



Minutes Approved by LASAAC on 23 October 2019

Committee	Local Authority (Scotland) Accounts Advisory Committee	
Date	20 August 2019	
Time	14:00 pm	
Venue	CIPFA, 160 Dundee Street, Edinburgh	
Members	Gillian Woolman	Audit Scotland (Chair)
In Attendance	Hugh Dunn	City of Edinburgh Council (Vice Chair)
	Paul O'Brien	Audit Scotland
	Joseph McLachlan	East Ayrshire Council
	Gary Devlin	Scott-Moncrieff
	Jennifer Ogilvie	West Dunbartonshire Council
	Elise Black	Scottish Government
	Tina Duncan	Glasgow City Council
	John Boyd	Grant Thornton
Apologies	Ian Lorimer	Angus Council
	Kirsty Flanagan	Argyll and Bute Council
	Hazel Black	Scottish Government
	Nick Bennett	Scott-Moncrieff
	Fiona Kordiak	Audit Scotland
Secretary	Gareth Davies	CIPFA

The Local Authority (Scotland) Accounts Advisory Committee (LASAAC) is funded by the Chartered Institute of Public Finance & Accountancy (CIPFA), Audit Scotland and the Scottish Government.

The members of LASAAC are volunteers representing the funding bodies or participating as appointed or co-opted members. LASAAC is primarily concerned with the development and promotion of proper accounting practices for Scottish local authorities. A key task in achieving this is LASAAC's contribution to the development of the 'Code of Practice on Local Authority Accounting in the United Kingdom' ('the Code').

LASAAC meetings are to be conducted in accordance with LASAAC's Terms of Reference as approved by LASAAC and ratified by the funding bodies.

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	Item	Action
1	Item 1. Apologies	
1.1	Ian Lorimer, Kirsty Flanagan, Hazel Black, Nick Bennett, Fiona Kordiak	
2	Item 2. Minutes and Actions	
2.1	The minutes were approved. The approved minutes are to be uploaded to the website.	1
2.2	Future action notes are to include a target date at which point an action should be completed, reviewed or removed rather than be marked as 'ongoing'.	2
3	Item 3. Membership & Attendance	
3.1	Jennifer Ogilvie was approved as the Integrated Joint Board representative.	
3.2	A new local government practitioner representative should be sought. Director of Finance Section to be requested to identify a local government practitioner representative for LASAAC.	3
4	Item 4. Annual Report	
4.1	The annual report was noted and considered to provide a good overview and fair representation of LASAAC's work.	
4.2	The Chair tabled a draft letter which is intended to be provided to stakeholders, particularly to s95 CFOs and the external audit community. The Chair welcomed comments in the meeting and by e-mail within the next two days. Suggestions in the meeting included: <ul style="list-style-type: none"> • Highlighting the request for feedback in the letter • Ensuring that practitioner and auditor feedback is also welcomed Comments on letter to Chair &/or secretary prior to Chair finalisation of letter.	4
5	Item 5. Work Plan 2019/20	
5.1	In discussion: <ul style="list-style-type: none"> • Reserves guidance review (B7): Target is for February / March. Joe McLachlan and Paul O'Brien volunteered to review the draft. • Work on 'simplification' (B3) to be re-titled to refer to 'improving clarity' • Statutory Adjustments Review / Presentation (B1) is now part of the CIPFA/LASAAC strategic review process. Discussion may include whether statutory adjustments could be replaced by more use of adaptations and interpretations. Any Code amendments would need to be applicable to, or specified separately for, Scotland. • The presentation of, and use of signage in, the CIES line 'Total 	5

