

CHESHIRE EAST COUNCIL

AUDIT AND GOVERNANCE COMMITTEE

Date of Meeting: 25 January 2011
Report of: Borough Treasurer & Head of Assets
Subject/Title: Implementation of International Financial Reporting Standards (IFRS) – Progress Update

1.0 Report Summary

- 1.1 The report provides an update on the International Financial Reporting Standards (IFRS) Project Plan and the progress the authority has made in implementing IFRS.

2.0 Recommendation

- 2.1 That members note progress to date on the IFRS Project Plan.

3.0 Reasons for Recommendations

- 3.1 Members of the Audit and Governance Committee are required to receive regular updates on progress in accordance with the work programme.

4.0 Wards Affected

- 4.1 Not applicable.

5.0 Local Ward Members

- 5.1 Not applicable.

6.0 Policy Implications including - Climate change - Health

- 6.1 None.

7.0 Financial Implications (Authorised by the Borough Treasurer)

- 7.1 As covered in the report.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 None.

9.0 Risk Management

- 9.1 The restatement of financial statements in compliance with International Financial Reporting Standards (IFRS) has been identified as a specific risk in the 2010-11 Audit Plan. Regular liaison meetings will be held with the Audit Commission commencing in January to review progress and keep the identified risks under review.

10.0 Background and Options

- 10.1 The 2010-11 accounts will be prepared in accordance with international accounting standards. As part of this process the 2009-10 accounts will be restated under IFRS both to provide comparative information for the 2010-11 accounts and to give the Council experience in preparing IFRS compliant accounts.
- 10.2 The draft restated accounts under IFRS will be available for external audit in February. The process will provide assurance of best practice in preparation for the 2010-11 accounts.
- 10.3 The main changes to the accounts under IFRS relate to the following areas:
- Lease Arrangements – Reclassification of lease arrangements between operating and finance leases.
 - Employee Benefits – Annual leave carried forward.
 - Property, Plant and Equipment revaluations.
 - Investments Properties.
 - Assets held for sale.
 - Accounting for Private Finance Initiatives (PFI's)
 - Changes to Accounting Policies and disclosures.

Update on the Project Plan

- 10.4 Meetings have been held with Human Resources, Asset Management, Legal and Procurement colleagues to identify key staff and allocate responsibilities.
- 10.5 The training of financial staff has been completed and all accountancy staff have received an overview of the changes under IFRS. Members of this committee received training on the 23rd September 2010. Training for key staff will continue during February and March 2011 through attendance at CIPFA Financial Advisory Network courses and Final Account workshops.
- 10.6 Asset Management colleagues in conjunction with the District Valuer and Daniel & Hulme have provided the information to restate the authorities' assets for the 2009-10 balance sheet.

- 10.7 An Asset Champion has been designated to work with the Corporate Finance team on all asset related matters.
- 10.8 A review of lease properties to be revalued and reclassified under IFRS has been undertaken.
- 10.9 A sampling exercise was undertaken during May 2010 to enable the calculation of accrued holiday pay entitlements as at 31 March 2010; this will be repeated in April 2011 to obtain the information as at 31st March 2011.
- 10.10 Procedure and guidance notes have been developed by the IFRS Consultant John Kingshott and the CIPFA Practitioners Guidance Notes have now been purchased.
- 10.11 The following work is currently underway to ensure compliance with full IFRS implementation by 31st March 2011.
- Draft accounts restating the 2009-10 accounts under IFRS are being prepared for audit.
 - Asset management are currently working towards revaluing assets in 2010-11 under IFRS.
- 10.12 Corporate Finance have implemented a detailed workplan with nominated tasks and a team of qualified accountants are dedicated to this work over the coming months to ensure completion of the accounts by the required deadline.

11.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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