



Governance and accountability for Local Councils

A Practitioners Guide 2008 (Wales)



Acknowledgements

The first edition of the Practitioners' Guide for local councils in England and Wales was published in 2002 and was the result of work overseen by a project group with membership drawn from key stakeholders. It was always recognised that the Practitioners' Guide would need to be kept up to date with developments relevant to the local council sector.

Since 2005, community councils in Wales operate within a separate, albeit very similar, legal framework to that of parish councils in England. The responsibility for issuing guidance for Wales has now transferred to Wales. This edition of the guide is the first prepared specifically for local councils in Wales and approved by the Local Councils Audit Liaison Group.

The Local Council Audit Liaison Group was established in September 2007 with members drawn from key stakeholders. One of its objectives is to help ensure that the guidance remains relevant to the needs of local councils in Wales and is updated as appropriate.

The current members of the Local Councils Liaison Group are:

Simon Edge	Wales Audit Office (Chair)
Deryck Evans	Wales Audit Office (Secretary)
Simon White	One Voice Wales
Lyn Llewellyn	One Voice Wales
Jim Griffiths	SLCC
Ian Skinner	Welsh Assembly Government

And representing audit suppliers:

Emma Prince	BDO Stoy Hayward
Stephen Christopher	Mazars LLP
Nick Jenkins	UHY Hacker Young

The contributions of the members of the group, and of those individuals who have contributed from time to time to the development of the guide are gratefully acknowledged.

In particular, this first edition of the local council guide for Wales draws on the Practitioners' Guide for local councils in England that is approved by the Joint Practitioners Advisory Group (JPAG). Established as a standing group in April 2002, JPAG's members are drawn from key stakeholders from small bodies in England which are required to prepare an annual return. JPAG's purpose is to develop guidance for small bodies in England.

We are grateful to JPAG for allowing this and for its continuing support.

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Part 4

Guidance for Larger Local Councils (£1 million +)

Local Councils where the greater of income or expenditure for the year exceeds £1 million for three consecutive years must, from the third year onwards, prepare accounts in accordance with the proper accounting practices found in the CIPFA/LASAAC Statement of Recommended Practice (the SoRP) for the appropriate financial year. Councils in Wales with income and expenditure over £100,000 may elect to prepare accounts in this way.

Larger councils should not underestimate the changes to their arrangements that will occur on crossing this financial threshold. Councils should plan well in advance as they encounter new accounting requirements. These include the need to provide comparative figures in the accounts which means that, effectively, councils should be ready to report their financial statements in accordance with the requirements of the SoRP from year two onwards.

NALC and the 41 Group of larger local councils prepared a commentary on the SoRP for larger councils providing examples of how they may meet the varying requirements. Local councils should note that the SoRP is updated annually and the council will need to review the SoRP regularly for updated items.

The commentary does not in itself provide a source of proper practice because that is contained within the SoRP and supporting guidance. It is intended to provide a commentary on how larger local councils may meet their statutory responsibilities most effectively, particularly in relation to the preparation of the statement of accounts.

The commentary also contains helpful information on how councils may best prepare themselves for the significant changes, including resource and skills requirements.

It is structured in two distinct parts:

- an introduction for members and non-accounting staff; and
- detailed examples of how practitioners meet the requirements of the SoRP.

Councils wishing to obtain a copy of the commentary should contact NALC.