

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Contact: Paul Whaymand
Telephone: 01895 250353

REASON FOR REPORT

From 2010/11, Local Authorities' Statement of Accounts is required to be prepared under an IFRS-based Code of practice.

As the body charged with governance of the authority's Statement of Accounts, it is important that progress towards full implementation is reported to Audit Committee. This report follows previous progress reports tabled quarterly since September 2009.

INFORMATION

The transition to IFRS is a major change to financial reporting and represents a challenge to the whole organisation. IFRS implementation will have an impact beyond the actual production of accounting statements; including budgets, systems and processes.

Local authorities will be required to produce their accounts fully on an IFRS basis for the year 2010/11. However, to be ready for full implementation, it is necessary to restate the accounts for 2009/10 on an IFRS basis to provide comparator figures and also restate the closing Balance Sheet for 2008/09 to provide the opening figures for the 2009/10 accounts.

The Audit Commission released a report in October 2010, based on a survey carried out in July 2010, stating that:

- 41% of Authorities were on track overall with IFRS
- 43% on track regarding their IFRS Lease classifications
- 64% on track to ensure their Employee Benefit treatments were IFRS compliant.

Hillingdon has remained on track in each key area mentioned in the report.

Progress Update

Guidance issued by CIPFA suggested that that Local Authorities should have their draft restated accounts completed by the end of December 2010. Hillingdon completed their draft IFRS accounts by the middle of November. They were then submitted to Deloitte for audit review.

An oral report on the progress of the Deloitte audit review will be given at the meeting. To date, Deloitte have carried out a significant amount of work on auditing the IFRS accounts, covering all the key areas related to the

restatement, and have been satisfied with the IFRS work thus far and have found no material issues. The audit review work is not yet complete relation to contracts and the identification of any embedded leases, where some further testing is required.

Deloitte's review encompassed Leases and Employee Benefits, and a number of other key areas, and confirms that the Council is ahead of the CIPFA timetable and on course for full IFRS implementation.

Next Steps

Work has now commenced on the componentising of assets which will be completed shortly and will then be reviewed by Deloitte in the New Year.

In addition work has commenced to value transport and infrastructure assets, required for the 2011/12 accounts. A working group has been set up to implement the changes.