



Financial Reporting Advisory Board Paper

Minutes of the 140th FRAB meeting and matters arising

Issue:	For information – minutes of the last 140 th meeting held on the 8 th of April 2020 and matters arising.
Impact on guidance:	N/A
IAS/IFRS adaptation?	N/A
IPSAS compliant?	N/A
Interpretation for the public-sector context?	N/A
Alignment with National Accounts	N/A
Impact on budgets/estimates?	N/A
Recommendation:	The Board has already approved the minutes of the 140 th meeting by email but to note the matters arising
Timing:	N/A

Detail

1. To note the minutes of the 140th FRAB meeting which were circulated and approved by email after the meeting (Annex A)
2. Matters arising are noted below:

Matters arising

Paragraph	Issue	Action
2 & 3	Minutes of the last meeting, the board requested some minor changes.	HMT adjusted the previous meetings minutes and circulated. No other changes were requested afterwards.
14	The Chair requested further information on HMT's approach to reducing the minimum reporting requirements departments must comply with and how this will be enacted.	

Annex A

Financial Reporting Advisory Board Meeting 8th April 2020: Minutes

Location: Virtual

Time: 11:30am – 13:30pm

Attendees: Lynn Pamment (Chair)

Vicky Rock	Anthony Appleton
Gareth Davies	Kim Jenkins
Larry Honeysett	Gareth Caller
David Aldous	Conrad Hall
Bob Richards	Karl Havers
David Ella	Fiona Kordiak
Stuart Stevenson	Jennifer Nichols
Andrew Buchanan	Andrea Pryde
Kate Smalden	Aileen Wright
Ian Ratcliffe	Gawain Evans
Ian Webber	Kate Mathers
Joseph McLachlan	Don Peebles

Secretariat:

Vikki Lewis

Apologies Received:

Craig Mackinlay, Richard Barker,

Agenda:

Item	Presented by	Time	Paper
1. Minutes and matters arising	Chair	11.30	FRAB 140 (01)

2. Revisions to 2019-20 reporting requirements - FReM	Matt Rowe/Nicky Maslin	11.35	FRAB 140 (02(1)) & (02(2))
3. Revisions to 2019-20 reporting requirements - GAM	DHSC	12.20	FRAB 140 (03) & (03 Annex)
4. Revisions to 2019-20 reporting requirements – the Code	CIPFA/LASAAC	12.50	FRAB 140 (04)
5. AOB	Chair	13.25	

Agenda Item 1: Welcome, minutes and matters arising

1. The Chair welcomed the attendees to the dial in meeting and thanked them for making time to attend an additional meeting of the Board.
2. The Board discussed the last minutes of the last meeting held on 19th March and suggested some minor editorial comments. There was also a suggestion to include more information on the discussion that took place on the potential impact on auditing if reporting requirements are reduced.
3. The Board requested that this was added and that the minutes be recirculated to The Board ahead of the next meeting.

Agenda Item 2: Revisions to 2019-20 Reporting Requirements – FReM

4. The Board received a paper prior to the meeting setting out the steps that HMT had taken since the last meeting to consider all the various options to reduce the reporting burden on departments.
5. HMT circulated some background to the paper prior to the meeting, outlining some of the extensive stakeholder engagement undertaken and sought approval for the high-level approach that the paper had proposed.
6. The Board thanked HMT for providing the paper. The Board agreed that without changing legislation, the available options are limited to those outlined in the paper and that in light of other significant actions the recommended way forward of removing some reporting requirements altogether for 2019-20, leading to detailed financial statements as per the 2019-20 FReM with streamlined annual performance and accountability reports is appropriate.
7. The Board discussed the potential for increasing materiality levels, including its impact on auditing. The NAO assured the Board that auditing standards would be fully adhered to in 2019-20.
8. The Board discussed the impacts of Covid-19 on private sector reporting including more disclosures of material uncertainties. The Board also expressed concerns surrounding the potential for auditors to push for more than minimum disclosures. The Board asked if there was any guidance on IFRS 9 expected credit losses (ECL).
9. HMT assured the Board that guidance is being provided regularly on One Finance, including looking at ECL issues, and that it is committed to providing further

information as appropriate. HMT also outlined the IASB guidance on ECLs was on One Finance.

