



HM TREASURY

Relevant Authorities Working Group

Issue:	To update on the third meeting of the Relevant Authorities Working Group.
Impact on guidance:	N/A
IAS/IFRS adaptation?	N/A
Impact on WGA?	N/A
IPSAS compliant?	N/A
Interpretation for the public sector context?	N/A
Impact on budgetary and Estimates regimes?	N/A
Alignment with National Accounts	N/A
Recommendation:	The Board is invited to note the discussion points from the second meeting of the Relevant Authority Working Group and the forward plan.
Timing:	On going.

DETAIL

Background

1. The Relevant Authorities Working Group is a forum for representatives from the relevant authorities to discuss common themes and issues together.
2. The Group held their first meeting in February 2019, with a second meeting held in May 2019 and a third meeting held in September 2019.

3. At the FRAB meeting in April, the Board agreed there would be no direct governance relationship between FRAB and the Group, but that FRAB would receive sight of the discussion points from each meeting and the forward plan.

Summary and recommendation

4. The Board is invited to note and make any comments the discussion points from the third meeting of the Relevant Authority Working Group and the forward plan.

HM Treasury
21st of November 2019

Discussion points from the Relevant Authority Working Group Meeting Held on 23rd of September 2019 at HM Treasury

Present:

Vikki Lewis (Chair)
Kim Jenkins
Eleanor Shirtliff
Kathryn Allen
Gareth Davies
Matt Hemsley
Carolyn Gallagher
David Aldous
Nicola Maslin

On the Phone:

Secretariat: Josh Rushbrooke

Apologies: Alison Douglas, Steven Wareing

Invitees: Sam Calvert, Ruth Ward

Discussion points:

Agenda Item 1 – Welcome and Minute from the last meeting

1. The Chair welcomed the members to the meeting and thanked David Aldous from the National Audit Office for coming to speak about the NAO Code of Audit Practice.

Agenda Item 2 – NAO Code of Practice

2. David Aldous gave an overview of the on-going process into the new NAO Code of Audit Practice that will take effect from 1 April 2020, and therefore will apply to the 2020-21 accounts. David also highlighted that whilst this Code was applicable to those residing in England only, the underlying principles are useful to all relevant authorities
3. David set out the two-stage approach that had been taken to the consultation on the Code and informed the Working Group that feedback from stakeholders on splitting the consultation into two separate stages was very positive. The second stage of the process is currently open for consultation for a 12-week period and closes on 22nd November 2019.
4. David then provided more detail of areas of focus, including the value for money report, and how it is possible to change the narrative so the report can be written at a point in time, rather than waiting for on-going issues to be resolved.
5. The relevant authorities thanked David for his very informative presentation and asked multiple questions, including what the links are between this consultation and other on-going reviews / guidance, and what interaction the NAO had had with other stakeholders, including the relevant authorities audit organisations.

Agenda Item 3 – Action points from the last meeting

6. The Working Group agreed the minutes from the May 2019 meeting.
7. The action points from the May 2019 meeting were gone through in turn. The first and fourth action points were confirmed as completed in June. The fifth action point was agreed to be picked up as part of the leases update later in the meeting.
8. HMT agreed to work towards bringing forward publication of the FReM to early December and will look to do so for the updated 19-20 FReM if possible. However, due to the on-going public consultation, it may not be possible to do so for the 20-21 FReM. HMT confirmed if possible, it would also seek to publish the PES paper at the same time.
9. Action point three - the financial management process was discussed with relevant authorities agreeing to send through their critical and desirable dates if not yet done, and HMT confirmed the collation of this information would be done before the next meeting.
10. HMT also updated the Group regarding on-going discussions on action 6 and explained how individuals without gov.uk email addresses could have access to the One Finance site. HMT agreed to share the relevant link where access can be requested, to follow up with colleagues on whether it is possible for multiple users to have access as well as progress with allowing non gov.uk email addresses having access.

Agenda Item 4 – Update on the IFRS 9 + 15 post implementation review and FReM consultation

11. HMT gave an update on the ongoing review of the FReM. The review focuses on improving financial reporting and communication rather than the financial statements. HMT also highlighted the drive to increase transparency, with moving some information out of the PES paper into the public domain (i.e. the FReM). The consultation on the FReM is currently live and HMT gave appreciation to the Member's contributions and encouraged Members to share the consultation link to their respective stakeholders.
12. Both members from Northern Ireland and Wales raised areas for potential changes to the FReM to bring greater alignment between the FReM and relevance to their authority. A further discussion highlighted other reviews which would benefit common issues between relevant authorities. It was agreed to pick these discussion points up outside of the meeting.
13. HMT then gave an update on the IFRS 9 and 15 post implementation review, including the number of responses received to the surveys from preparers and users, and an overview of the desktop review. HMT confirmed it would circulate the user targeted questions to Members which also reflect the desktop review assessment criteria.
14. HMT gave an overview of the Statement of Parliamentary Supply (SoPS) review being undertaken alongside the FReM review. KA highlighted that NI have not yet implemented the Clear Line of Sight approach, and so there are a number of differences between the NI Statement of Assembly Supply (SoAS) and the SoPS disclosures. NI will still be able to implement a number of findings from the review in 2019-20 that are

relevant to the SoAS as it currently stands. HMT agreed to keep members updated on progress.

