CIPFA/LASAAC LOCAL AUTHORITY ACCOUNTING CODE BOARD

TERMS OF REFERENCE

1.1 The CIPFA/LASAAC Local Authority Accounting Code Board (CIPFA/LASAAC) is established as a standing committee of CIPFA and LASAAC for the purpose of preparing, maintaining, developing and issuing the Code of Practice on Local Authority Accounting for the United Kingdom (the 'Code').

1.2 The Board's terms of reference are:

(i) To prepare, maintain, develop and issue the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

(ii) To follow the Memorandum of Understanding between the Relevant Authorities on the development of the Code.

(iii) To consider and respond to advice from the Financial Reporting Advisory Board (FRAB).

Finalisation of the Code requires the approval of both CIPFA (through report to CIPFA's Public Finance and Management Board) and LASAAC.

1.3 The preparation maintenance and development of the Code will focus in the main on EU adopted International Financial Reporting Standards and International Accounting Standards as adapted for public sector circumstances. In meeting its terms of reference in 1.2 CIPFA/LASAAC will have due regard to ensuring high quality financial reporting in local authority financial statements. CIPFA/LASAAC will also consider issues relating to any information which is provided with local authority financial statements, including commenting on the application of relevant best practice.

2 DUE PROCESS FOR THE PREPARATION OF THE CODE

2.1 CIPFA/LASAAC shall keep under review the Code. In particular it shall consider at least annually:

- Any implications for the Code of new accounting standards.

- Any developments in local government that suggest further guidance on accounting matters is desirable.

Proposed divergences shall be notified to the FRAB Working Group as soon as practicable.

2.2 Drafting of the Code is undertaken by CIPFA/LASAAC. The process should ensure the participation of local authority representatives from all jurisdictions covered by the Code, external auditors of local authorities, relevant government departments, the FRAB and independent outsiders on behalf of the wider public interest. Where necessary and with the approval of the Board CIPFA/LASAAC may, as circumstances require, establish sub groups to consider individual issues or tasks. These sub groups shall conduct their meetings in accordance with their agreed Terms of Reference. The sub groups may, where necessary, invite appropriately qualified experts to join the Group subject to the Terms of Reference for the Group. These Terms of Reference shall be approved by CIPFA/LASAAC.

2.3 CIPFA/LASAAC shall conduct its proceedings in an open way and follow due process involving wide consultation. Before publishing the final Code, CIPFA/LASAAC shall invite public comment by means of a published exposure draft and invitation to comment explaining the proposals. The period for responses shall normally be at least eight weeks. Shorter consultations of at least four weeks may be undertaken in exceptional circumstances. CIPFA/LASAAC shall seek to secure publicity for the exposure draft and invitation to comment in local authority journals and accounting journals. The exposure draft and invitation to comment shall be placed on the CIPFA website. In addition to local authorities those specifically notified of the consultation and invited to comment shall include member bodies of CCAB, external auditors of local authorities and relevant government departments.

2.4 During the development of the Code CIPFA/LASAAC shall identify any divergences from accounting standards and/or the Government Financial Reporting Manual (the FReM) and inform the FRAB Working Group under the process set out in the Memorandum of Understanding between the Relevant Authorities.

2.5 The FRAB shall be given a list of the key differences between the final draft of the Code and the FReM for consideration before the Code is finalised.

2.6 The invitation to comment included with exposure drafts shall state that comments will be regarded as on the public record, unless confidentiality is requested. Summaries of comments that are on the public record will normally be made available in an appropriate manner on the CIPFA/LASAAC website.

2.7 Any material that CIPFA/LASAAC proposes to issue formally offering an adaptation of EU adopted IFRS shall be included in the Code or should be submitted to the same due process and scrutiny procedures as the Code, including discussion with the FRAB Working group and consideration by the FRAB. Normally, such guidance shall subsequently be incorporated into a revised version of the Code.

2.8 The CIPFA Guidance Notes for Practitioners on the Code of Practice on Local Authority Accounting in the United Kingdom are prepared by the Local Authority Accounting Panel (LAAP). CIPFA/LASAAC is not responsible for reviewing the Guidance Notes, which are issued by CIPFA. Accordingly the following pro-forma statement shall be included in the Guidance Notes.

"The overall aim of the Guidance Notes is to assist practitioners in the preparation of financial statements. They do not form part of the [dated Code], nor have they been reviewed by CIPFA/LASAAC. They attempt to explain and illustrate what is required by the [dated Code], but do not carry the authority of the Code."

3 COMPOSITION

3.1 The composition of CIPFA/LASAAC is:

- the Chair (see section 4 below)
- 11 nominations from CIPFA including 7 for England, 2 for Northern Ireland and 2 for Wales and
- 5 nominations from LASAAC covering Scotland.

