

Draft Minutes

CL 04 11 22A

Board CIPFA LASAAC Local Authority Accounting Code Board

Date 15th June 2022

Time 14:00 – 17:00

Venue Microsoft Teams

Present

Chair Conrad Hall (Chair) *London Borough of Newham*

CIPFA Nominees
Deryck Evans *Audit Wales*
John Farrar *Grant Thornton*
Christine Golding *Essex County Council*
Collette Kane *Northern Ireland Audit Office*
Paul Mayers *National Audit Office*

LASAAC Nominees
Nick Bennett *Azets*
Gary Devlin *Azets*
Hugh Dunn *City of Edinburgh Council*
Joseph McLachlan *East Ayrshire Council*
Paul O'Brien *Audit Scotland*

Co-opted Members Gillian Woolman *Audit Scotland (Vice Chair)*

Observers
Jenny Carter *FRC*
Elanor Davies *Scottish Government*
Jeff Glass *Department of Communities (NI)*
Matt Hemsley *DLUHC*
Emma Smith *Welsh Government*
Peter Worth *Chair former Local Authority Accounting Panel*

In attendance	Alan Bermingham	<i>CIPFA, Technical Manager</i>
	Steven Cain	<i>CIPFA, Secretary</i>
	Richard Lloyd-Bithell	<i>CIPFA, Senior Technical Manager</i>
	Mark Mclean	<i>CIPFA Policy Officer</i>
	Karen Sanderson	<i>CIPFA, Director IFR4NPO</i>
	Myles Binney	<i>DLUHC</i>
	Paulette Farsides	<i>DLUHC</i>
	William Hannam	<i>DLUHC</i>

		Action
1	Apologies	
1.1	Apologies were received from Joseph Holmes Alison Scott Liz Thomas Sudesh Chander Michael Sunderland	
2	Declarations of interest	
2.1	No declarations of interest were noted, although it was noted that some Board members are highways authority preparers and/or auditors of highway authorities, and some have been members of the infrastructure task and finish group.	
3	Approval of minutes and notes of previous meetings	
3.1	The following documents were agreed as accurate and can be finalised <ul style="list-style-type: none"> • 9 March 2022 Minutes • 13 April 2022 post FRAB Meeting notes • 27 April 2022 Single Issue Meeting 	CL Secretariat
4	Action points	
4.1	The Board noted the action points and gave the following directions: AP2 to be retained, notwithstanding Chair's concern that it may not be sensible to track subcomponents of Strategic plan strands. AP4 on the standardised statement to be retained, but to note that Ukraine and other pressures in the local audit framework has meant that action on this recommendation was deferred. .	

		Action
	<p>On AP5 re the English metropolitan membership vacancy, Karen Sanderson outlined CIPFA plans to pursue this through treasurers' societies.</p> <p>The Chair also directed Board members to send any drafting on how to frame the advert to make the post more attractive to the Secretariat by the end of the week.</p> <p>On AP6, the Chair suggested that once the various emergency consultations are completed, the representation from the Accounting and Financial Reporting Forum should ideally be the Chair of that Forum.</p>	<p>CL Secretariat Board members</p> <p>CL Secretariat</p>
5	Membership	
5.1	This was covered in the discussion of AP5 in the previous agenda item.	
6	Initial report on Urgent Consultation on Infrastructure Assets	
6.1	While some informal verbal commentary was provided based on early responses, no analysis was available because the consultation closed on 14 th June, with the majority of responses received in the last two days, including some after 6.30pm on the final day.	
6.2	Karen Sanderson explained the growing tensions and frustrated position of the sector, and that although analysis had yet to be completed it was clear that there were a variety of positions that would be difficult to resolve.	
6.3	It was determined that it would be sensible to have a single-issue meeting in the week commencing 27 June 2022. (the meeting was held on 27 June 2022).	
7	Draft ITC for the 2023/24 Code	
7.1	The Board briefly considered the paper on the initial draft Code consultation for 2023/24, noting that it proposes a stable platform, deferral of IFRS 17 <i>Insurance Contracts</i> in line with the planned FReM approach, and proposals on infrastructure assets.	
7.2	Jenny Carter provided a helpful drafting comment on the ordering of the standards.	
7.3	Matt Hemsley noted that there may be additional statutory developments in relation to the continuation of relief from IFRS 9 <i>Financial Instruments</i> for pooled investment Funds. Also noting that DLUHC was seeking further evidence for the continuation of the Dedicated Schools Grant override.	
7.4	The Chair noted the desirability of keeping the ITC aligned with known statutory developments to minimise preparer concerns but	

