

**INTERNATIONAL FINANCIAL REPORTING STANDARDS
(IFRS)****Report By: ACTING HEAD OF FINANCIAL SERVICES****Wards Affected**

None affected.

Purpose

1. To report to the Audit and Corporate Governance Committee on the project plan for implementing International Financial Reporting Standards (IFRS).

Financial Implications

2. No financial implications.

RECOMMENDATION

THAT the Audit and Corporate Governance Committee note the report.

Reasons

3. To inform the Audit and Corporate Governance Committee on the project plan for implementing IFRS.

Considerations**Timescale**

4. The council will be required to produce IFRS compliant accounts from 2010/11, with restated comparative data for 2009/10.

Project Plan

5. In March 2009 CIPFA published a Local Authority Accounting Panel (LAAP) Bulletin providing an outline project plan for councils to use as a starting point for their own project plans. This plan is guidance rather than a formal requirement.
6. The Hereford and Worcester IFRS implementation group, who are working jointly on IFRS issues, have agreed to use the CIPFA template for their individual councils' project plans.
7. The plan for Herefordshire Council is attached as Appendix A, including key steps, milestone dates and progress achieved to date.
8. The LAAP Bulletin advises authorities to discuss their plans with external audit and sets out the following benefits to early external audit involvement:

- a. Early identification of any difficulties or problems with the restatement of the opening IFRS balance sheet may result in less time being required to resolve these issues. This in turn may help to avoid errors occurring and prevent abortive work being undertaken.
 - b. Early identification of any difficulties or problems with the restatement of the opening IFRS balance sheet may also avoid these issues impacting on the 2010/11 budget.
 - c. Early engagement with auditors may provide authorities with reassurance that their project plan is appropriate, or alternatively may allow for the plan to be amended in a timely manner.
9. The council's plan has been forwarded to the Audit Commission for comment.

Risk Management

10. If IFRS is not interpreted correctly in the council's accounts and implemented in accordance with the required timetable it would impact on the Auditor's opinion on the accounts and the Use of Resources score. The management of this identified risk has commenced as evidence by attendance of staff on relevant training courses.
11. The successful delivery of unqualified accounts will require greater involvement from non-financial services staff than has previously been the case. IFRS will form part of the council's financial training programme implemented as part of the Crookhall action plan.
12. Sound project management will be a crucial part of the process to keep the project on track and to identify potential problems at an early stage. This may require additional resources and the Director of Resources will ensure this important project has the appropriate level of resource to meet requirements.

BACKGROUND PAPERS

CIPFA LAAP Bulletin 80 March 2009 – Implementation of IFRS – Outline Project Plan