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	<p>Comprehensive Income and Expenditure' is inconsistent and can lack clarity. Amendment to the Code may be considered.</p> <ul style="list-style-type: none"> • Audit Scotland indicated that a review of good practices regarding management commentaries in 18/19 annual accounts was intended and this may inform future LASAAC work plans • Watching brief items to be added: <ul style="list-style-type: none"> ○ Redmond Review [England] ○ FRC Changes [Kingman review etc, change to ARGA] ○ LGPS Scheme Advisory Board Review <p>Work plan to be updated per LASAAC decisions.</p>	
6	Item 6. CIPFA/LASAAC Code Board	
6.1	<p>Ian Lorimer was approved as the second CIPFA/LASAAC reserve nominee.</p> <p>CIPFA/LASAAC to be notified that Ian Lorimer is a reserve LASAAC nominee.</p>	6
6.2	<p>The planned 20/21 consultation (invitation to comment) was discussed.</p> <p>Chair to specifically request in the planned letter that CFOs and auditors ensure the ITC is distributed to appropriate officers in their organisations.</p>	7
7	Item 7. CIPFA/LASAAC Discussion Papers	
7.1	<p>Regarding the planned differential reporting discussion paper:</p> <ul style="list-style-type: none"> • It was suggested to be perhaps more directly relevant for England • The specific nature, finance characteristics and scale of IJBs were discussed • The reference to differential classes in Scotland will be removed • Auditor and preparer judgement could be a contributor to unnecessarily long and /or complex accounts 	
7.2	<p>In relation to the planned strategy discussion paper:</p> <ul style="list-style-type: none"> • The key objectives are on achieving clarity for users and focusing on their needs • Scottish Government accounts were suggested to be more direct and simpler than local government accounts • The discussion of capital measurement in the paper was queried. No pre-judgement is implied or intended. It was noted that the mix of accounting bases could be confusing. 	
8	Item 8. 2018/19 Accounts Closure Feedback	
8.1	<p>In discussion:</p> <ul style="list-style-type: none"> • Audit processes generally continuing • IFRS 15 <i>revenue from contracts...</i> generally did not appear to lead to major changes • IFRS 9 Financial Instruments was more cumbersome with more work involved, sometimes just establishing that there was no major 	

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	<p>impact arising</p> <ul style="list-style-type: none"> • Pensions – the McCloud judgement lead to adjustments and new actuarial reports being requested. The Government Actuary's Department (GAD) review of the E&W LGPS was a critical factor, as well as the subsequent refusal of leave to appeal the ruling. • Pensions - GMP was generally dealt with as a contingent liability disclosure. • Pensions – it was noted that external ALEOs sometimes had different treatments for GMP etc compared to the council accounts expectations. In some cases ALEOs may have closed accounts before some uncertainties were resolved (eg refusal of leave to appeal re McCloud) • Pensions – noted that actuaries had sometimes taken different approaches eg in respect of estimating the impact 	
9	Item 9 IFRS 16 Leases Implementation	
9.1	<p>In discussion:</p> <ul style="list-style-type: none"> • The key issue raised was the extent of implementation risks arising in Scotland • Potential issues related to ALEO/ group adoption and aligning accounting policies were noted. • • The proposed central government 'question checklist' for determination of whether a disclosure is required and appropriate was noted. • The FReM plans to incorporate these, including reference to cost-benefit consideration. • The potential to require a disclosure concerning the assessment of materiality for the accounts presented was noted. • Materiality should not be focused wholly on the quantitative aspects <p>Chair to specifically refer to IFRS 16 leases implementation preparation in the planned letter to CFOs and auditors.</p>	8
10	Item 10 Integration Joint Boards Update	
10.1	<ul style="list-style-type: none"> • Large hospital set aside budgets had been a focus of interest in some areas, with some presented as being directly managed • Discussion had arisen over the number of segments presented in the CIES • Reserves plans had been challenged in some cases • Self-evaluation of progress regarding the Ministerial Strategic Group review of progress recommendations is expected • Budgetary and funding risks continue for IJBs. Examples include prescribing risks; new risk sharing arrangements between partners; mental health strategy funding arrangements. • Budget setting processes have generally improved but are still challenging and sometimes not possible to agree budgets before 1 April. 	