		Action
	acknowledged that this is not ultimately a problem for Code drafting as the statutory position will always be respected.	
8	Update on CIPFA LASAAC's Strategic Plan	
8.1	Richard Lloyd-Bithell talked through this paper and invited comments from the Board.	CL Secretariat
8.2	<p>Various comments were made, led by the Chair and reinforced by Gillian Woolman, Nick Bennett and Gary Devlin noting</p> <ul style="list-style-type: none"> Concerns around capacity, while understanding that the Covid pandemic and other factors had caused greater than expected pressures. Concerns that the Board is not pursuing key initiatives to make the accounts more understandable, for example, through enhanced narrative reporting. 	
8.3	Karen Sanderson agreed that capacity has been an issue, and will continue to be so, with issues which what were initially thought to be temporary peaks and pressures turning out to be much more sustained. For that reason CIPFA is reprioritising its resources as well as putting in more resources, and seeking to move to a more programmed phase of work, in contrast to a reactive approach to successive crises or issues.	
8.4	The Chair's suggestion was that the plan is recirculated in short order with target dates against each item, so that there can be a conversation between CH as Chair, GW as Vice Chair, and possibly also HD as LASAAC Chair	
9	Board to consider whether there are any matters they consider should be referred to FRAB.	
9.1	Audit members discussed the work requirements for WGA for 2020-21, given the lack of auditor capacity for work in July. It was noted that the threshold for audit has removed all but 10 local authorities from full audit. The deadline remains 31 August. If additional procedures are required, these will be negotiated on an individual basis.	
9.2	Nevertheless, it may be necessary to manage the expectations of FRAB	
10	Update on Redmond Update on Guidance on the application of IFRS 16 to Schools Assets Owned by Religious Bodies – for information	
10.1	This information item was noted.	
11	Thematic Review	

		Action
11.1	HM Treasury were not able to attend the meeting, so no presentation was provided. The Chair noted the relevance of the review to the work of the Board including matters such as infrastructure assets	
12	Government response to local audit framework: technical consultation	
12.1	<p>Paulette Farsides from DLUHC provided a presentation on this matter, noting</p> <ul style="list-style-type: none"> - The Redmond Review was essentially a post-implementation review of the 2014 Local Audit and Accountability Act, having regard to concerns over increasing delays in the completion of local audits, but needed to be progressed in line with BEIS initiatives to restore public trust in audit. - The government response supported many of the recommendations but a different form of system leader in ARGAs to that anticipated by Redmond. - Good response to consultation with input from all key stakeholders - Already committed to creating a shadow organisation from September with Neil Harris coming in to start building up capacity for the dedicated local unit which will address one of the key anxieties that stakeholders had about ARGAs taking on this role, which was the traditional corporate focus at FRC and lack of expertise on local audit. - The response largely confirmed everything that was set out in the consultation. ARGAs will be system leader and will take over the setting of the code of audit practice, and will oversee the entire quality framework with governance discretely developed for local audit, and a line of sight between DLUHC's accounting officer and ARGAs - There'll be a statutory objective for local audit. This is significant because ARGAs will only have four overarching statutory objectives. - In recognition of the key difference between public audit and corporate audit regularity principles will take account of the value for money, arrangements, Health will continue to be covered by the 2014 Act and the code of audit practice, and ARGAs will be its system leader as well. - Local audit will not adopt the levy system but ARGAs will be funded directly. 	
12.2	The Chair and others relayed concerns in relation to the Parliamentary timetable. PF agreed that many things could not be formally in place until the creation of ARGAs proper but noted that shadow arrangements were in place and DLUHC was not looking away. The Secretary of State and Director General were extremely committed to local audit.	

		Action
13	Conference Programmes for Information	
13.1	The Board noted the Conference programmes.	
14	Any other business	
	Approval of the 2022-23 Code	Board/Secretariat
14.1	It was noted that board members had not yet provided the required majority approval for the issuance of the 2022/23 Code having regard to the amendments required to secure FRAB approval. Secretariat provided a brief readout of recent detailed drafting changes to the Foreword. Conrad Hall directed members who had not yet expressed their support or disagreement to contact the Secretariat by close of play. This message was communicated by email to non-attending members.	
	CIPFA Media Policy	
14.2	The Board received a short presentation on CIPFA's media policy from Mark Davey, Communications Manager at CIPFA in relation to member media comments and exposure in the context of their role as CIPFA LASAAC board members.	
14.3	It was noted that CIPFA/LASAAC is not entirely a CIPFA vehicle, and only some members will be commenting on behalf of CIPFA per se. Nevertheless, the LASAAC nominees will operate within professional parameters which will have regard to sensitivities or other factors which are relevant to CIPFA.	
14.4	It was also noted that communications policies are two-way, and it would be helpful if, when appropriate, CIPFA Communications Team notified CIPFA/LASAAC of planned media comments which impact on the work of the Board. Especially if the CIPFA media line is not straightforwardly aligned with the position of CIPFA/LASAAC.	
15	Dates of next Board meetings	
15.1	It was noted that some single-issue meetings are planned. Dates yet to be finalised. It is planned to invite Neil Harris, FRC Director of Local Audit to the main November meeting on 9 November 2022.	