

FALKIRK COUNCIL

Subject: INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) IN SCOTTISH LOCAL GOVERNMENT – IMPACT ASSESSMENT AND PROGRESS REPORT
Meeting: AUDIT COMMITTEE
Date: 16 November 2009
Author: DIRECTOR OF FINANCE

1. INTRODUCTION

1.1 This report summarises the Impact Assessment carried out by the consultants (CIPFA and PwC) and updates Members on progress made on the main workstreams identified.

2. IMPACT ASSESSMENT

2.1 As part of their remit, the consultants were tasked with preparing an Impact Assessment and this is attached for information. The Impact Assessment is broken down into the following areas:

- Introduction
- IFRS Financial Statements
This describes the requirement for restating the 2008/09 Balance Sheet on an IFRS basis and for the production of Shadow Accounts for the year to 31 March 2010. It also compares the format of the existing accounts with the new format under IFRS and highlights the areas which will require the greatest attention.
- Top IFRS Workstreams for the Authority
These are:
 - First Time Adoption and Accounting Policies
 - Leases
 - PPP/PFI
 - Fixed Asset Accounting, and
 - Employee Benefits
- IFRS Action Plan
Details the main actions and responsibilities
- The Way Forward

3. PROGRESS TO DATE

- 3.1 A Project Team has been established and the project is being managed by Accountancy Services Manager, John Flannigan.
- 3.2 A summary of the main workstreams with the responsible officers and progress to date is attached as Appendix 2.
- 3.3 The timescale for restating the 2008/09 Balance Sheet is tight as although the required date of 28 February 2010 is several months away, the consultants require the statement by early January in order that they can carry out a quality assessment. Much work therefore requires to be carried out in the next 2 months which just happens to be in the middle of the busiest time of the year for Finance Services.
- 3.4 In addition to preparing the Annual Accounts for the year to 31 March 2010 on the current basis, Shadow Accounts require to be prepared by 30 June 2010. Although a complete set of accounts is not required, the following Statements require to be produced:-
- Comprehensive Income and Expenditure Statement
 - Movement in Reserves Statement
 - Balance Sheet
 - Cash Flow Statement

4. SUMMARY

- 4.1 Progress is being made in all the workstream areas to ensure that the entries used to restate the 2008/09 Balance Sheet will be carried out in time.
- 4.2 The timescale for completion is however very tight and strict monitoring of deadlines will be carried out.
- 4.3 Progress has also been made in gathering the information necessary to produce the Shadow Accounts for 2009/10.

5. RECOMMENDATIONS

- 5.1 Members note the contents of the Impact Assessment.**
- 5.2 Members note progress to date on the project.**

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Director of Finance

Date: 29 October 2009

Contact Officer: John Flannigan

LIST OF BACKGROUND PAPERS

1. Information Bulletin dated 29 April 2009

Any person wishing to inspect the background papers listed above should telephone Falkirk 01324 506371 and ask for John Flannigan.