

MEETING:	AUDIT AND GOVERNANCE COMMITTEE
DATE:	17 JANUARY 2011
TITLE OF REPORT:	INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
PORTFOLIO AREA:	RESOURCES

CLASSIFICATION: Open

Wards Affected

None affected.

Purpose

To report on the progress for implementing International Financial Reporting Standards (IFRS).

Key Decision

This is not a Key Decision.

Recommendation

THAT the report be noted.

Key Points Summary

- The council is required to produce IFRS compliant accounts from 2010/11, with restated comparative data for 2009/10.
- A detailed project plan has been prepared and is attached as Appendix A.
- The CIPFA Guidance notes on the IFRS Code was received on 23 December 2010 and is being reviewed.
- Much of the work on the restated 2009/10 accounts has been undertaken. However, during December resources within Financial Services have been focused on the Local Government Finance Settlement and the deadline of 31 December 2010 for the fully restated accounts was not achieved. The slippage is not considered critical to the overall achievement of the IFRS implementation.

Alternative Options

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

Further information on the subject of this report is available from
Heather Foster, Technical Accounting Manager on 01432 260284

Reasons for Recommendations

2. Not applicable.

Introduction and Background

3. It was agreed at the Audit and Corporate Governance Committee meeting on the 23 January 2009 that a progress report and actions be presented at future meetings.

Key Considerations

4. Since the report to the Audit and Governance Committee on 12 November 2010, the detailed project plan has been updated and is attached as Appendix A.
5. The main areas of progress since the last report have been;
 - Government grants in the 31 March 2009 and 31 March 2010 balance sheets have been restated.
 - The council's contract with Fosca has been reviewed against the IFRS criteria for embedded leases and has been assessed as not containing an embedded lease.
 - Holiday accruals have been calculated for 2008/09 and 2009/10 for schools-based staff and prior year balance sheets restated.
 - Assets requiring re-categorisation have been identified.
6. Working papers for the above have been submitted to the audit commission to be audited.
7. CIPFA has now produced the guidance notes for the IFRS Code, which was received on 23 December. This is a document of 759 pages, which contains the detail behind the IFRS Code, and this is now being reviewed.
8. The target date for restating the 1 April 2009 and 31 March 2010 balance sheets was 31 December 2010, a date set internally rather than to meet an external requirement. Although a substantial amount of the work has been undertaken, the full restatement was not completed by that date. One of the main reasons for this is that the Local Government Settlement announced in December was very complicated and challenging and the accountants have been focussing on analysing the figures and working on the budget position. The slippage is not considered critical to the overall achievement of the IFRS implementation.

Community Impact

9. Not applicable.

Financial Implications

10. There may be financial implications as set out in the report.

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. 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.
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. £40,000 has been earmarked in the 2010/11 budget to purchase additional support if required.

Consultees

15. None.

Appendices

16. Appendix A – IFRS Detailed Project Plan.

Background Papers

17. None.