Agenda Item 5 – IFRS 16 Leases Update

15. HMT gave an update on how the IFRS 16 leases plan had developed since the last meeting and provided information in respect of the treatment of indexation of PFI transactions. HMT confirmed the budgeting guidance and application guidance for IFRS 16 had both been published on gov.uk and circulated via an FD letter.
16. The relevant authorities then had a discussion around the training and capability building opportunities that were available in respect to IFRS 16. HMT outlined some of the training opportunities available, including those arranged by the Government Finance Academy and jointly with PwC, and agreed to update on discussions that were currently being undertaken with those responsible for arranging these sessions, as to whether there was an opportunity to put on more regional sessions. The Group also discussed the availability of other resources to aid implementation queries, for example the Technical Accounting Centre of Excellence.
17. CIPFA then gave an update on some of the on-going areas of discussion identified with the implementation of leases. This included an update on one potential early adopter of IFRS 16 within local government and some further considerations that are being made to nil consideration leases which could impact schools for example, and what the CIPFA Code states on the cost model.

Agenda Item 6 – Update from each RA

18. Updates were received from each of the relevant authorities:
 - a. As well as the updates provided in the meeting, HMT is continuing to work on IFRS 17, updates to the Consolidated Budgeting Guidance and have just published the Sustainability Reporting Guidance.
 - b. Northern Ireland are currently working on the WGA consolidation which is due on 25th September. They are consulting with the WGA team in HMT about the new OSCAR II system and its impact. A link to the FReM consultation has been circulated to relevant parties. They are also consulting with their ALBs and the Northern Ireland Audit Office on how to make the boards of ALB's more accountable. Northern Ireland also have a shortage of accountants so are looking at making changes to their recruitment process. Updates are being made to the NI Managing Public Money, and seeking to introduce Clear Line of Sight, although the lack of working Assembly to pass legislation has caused a delay.
 - c. DHSC has just completed the WGA submission and is currently looking at the forward plan for the annual reports and accounts timetable, aiming to publish in October. The practical considerations of the implementation of IFRS 16 is a significant area of focus (for example, ensuring that smooth data collection processes are in place) and are already engaging with auditors on the assurance process needed, especially as the group eliminations are likely to be complex.
 - d. NHS Improvement updated on the work currently underway on the local audit guidance as a result of recommendations following a PAC hearing.
 - e. CIPFA has published an invitation to comment currently open for the 2020-21 Code which closes on 27th September. Feedback CIPFA has received for stakeholder engagement suggests that the accounts are seen as being too

complex which has led to consultation papers on the future strategy for the Code, although CIPFA highlighted the scope for changing the existing framework is restrictive. Lastly, CIPFA mentioned the Redmond review being undertaken into the requirements for local government audit

- f. MHCLG also updated the group on the involvement in the Redmond review and the likely recommendations to come out of this review, as well as what workstreams may be needed and who are the likely stakeholders.
- g. Wales drew some similarities between those projects they were undertaking, and the updates given by Northern Ireland. Wales is also looking into the accountability of ALBs, as well as whether there is a need for Wales to have its own Managing Public Money. Wales is also in the third phase of an alignment project, similar to Clear Line of Sight, which was consulted on over the summer. New value for money guidance has been published and advice for ministers. Wales is also embedding a new orange book, looking at some unique technical accounting changes and developing a baseline for annual reporting.

Agenda Item 7 – Forward Plan for RAWG

- 19. The forward workplan was discussed by the Group. It was agreed that an update on the FReM and the GAM would be given at the next meeting, as well as an update on the IFRS 17 implementation plan. Discussions would also be held on the financial management process and the developments in performance frameworks.

Agenda Item 8 – AOB

- 20. The Group agreed the next meeting date would be in February 2020.

Relevant Authority Working Group Forward Plan

- Timing of Relevant Authority Financial Management Process (February meeting)
 - Follow-on discussion from the May meeting
 - Discuss complete document
 - Implication for any changes to meetings
 - Will include the additional information on the critical and desirable dates
- Update on the financial reporting manuals (Feb and on-going)
 - Update on the FReM consultation
 - Update on the GAM
- Performance framework (February meeting)
 - Update from Wales on their performance framework developments
- Updates on changes in financial reporting (on-going)
 - Each Relevant Authority to update their on-going changes in financial reporting
 - Add a specific slot on the agenda for a Relevant Authority as requested
- Updates on financial standards (on-going)
 - On-going implementation of leases
 - Preliminary work on implementing IFRS 17
- Horizon scanning (on-going)
 - Changes to financial reporting in the international and private sectors
 - Stakeholder engagement with standard setters
 - How to feed into to technical accountant strongholds e.g. TACoE and RASIG