3.2 One member of the Board shall be appointed as vice chair.

3.3 Nominations from each of the geographical areas should include both local government practitioners and auditors.

3.4 The Board may elect to co-opt up to two independent members as voting members of the Board; such co-options to be agreed by the Board by a simple majority vote.

3.5 Additionally, one nomination from each of the following shall have the right to attend as an observer:

- Financial Reporting Council (FRC)
- Ministry of Housing, Communities and Local Government (MHCLG)
- FRAB Secretariat
- National Audit Office
- Scottish Government
- Welsh Government
- Department of the Environment (Northern Ireland)

3.4 Staff from the CIPFA Secretariat also attend and provide support to CIPFA/LASAAC.

4 CHAIR

4.1 The Chair is selected by CIPFA/LASAAC through open advertisement and competition.

4.2 The appointment is for a fixed term renewable of 3 years.

4.3 The Chair has a casting vote.

5 SECRETARIAL SUPPORT

5.1 Secretarial support for the Board is provided by CIPFA.

5.2 CIPFA technical accounting staff and colleagues will act as Secretariat to CIPFA/LASAAC.

5.3 The relevant CIPFA senior manager responsible for local authority financial reporting will attend CIPFA/LASAAC as appropriate and necessary. The LASAAC Secretary will attend CIPFA/LASAAC on a regular basis.

5.4 Other members of the CIPFA Secretariat may be involved in supporting the work of CIPFA/LASAAC and attend as required.

6 BOARD APPOINTMENTS

6.1 Appointments to CIPFA/LASAAC are made by nomination from:

- CIPFA (Public Finance and Management Board) for the CIPFA nominees
- LASAAC for the LASAAC nominees
- CIPFA (Northern Ireland) for the Northern Ireland nominees
- CIPFA in Wales Branch for the Welsh nominees.

and are subject to the governance arrangements of those bodies. All nominations are personal to the individuals concerned – substitutions for particular meetings may only be made with the consent of the Chair.

6.2 Appointments are made for a fixed term renewable of up to 3 years. Non-attendance at three consecutive meetings will trigger an early review of an appointment.

6.3 Up to two independent members may be co-opted by CIPFA/LASAAC as voting members of the Board. Co-options may be made for a fixed term renewable of up to 3 years. The Board may invite other persons to attend on an ad-hoc (non-voting) basis to advise the Board on specific issues or projects.

6.4 Observers are appointed by nomination from:

- FRC
- MHCLG
- FRAB Secretariat
- National Audit Office
- Scottish Government
- Welsh Government
- Department of the Environment (Northern Ireland)

and are subject to the governance arrangements of those bodies. All nominations represent their organisation. They may be represented by another member of their organisation on an exceptional basis.

7 CONDUCT OF MEETINGS

7.1 As noted in paragraph 2.3, CIPFA/LASAAC shall conduct its proceedings in an open way and follow due process involving wide consultation.

7.2 Members and observers must not use their position for personal gain in either business, political or social relationships. Therefore a member or observer who has, or may be perceived to have, such a personal interest in a particular matter under consideration should declare that interest and withdraw from all discussions relating to it. In addition, members should take no part in any vote on such a matter.

7.3 Each meeting of CIPFA/LASAAC shall allow its members and observers the opportunity to declare any interest that is relevant to the issues discussed at the meeting.

7.4 The agreed minutes of the CIPFA/LASAAC meeting shall be posted on the CIPFA website as soon as possible after the meeting.

8 BOARD MEETING FREQUENCY AND AGENDAS

8.1 CIPFA/LASAAC will meet a minimum of three times per year, the venue usually alternating between London and Scotland. Meetings are scheduled in advance but may be changed by agreement. Additional meetings may be held by agreement.

8.2 Work between meetings is progressed through electronic communication, meetings of groups progressing specific items, and by the Secretariat in consultation with the Chair.

9 QUORUM

9.1 A quorum for meetings is 7 members. This includes members attending by telephone or video conference.

9.2 Non-quorate meetings may discuss and formally note matters for future report, but have no executive authority. Urgent decisions, at the Chair's discretion, should be dealt with by correspondence.

9.3 Different arrangements apply to the issue by CIPFA/LASAAC of an invitation to comment on proposals for changes to the Code and to the finalisation of the published Code, both which require that at least 50 per cent of members' consent. This 50 per cent of members' consent shall be agreed at a meeting of the Board or by subsequent electronic approval (normally by email). This electronic consent shall be communicated to the Secretary of the Board.

10 PERFORMANCE REVIEW

10.1 CIPFA/LASAAC will review its activities and shall hold an annual discussion at a meeting of the Board to evaluate its performance for the preceding 12 months.

11 REVIEW OF THE TERMS OF REFERENCE

11.1 CIPFA/LASAAC may review and update these terms of reference from time to time as it deems necessary. However, the maximum period for a full formal review of these Terms of Reference shall be no longer than three years.

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