

Draft Notes

CL 03 03 22D

Board	CIPFA LASAAC Local Authority Accounting Code Board
Date	10 January 2022
Time	3.30-4.45
Venue	Microsoft Teams

Present

Chair	Conrad Hall (Chair)	<i>London Borough of Newham</i>
CIPFA Nominees	Deryck Evans	<i>Audit Wales</i>
	John Farrar	<i>Grant Thornton</i>
	Christine Golding	<i>Essex County Council</i>
	Collette Kane	<i>Northern Ireland Audit Office</i>
	Paul Mayers	<i>National Audit Office</i>
	Alison Scott	<i>Three Rivers DC and Watford BC</i>
	Liz Thomas	<i>Flintshire County Council</i>
LASAAC Nominees	Nick Bennett	<i>Azets</i>
	Hugh Dunn	<i>City of Edinburgh Council</i>
	Joseph McLachlan	<i>East Ayrshire Council</i>
	Paul O'Brien	<i>Audit Scotland</i>
	Gillian Woolman	<i>Audit Scotland (Vice Chair)</i>
Co-optee	Jake Bacchus	<i>Westminster City Council</i>
Observers	Jenny Carter	<i>FRC</i>
	Jeff Glass	<i>Department of Communities (NI)</i>
	Matt Hemsley	<i>DLUHC</i>
	Emma Smith	<i>Welsh Government</i>
	Vikki Lewis	<i>HM Treasury</i>

Michael Sunderland *HM Treasury*
Peter Worth *Chair, former Local Authority Accounting Panel*

In attendance Steven Cain *CIPFA Secretariat*
Sarah Sheen *CIPFA Secretariat Advisor*
Karen Sanderson *CIPFA Director, Public Financial Management*
Richard Lloyd-Bithell *CIPFA, Senior Technical Manager*
Mark McClean *CIPFA Policy Officer*

		Action
1	Apologies	
14.1	Apologies were received from: Joseph Holmes JJ Tohill	
2	Declarations of interest	
2.1	No declarations of interest were raised.	
3	Draft minutes of 6 December 2021 meeting to note	
3.1	The Chair suggested that, barring any significant disagreements, Board members should provide any comments on the draft minutes through email correspondence.	
3.2	No significant disagreements were raised.	
4	Update on Options for Changes to the Local Authority Accounting Code to Ease Audit Timeliness	
4.1	The Chair introduced this paper, drawing attention to <ul style="list-style-type: none"> - the unusually difficult circumstances around audit delay. - that the options in the paper go beyond those in gift of CIPFA LASAAC. Noted discussion with FRAB Chair <ul style="list-style-type: none"> - Need to be careful about unintended consequences of any change, - Need to be clear about time limit for proposals and exit strategy 	
4.2	The Chair also noted that in order for proposals to be worth recommending, they need to have a significant impact on timetables by reducing resources required by preparers, auditors or both. The Chair suggested that a modified version of paper should be submitted to FRAB to seek their views. This should include an indication where possible of CIPFA LASAAC's view on whether particular options are feasible or desirable.	CL Secretariat

		Action
4.3	<p>Key points made include the following:</p> <p><u>Option 0 (inclusion of zero option to 'do nothing')</u></p> <ul style="list-style-type: none"> - The options paper should include a 'zero option' where no changes are made, noting the adverse consequences which arise from this. - <u>Option 1 (PPE valuation and materiality)</u> - Report to be clear that this focuses on operational PPE measured using current value - Accounting solutions under option 1 will not necessarily result in reductions of audit effort. - To achieve reductions in audit effort, there is a need to address issues around proper presentation and the auditor's true and fair view - Solutions under option 1 which are effective in reducing audit effort may require statutory backing - It may not be possible to develop a solution around option 1a, but this should be pursued because the benefit would be very significant if this could be achieved. - Research on the audit issues for Option 1a should be carried out and included in the draft FRAB paper - On options 1b and 1c, indexation seems more appropriate than halting/deferring valuation for 2 years - Secretariat to obtain views from the devolved administrations (in practice this point applies to any approach that might be adopted which primarily addresses audit problems in England). - it might be appropriate to attach the devolved administration Redmond responses to the FRAB report, although these did address somewhat different aspects of the differences between the jurisdictions. <p><u>Option 2 (group accounts)</u></p> <ul style="list-style-type: none"> - in addition to the points raised in the report, there would be issues around marshalling technical resource to develop an acceptable solution. It would be risky to pursue this in 2021/22. <p><u>Option 3 (pension fund accounts)</u></p> <ul style="list-style-type: none"> - Secretariat to clarify the practical implications of this proposal, noting that it would have some impact on the audit resource requirement for the accounts <p><u>Option 4 (IFRS 16 deferral)</u></p> <ul style="list-style-type: none"> - Option to be reframed in terms of not implementing a new burden and thereby making resource pressures worse 	

		Action
	<p><u>Option 5 (pension disclosures)</u></p> <ul style="list-style-type: none"> - In addition to the points raised in the report, the Board noted that similar issues arise around financial instruments disclosures. However, because of the complexity around this area it would be too difficult to develop proposals around these quickly enough for consultation. - <u>Option 6 (suspending LG input to WGA)</u> - WGA is extremely delayed. One approach might be to pause all work to support WGA (presumably including the devolved administrations?) - There are resource efficiency issues if this work is disconnected from main audit - But suspending requirements might have a beneficial effect on completion of audits of the statutory financial statements - any approach based on adjustments would need to be discussed with the WGA team who provide Group instructions - <u>Option 7 (non-publication of 2021/22 financial statements)</u> - would clearly have a massive effect on resource requirements, but would clearly have a significant effect on financial reporting. - It would also pose significant issues around recovering the position. 	
5	Any Other Business	
5.1	The Chair noted secretariat's intention to raise a matter as AOB. This was not discussed due to lack of time and will need to be progressed by email.	