



Financial Reporting Advisory Board Paper

FRAB working practices

Issue:	Future FRAB working practices.
Impact on guidance:	None.
IAS/IFRS adaptation?	N/A.
Impact on WGA?	No.
IPSAS compliant?	N/A.
Interpretation for the public sector context?	N/A.
Impact on budgetary regime?	No.
Alignment with National Accounts	N/A.
Impact on Estimates?	No.
Recommendation:	The FRAB is requested to consider the proposals to revise working arrangements and to provide its comments.
Timing:	It is proposed that changes will come into effect following the 30 May FRAB meeting.

DETAIL

Background

1. Restructuring changes within the Treasury (particularly within the Government Financial Policy area of the Public Spending Group) and the resultant impact on resources available to support financial reporting policy maintenance and development means that the Treasury must work smarter and more effectively in its future relationship with and in support of the FRAB. Essential to any revised arrangements is the need for the Treasury to continue to support FRAB meetings and to ensure effective communication with board members.

Treasury proposal for revised working arrangements

2. The Treasury considers that greater efficiency will come from revised working arrangements, which ensures that the frequency of FRAB meetings is set to a level that minimises the frequency of meetings and maximises the use of the Board's limited time. As part of these changes the Treasury also proposes to put in place arrangements to allow early and informal expert technical accounting advice to be available to it (and the other Relevant Authorities) outside of FRAB meetings in their preliminary consideration of changes to financial reporting policy, or in seeking preliminary advice on potentially complex accounting issues. To achieve this, the Treasury proposes establishing a technical accounting advisory panel, which will complement the work of the FRAB, and which will involve some FRAB members.

3. The Treasury also proposes to increase communication between meetings to keep members appropriately informed, and allow, if necessary, for FRAB to consider issues between meetings.

Future frequency of FRAB meetings

4. It is proposed that from 2014 there be 3 FRAB meetings per year:

- April - (to discuss financial reporting issues in principle arising in the year, to outline potential approaches and obtain the Board's preliminary advice;
- June - (to obtain the Board's advice on initial financial reporting proposals to amend the accounting manuals, and before formal consultation with reporting entities by the Relevant Authorities);
- November - (to provide the Board with feedback on the consultations and provide firm proposals for amendments to the accounting manuals (related to the following financial year); seeking agreement to their publication.

5. For 2013, and on a transitional basis, it is proposed that the following FRAB meetings take place:

- 4 April (as planned);
- 30 May (as planned);
- November – date to be determined (to replace the planned meetings for 10 October and 5 December).

HM Treasury Technical Accounting Advisory Panel

6. The HM Treasury Technical Accounting Advisory Panel (Advisory Panel) would provide early and informal technical accounting advice to the Treasury and the other Relevant Authorities. Draft terms of reference, proposed membership and a draft Code of Conduct are attached.

Memorandum of Understanding between the Relevant Authorities

7. The Treasury will continue to follow the formal and established operational arrangements for developing financial reporting guidance in the public sector in accordance with *developing financial reporting guidance for the public sector: Memorandum of Understanding between the relevant authorities*. It is therefore not planned to revisit the Memorandum of Understanding as a result of the proposed changes detailed in this paper.

Summary and recommendation

7 The FRAB is requested to consider the proposals to revise working arrangements and to provide its comments.

HM Treasury
7 February 2013



HM TREASURY

HM Treasury Technical Accounting Advisory Panel

Terms of Reference

1 Introduction

1.1 The HM Treasury Technical Accounting Advisory Panel (Advisory Panel) will provide the Treasury and the other Relevant Authorities with the opportunity to obtain early technical accounting advice in an informal way from a group of technical accounting experts and prior to formally seeking advice or taking specific financial reporting proposals to the FRAB. The Treasury will continue to follow the established operational arrangements for developing financial reporting guidance in the public sector in accordance with *Developing financial reporting guidance for the public sector: Memorandum of Understanding between the relevant authorities*.

1.2 Advice may be provided on a bi-lateral basis between individual members of the panel or as a collective depending on the nature and urgency of the issue to be discussed. The FRAB will be provided with an update on the use made of the panel as a standing agenda item at each of its meetings by the FRAB Secretary.

2 Membership

The Advisory Panel will consist of the following:

- HM Treasury member
- Kathryn Cearns – FRAB Chairman (Herbert Smith LLP)
- Andrew Buchanan – FRAB member (BDO IFR Advisory Limited)
- Veronica Poole – FRAB member (Deloitte)
- Maggie McGhee – FRAB member (NAO)
- Up to 3 x independent accountancy experts from the major accounting firms

Duration of panel membership will be as agreed with HM Treasury.

Policy experts may provide additional expertise or information to the Advisory Panel with its agreement.

2.1 Chairmanship

The Chairman of the Advisory Panel will be from HM Treasury.

3 Arrangements for the Conduct of Business

3.1 Conducting business

The Advisory Panel will conduct its business on an ad-hoc basis, usually via e-mail or telephone, or by meeting if necessary. Requests to use the panel by the Relevant Authorities will be administered by the Treasury secretariat.

3.1 Code of Conduct

In order to fulfil properly their role on the Advisory Panel, members are required to comply with the HM Treasury Technical Accounting Advisory Panel Code of Conduct.

3.2 Secretariat support

Secretariat support for the Advisory Panel will be provided by HM Treasury.

4 Role and Functions

4.1 Management Support and Administration

HM Treasury will ensure the co-ordination of all correspondence and advisory panel meetings.

5 Minutes

The Advisory Panel will not formally record its meetings or business.

6 Decision Making

The Advisory Panel shall aim to achieve consensus on the advice it provides.

HM TREASURY TECHNICAL ACCOUNTING ADVISORY PANEL CODE OF CONDUCT

Key responsibilities of members

1. The HM Treasury Technical Accounting Advisory Panel (Advisory Panel) members must act on Advisory Panel business in a personal capacity and not as the representative of any group or organisation, irrespective of how they are nominated or selected.

2. Advisory Panel members must not use their position for personal gain in either business, political or social relationships. They are therefore required to be honest and open with regard to conflicts of interest (either real or perceived).

3. In order that the Advisory Panel can fulfil its role in accordance with its Terms of Reference, individual Advisory Panel members must, *inter alia*:

- Participate in meetings or communications on a consistent basis, to provide continuity of membership;
- Debate issues presented to it so that it may collectively provide its advice to the Relevant Authorities;
- When privy to sensitive or confidential information provided to it, which has not yet been released publically by the Relevant Authorities, to observe any restrictions on communicating the information to any third party outside of the Advisory Panel, unless specifically authorised to do so by the Advisory Panel Chairman;
- Inform the Advisory Panel Chairman if media requests are received relating to Advisory Panel business, and not to respond to such requests, unless otherwise agreed with the Advisory Panel Chairman;
- Declare any actual or potential conflict of interest, withdraw from all discussions relating to it and take no part in the provision of the Advisory panel's advice related to the matter, unless otherwise agreed with the Advisory Panel Chairman.

Code Breaches

4. Any breaches of the Code of Conduct will be referred to the Advisory Panel Chairman for consideration.