



HM Treasury

# Financial Reporting Advisory Board

## Relevant Authorities Working Group Update

Issue:	To update the Board on the seventh 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 seventh meeting of the Relevant Authority Working Group and the forward plan.
Timing:	Ongoing.

### DETAIL

#### *Background*

1. The Relevant Authorities Working Group (RAWG) is a forum for representatives from the relevant authorities to discuss common themes and issues together.
2. The group usually meets three times a year. This meeting was the second in 2021 and held on 18<sup>th</sup> of October.
3. The RAWG Memorandum of Understanding presented to FRAB, sets out the relationship between FRAB and the working group.

## *Summary and recommendation*

1. The group received an update from UK Government Investments (UKGI) on the Contingent Liability Central Capability (CLCC). UKGI colleagues informed the group on its 3 key roles and encouraged members to get in touch with any questions they may have.
2. The group received roundtable updates from all of the relevant authorities. The common theme discussed was the focus on the year-end audit timetable, and challenges faced due to audit delays. The issue regarding the delay for audits and laying dates has been raised by multiple departments.
3. An update from HMT was provided on PPP accounting and IFRS 16, following the issue being raised at a previous FRAB meeting. A paper was circulated prior to the meeting setting out what the changes would be and elucidate them more by a worked example. The consensus from the group was that it would be useful for there to be more specific worked examples, in which HMT agreed to reflect the points made within the guidance.
4. HMT also provided an update on the new IFRS 9 adaptation that is currently being considered in relation to using a lifetime expected credit loss (ECL) model for measurement on initial recognition for financial guarantee contracts where there is no active market and are issued for a £nil or nominal consideration.
5. The group agreed with the adaptation and highlighted that they would be grateful to be kept updated on the progress.
6. An update from HMT was provided in relation to the key changes to the 2021-22 FReM. The group requested clarification on remuneration reporting, calculations of percentages listed within the FReM and Hutton guidance, and revaluations of transferred assets.
7. Members from the devolved administrations agreed to participate in training that will be going ahead in 2022 with FRAB members on their financial reporting frameworks.
8. The group also discussed actions that could be taken to help smooth the audit process and put the timetable back on track. The consensus was that a clear deliverables list should be agreed and kept up to date throughout the audit, improved communication around expectations between the finance teams and auditors, and in particular, the audit timetable. More engagement on how materiality is considered would also be beneficial.
9. The group agreed to hold the next meeting in February 2022.
10. The Board is invited to note the contents of this paper and is invited to make any comments on the discussion points from the seventh meeting of the Relevant Authority Working Group.

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18<sup>th</sup> November 2021