

Accounts, Audit and Risk Committee

Update on International Financial Reporting Standards (IFRS) and the 2010/11 Year-end Closedown

19 January 2011

Report of Head of Finance

PURPOSE OF REPORT

The purpose of this report is to provide a brief update to Councillors on the Councils progress towards IFRS and completing the 2010/11 Statement of Accounts under these new standards.

This report is public

Recommendations

The Accounts, Audit and Risk Committee is recommended to:

- (1) Note the contents of this report and the officers' proposed actions to deal with the implementation of IFRS.

Executive Summary

1.1 Introduction

International Financial Reporting Standards (IFRS) represents a significant change in financial reporting across government and the public sector. Local authorities will have to move to accounting on an IFRS basis by 2010/11, a year after central government and the NHS.

At the last committee meeting in December, members were given a presentation from the Audit Commission on the issues surrounding IFRS and the implications for Cherwell. This reports aims to help show the progress being made against the changes required by both CIPFA and the Audit Commission, and how we plan to meet our longer-term target of a producing a draft set of accounts by 30th June 2011.

1.2 Progress since AARC 13th December 2010

As it has only been a couple of weeks since the last meeting of this Committee there is only a small amount of progress to report on this time.

The progress which has been made though is as follows:

- ❖ We have received the long awaited guidance notes for the Code of Practice on Local Authority Accounting (The Code). This can now be used to confirm the detail of the accounting processes and transactions which need to be undertaken for the 2010/11 Statement of Accounts.
- ❖ This guidance has been used to produce a first draft of the closedown timetable for 2010/11 (appendix 1). This is only a first draft and there will be several amendments to dates and tasks before the final version is issued in last February / early March.
- ❖ A list of grants has been sent to the Service Accountants and by the end of January we will know which grants have conditions attached and which don't. This will affect how they are accounted for on the balance sheet.
- ❖ W/c 3rd January we have seen presentations from 3 prospective asset register suppliers. By the date of the committee meeting we will have appointed one to install and hold the Councils asset details for the 2010/11 accounts and they will be fully IFRS compliant.
- ❖ A first draft of the I&E under segmental reporting has been attempted by Joanne Kaye, Service Account and first indications are that this is not going to be an onerous task for the Council going forward.
- ❖ Sarah Robinson, Finance Assistant, has started setting up the templates in Excel for all of the new notes which will be needed in the IFRS compliant accounts. These templates will be used in April and May to enter the figures which are produced. These tables are then copied in to the Word document. This task is an example of where we are doing things now which will save us time when things are much more time pressured in the middle of the closedown process.
- ❖ The leases information originally collated in Winter 2009 has been sent back out to the Responsible Officers to ask them to update it for current year data. We can then look at the financial implications.
- ❖ The Technical Accountant has met with the Councils internal valuers on 6th January and the test property assets have been agreed on which will be used to do trial valuations on under componentisation.

Before the next meeting on 14th March we also aim to have:

- ❖ Installed and tested the new asset register.
- ❖ Processed all necessary fixed asset transaction to take account of IFRS changes.
- ❖ Finished our restated 2009/10 balance sheet under IFRS and have it reviewed by the Audit Commission.
- ❖ Worked with Louise O'Neill, Business Relationship Analyst - Customer Services & Information Systems to set up on Agresso the new Balance Sheet structure to aid the automatic reporting.
- ❖ Attended the Audit Commission Chief Accountants workshop to gain a better understanding of what they require from us for the accounts audit.
- ❖ Attended the next CIPFA Finance Advisory Network meeting which will focus on the additional notes which we will need to produce for IFRS accounts.
- ❖ Other tasks due as detailed in the attached timetable.

It is also planned that PWC will conduct an internal audit review on our progress on IFRS before the next committee in March 2011.

Implications

- Financial:** There are no financial issues arising from this report. Its publication is funded from within existing resources.
Comments checked by Eric Meadows, Service Accountant 01295 221552.
- Legal:** The Council must ensure its 2010/11 financial statements are prepared in accordance with International Financial Reporting Standards and the Code of Practice on Local Authority Accounting (the Code).
Comments checked by Eric Meadows, Service Accountant 01295 221552.
- Risk Management:** If we fail to comply with the new standards and the Code, we may get a qualified opinion issued on our accounts.
Comments checked by Eric Meadows, Service Accountant 01295 221552.

Wards Affected

All

Document Information

Appendix No	Title
Appendix 1	First draft of the Closedown Timetable 2010/11
Background Papers	
There are no applicable background papers.	
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