

Financial Reporting Advisory Board Review Group

Terms of Reference

Objective

1. The FRAB Review Group is to conduct a time limited inclusive review of the future role, structure and operational arrangements of the Financial Reporting Advisory Board (FRAB).

FRAB Review Group members

2. The Review Group will comprise:

- Peter Wyman Independent Chairman;
- Ken Beeton Representing the Head of the Government's Finance Profession;
- Chris Wobschall HM Treasury;
- Kathryn Cearns FRAB Chairman;
- Andrew Baigent Representing the Comptroller & Auditor General;
- Ian Carruthers CIPFA/LASAAC;
- Alyson Stafford Scottish Government; and
- Janet Perry Department of Health.

Scope of the Review

3. The FRAB Review Group in conducting its task is to consider, but is not limited to the following issues:

- Defining the future primary role of the FRAB having regard to the statutory framework in which the FRAB operates¹, taking into account the future

¹ The Government Resources and Accounts Act 2000, section 24.

requirements of the relevant authorities² in England and Wales, Scotland and Northern Ireland.

- What flexibilities are open to the FRAB when carrying out its primary role?
- The future membership, balance and actual/perceived 'independence' of the FRAB;
- The role of individual FRAB members;
- The length of tenure for the FRAB Chairman and members;
- The use of alternate members at FRAB meetings and when FRAB membership may be reviewed;
- Whether the FRAB should have a documented principled process to assist it in advising on proposed departures from accounting standards, in the context of public sector adaptations or interpretations;
- The operational arrangements of the FRAB;
- A review and update of the FRAB's terms of reference;
- A review and update of '*Developing financial reporting guidance for the public sector: Memorandum of Understanding between the relevant authorities*'; and
- Future secretariat/general support for the FRAB.

Review process, output and subsequent clearance

4. The Review Group will implement a consultation with FRAB's stakeholders, including with the relevant authorities as a primary group, and will:

- Conduct an inclusive review process;
- Consider issues in a balanced and holistic way;
- Produce draft recommendations for improvement, to be submitted to the FRAB and to the relevant authorities for their consideration; to be followed by
- Production of a final report to the FRAB, detailing agreed recommendations, and copied to the relevant authorities.

² The relevant authorities are HM Treasury, the Welsh Assembly Government, the Scottish Ministers, the Northern Ireland Assembly, the Department of Health, Monitor and CIPFA.

5. Following the production of the final report, the relevant authorities will seek clearance from their respective jurisdictions to the report recommendations. Agreed recommendations will then be cleared with Ministers, as appropriate.

6. The Review Group will consult the Head of the Government's Finance Profession, as required. HM Treasury will consult the Comptroller & Auditor General on proposed changes to the FRAB's membership, as necessary.

Review timeframe

7. The Review is to be completed by 10 January 2011, with a final report of the Review Group's findings and recommendations to be submitted to the FRAB by 31 January 2011.

Meetings and correspondence

8. The FRAB Review Group will meet as necessary, and also conduct business by telephone and e-mail. Meetings with relevant stakeholders may be necessary.

Implementation of changes

9. Agreed changes to the FRAB's role, structure or operational processes resulting from the Review are to be implemented from 1 April 2011.

Secretariat Support

10 Secretariat support for the Review Group will be provided by HM Treasury. Larry Pinkney, the FRAB Secretary, will be the FRAB Review Group Secretary.