futures, and 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



In January 2004 CIPFA launched its TISonline service – more than 30 information streams covering the functions and services of public authorities. Those streams provide not only access to financial management guidance and best practice in accountancy and audit – essential for all core finance staff – but also sector leading specialist guides such as the *CIPFA Guide to Council Tax* and front-line practitioner manuals such as the *VAT Reference Manual for Local Authorities*.

As well as regularly updated core finance information, the TISonline service offers a number of additional benefits. Links to key legislation and documentation, sources of further information, subject specific glossaries and case studies, and a discussion forum are just some of the facilities available online. Registered users are kept up to date with developments via the regular E-alert.

Join over 300 other public bodies, and subscribe to TISonline. Due to the success of TISonline, we are pleased to be able to offer authorities the opportunity to join part-way through the subscription year at a considerable discount.

Immediate access for everyone within your authority until 31 March 2005 costs just £750 + VAT.

To subscribe, or for more information, contact the Technical Information Service on 020 7340 1210 or email tis@ipf.co.uk