

<b>MEETING:</b>	<b>AUDIT AND CORPORATE GOVERNANCE COMMITTEE</b>
<b>DATE:</b>	<b>28 SEPTEMBER 2009</b>
<b>TITLE OF REPORT:</b>	<b>INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)</b>
<b>ACTING HEAD OF FINANCIAL SERVICES</b>	<b>HEATHER FOSTER</b>

### **Wards Affected**

None affected.

### **Purpose**

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

### **Key Decision**

This is not a Key Decision.

### **Recommendation**

**THAT the Audit and Corporate Governance Committee note the report.**

### **Key Points Summary**

- The council will be required to produce IFRS compliant accounts from 2010/11, with restated comparative data for 2009/10.
- The council's project plan has been developed using the Chartered Institute of Public Finance and Accounting's (CIPFA) recommended format.

### **Alternative Options**

1. There are no Alternative Options as all councils are required to produce IFRS compliant accounts from 2010/11.

### **Reasons for Recommendations**

2. Not applicable.

Further information on the subject of this report is available from  
Heather Foster, Acting Head of Financial Services on 01432 383173

## **Introduction and Background**

3. It was agreed at the Audit and Corporate Governance Committee meeting on the 23 January that the progress report and action be presented at future meetings. At Appendix A is the project plan that contains progress to date

## **Key Considerations**

4. 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.
5. 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.
6. The plan for Herefordshire Council is attached as Appendix A, including key steps, milestone dates and progress achieved to date. More detailed plans are being developed for each of the key areas.
7. 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.
8. In line with the LAAP Bulletin's advice the council's plan has been forwarded to the external auditors and an initial meeting held to discuss our approach.

## **Community Impact**

9. Not applicable.

## **Financial Implications**

10. There may be financial implications but these are not yet quantified. These will centre on the level of reserves required to deliver IFRS changes.

## **Legal Implications**

11. None.

## **Risk Management**

12. 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 evidenced by attendance of staff on relevant training courses.
13. 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.
14. 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.

## **Consultees**

15. None.

## **Appendices**

16. Appendix A – IFRS Project Plan.

## **Background Papers**

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