10. The Board agreed that departments should not feel pressured to go above the minimum requirements by auditors. The health sector representatives highlighted that NHS bodies are already enquiring into the possibility of scoping out potential changes to auditing reports.
11. The Board was informed that the Chair of the Public Accounts Committee is aware of the minimum reporting proposals and is broadly in agreement with them. However, departments should engage with their relevant select committees to highlight areas to be included in the performance report.
12. The Board were informed that most local government bodies maintain that they are on track to produce full annual reports and accounts. Concerns were raised about the potential impact on balance sheet valuations for example, as visitation of property is unlikely to be possible.
13. The Chair summarised that the Board supports the proposals set out by HMT i.e. the setting of minimum reporting requirements in 2019-20, leading to detailed financial statements as per the 2019-20 FReM with streamlined annual performance and accountability reports and; that detailed performance and accountability reporting requirements would be agreed with Parliamentary Scrutiny Unit, Cabinet Office and NAO.
14. The Chair requested further information on how this approach will be enacted. HMT outlined that a new addendum would set out what the minimum requirements are and will be published online. HMT also outlined that the precise wording on materiality will be shared with the NAO before any guidance is issued.
15. The Board moved on to discuss a paper it received prior to the meeting setting out some technical areas of financial reporting that could be changed.
16. The Board discussed the issue of information being reported elsewhere and the possibility of cross-referencing from the ARA. HMT confirmed that this would only be possible where the information was not subject to audit and had been published prior to the ARA being produced.
17. HMT also outlined that it has informed the Finance Leadership Group (FLG) of proposed changes and the potential outcomes. HMT then explained that once the detailed requirements had been agreed with NAO, Cabinet Office and Parliamentary Scrutiny Unit they would need to be approved by HMT ministers and then Parliament.

Agenda Item 3: Revisions to the 2019-20 Reporting Requirements – GAM

18. The Board received a paper prior to the meeting setting out some suggested changes to the Group Accounting Manual. Members from the Health sector requested FRAB's comments on the paper.
19. Some members of the Board expressed that they felt uncomfortable with the proposals being made around removing pension disclosures. Health members agreed to maintain this requirement in the GAM.

20. Members also expressed support for the proposed changes to remote contingent liabilities if DHSC are confident it doesn't affect their position. The Board also supported cross referencing staff sickness data if published elsewhere.
21. The Board also advised that fees and charges should still be disclosed, consistent with the FReM.

Agenda Item 4: Revisions to the 2019-20 reporting requirements – The Code

22. CIPFA colleagues reassured FRAB that following consideration and discussion by CIPFA/LASAAC, a decision was taken not to make the proposed changes to the 2019-20 Code which had sought to simplify the financial reporting requirements for local government.
23. HMT asked if preparers had been consulted on the original proposals and CIPFA explained that there had been some consultation but this was quite limited. Feedback had also suggested that preparers had been keen to work to an extended deadline for preparing accounts.
24. Members expressed their disappointment on the content of the recent press statement made by CIPFA and queried whether the process to propose and make amendments to the Code will be reviewed going forward. HMT agreed that CIPFA's recent press releases were not helpful particularly where HMT and FRAB were specifically mentioned without being first consulted. The Chair agreed to meet with CIPFA to discuss lessons learned.

Agenda Item 5: Any other Business

25. The Chair asked if any members had any other business to discuss.
26. Some members raised the difficulty of property valuations as alluded to in earlier discussions and asked if any further consideration is being given to the issue. HMT explained that the matter had also been discussed by the Finance Leadership Group and some thought is being given on how to support. Any further thoughts or experiences by the Board would be welcomed.
27. The Board was informed that the next meeting would be taking place on the 18th June and that HMT would keep the Board updated as appropriate.
28. The Chair thanked the Board for members' attendance.