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	<ul style="list-style-type: none"> • Free personal care and extension of carers act are new service requirements • Practices regarding NHS brokerage arrangements, as they affect IJBs, were queried. It was noted this may depend on the integration scheme. Potentially NHS overspends will impact on IJBs. • The extent of variation between IJBs, and an apparent geographic split, was noted. 	
11	Item 11. Audit Scotland Update	
11.1	<ul style="list-style-type: none"> • The next Code of Audit Practice will be issued for consultation in January. A revised approach to Best Value audits may be considered eg as part of the annual audit process; and ensuring that best value audit arrangements apply to IJBs. • Loans Fund Rescheduling: Following the May LASAAC meeting Audit Scotland had secured counsel's opinion which supported, albeit on an unexpected basis, the view that pre 2016 advances could be rescheduled. Authorities which have already rescheduled pre 2016 advances are not therefore expected to be qualified for this. Audit focus would however remain on the extent to which any rescheduling was evidenced to be prudent as specified in the legislation. • Valuation of assets: The impact of a change in valuers on asset valuations provided was noted, with some instances of significant differences arising (eg due to obsolescence factors). Authorities could be anticipated to investigate, substantiate and justify significant changes to ensure they are not arbitrary, or due to errors. • The requirement to show that the carrying value at the balance sheet date is appropriate was noted. Use of indices or samples was discussed. The application of this for council dwellings in particular was noted, referencing some audit expectation of more frequent valuation. • The importance of being able to rely on professional expertise, eg from valuers or actuaries, was highlighted. 	
12	Item 12 Scottish Government Update	
12.1	<ul style="list-style-type: none"> • The UK is government is to announce a 'one year spending round' • Scottish Government to consider whether to provide 4-year indicative figures or adopt a more limited time horizon • The capital budget will follow after the revenue plans, due to the infrastructure investment review • It was noted that income tax reconciliations (adjustments for prior years actual receipts) and adjustments to the Scottish Government block grant would be a challenge 	
13	Item 13 CIPFA Update	

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13.1	<ul style="list-style-type: none"> The CIPFA Financial Management Code is in development with final stakeholder feedback processes ongoing Guidance relating to investment in commercial properties is expected to be issued later this year 													
14	Dates of next meetings													
14.1	<p>All at CIPFA, Edinburgh, 160 Dundee Street.</p> <p>23 October 2019, 2pm</p> <p>Future dates for 2020 are proposed within the following periods (Tuesday - Thursday), subject to confirmation with the Chair, Vice Chair and funding bodies.</p> <table border="1" data-bbox="341 723 1380 1120"> <thead> <tr> <th data-bbox="341 723 695 761">Week 1 Options</th> <th data-bbox="695 723 1075 761">Week 2 Options</th> <th data-bbox="1075 723 1380 761">CIPFA-LASAAC</th> </tr> </thead> <tbody> <tr> <td data-bbox="341 761 695 891">Tue 18/2 (pm) Wed 19/2 (pm)</td> <td data-bbox="695 761 1075 891">Tue 25/2 (am/pm)</td> <td data-bbox="1075 761 1380 891">6/11/19 Edinburgh 6/3/20 London</td> </tr> <tr> <td data-bbox="341 891 695 987">Tue 19/5 (am)</td> <td data-bbox="695 891 1075 987">Thu 28/5 (pm)</td> <td data-bbox="1075 891 1380 987">5/6/20 Edinburgh</td> </tr> <tr> <td data-bbox="341 987 695 1120">Tue 20/10 (pm) Wed 21/10 (pm) Thu 22/10 (pm)</td> <td data-bbox="695 987 1075 1120">Tue 27/10 (pm) Thu 29/10 (pm)</td> <td data-bbox="1075 987 1380 1120">3/11/20 London</td> </tr> </tbody> </table>	Week 1 Options	Week 2 Options	CIPFA-LASAAC	Tue 18/2 (pm) Wed 19/2 (pm)	Tue 25/2 (am/pm)	6/11/19 Edinburgh 6/3/20 London	Tue 19/5 (am)	Thu 28/5 (pm)	5/6/20 Edinburgh	Tue 20/10 (pm) Wed 21/10 (pm) Thu 22/10 (pm)	Tue 27/10 (pm) Thu 29/10 (pm)	3/11/20 London	
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