

International Financial Accounting Standards

Report of the Treasurer

For further information about this report please contact Keith Dixon, Treasurer, on 01743 260202 or Joanne Coadey, Principal Accountant, on 01743 260215.

1 Purpose of Report

This report informs the Committee about the introduction of International Financial Reporting Standards (IFRS), and the change in financial reporting from UK Generally Accepted Accounting Practice (UK GAAP).

2 Recommendations

The Committee is asked to note the implications of the introduction of IFRS for Local Government.

3 Background

Local authorities currently report their Statements of Accounts under the Accounts and Audit (England) Regulations 2003 (as amended) in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Local Authority Statement of Recommended Practice (the SORP). The SORP complies with UK Generally Accepted Accounting Practice.

It was announced within the Chancellor's 2007 Budget Report that the Public Sector would adopt International Financial Accounting Standards from 2008/09; this was subsequently deferred to 2009/10. In 2008, CIPFA confirmed that local government would adopt IFRS from 2010/11.

4 Background

International Financial Accounting Standards (IFRS) aim to ensure consistency of accounting and financial reporting across international boundaries; they have already been adopted across major parts of the public sector (notably the NHS and Central Government) in the UK. Local authorities are required to restate their accounts in readiness for full implementation from 2010/11.

5 Transition Arrangements

CIPFA's Local Authority Accounting Panel have produced a bulletin, which states that authorities should ensure that those charged with governance are made aware of the transition to IFRS.

It is also stressed that the changes required will go beyond the authority's Finance function. Officers and other areas of the organisation will be involved in preparatory work, with some external assistance also being required.

In terms of the Fire Authority's transition to IFRS, the Principal Accountant and the Treasurer will work through all of the areas likely to be affected by the accounting changes, and will involve officers as and when required. The Valuations team at Shropshire Council will also provide assistance with asset valuation changes.

6 Areas of Consideration

Areas, which may involve significant changes, include:

- First time adoption
- Increased disclosure requirements – the changes following adoption of IFRS will need to be disclosed in the Statement of Accounts.
- Segmental reporting – this refers to the way in which the Authority's budget is split into business areas for internal monitoring purposes, and it may require disclosure in the Statement of Accounts.
- Leases – all leases held by the Authority will be reviewed, and some changes in accounting treatment may be required.
- Assets – some of the Authority's buildings may require a change in valuation basis.
- Employee Benefits – the new standards state that all leave entitlement earned, but not taken by the end of a financial year, will have to be recorded as a cost in the Authority's revenue account.

Other areas include:

- Accounting policies
- Presentation of financial statements
- Government Grants
- Impairments

7 Financial Implications

Although there may be some financial impact on the revenue account following the transition to International Financial Accounting Standards, the government have powers to modify accounting practice, in order to mitigate any adverse impacts.

8 Legal Comment

There is no legal comment to add to that already contained within this report.

9 Equality Impact Assessment

An Initial Equality Impact Assessment has been completed for this report.

10 Appendices

There are no appendices attached to this report.

11 Background Papers

There are no background papers associated with this report.

Implications of all of the following have been considered and, where they are significant (i.e. marked with an asterisk), the implications are detailed within the report itself.

Balanced Score Card		Integrated Risk Management Planning	
Business Continuity Planning		Legal	*
Capacity		Member Involvement	
Civil Contingencies Act		National Framework	
Comprehensive Performance Assessment		Operational Assurance	
Efficiency Savings		Retained	
Environmental		Risk and Insurance	
Financial	*	Staff	*
Fire Control/Fire Link		Strategic Planning	
Information Communications and Technology		West Midlands Regional Management Board	
Freedom of Information / Data Protection / Environmental Information		Equality Impact Assessment	*



Shropshire Fire & Rescue Service EQIA number
Initial Equality Impact Assessment Form

Directorate	Executive	Department/ Section	Finance
Name of officer	Joanne Coadey	Job title	Principal Accountant
Name of Policy/Service to be assessed	Anti Fraud and Corruption Strategy	Date of assessment	July 2009
New or existing policy	Existing		

1. Briefly describe the aims, objectives and purpose of the policy/service	The policy aims to encourage prevention of fraud, promote its detection and identifies a clear pathway for investigation.		
2. Are there any associated objectives of the policy/service?			
3. Who is intended to benefit from the policy/service and in what way?	All stakeholders will benefit; members and officers through working in an organisation which actively discourages fraudulent activity; suppliers and contractors for the same reason; local tax payers through assurance that their funds are being safeguarded against fraud and corruption.		
4. What outcomes are wanted from this policy/service?	To minimise any potential occurrences of fraudulent activity by officers, members and other stakeholders acting with vigilance and integrity		
5. Who are the main stakeholders in relation to the policy/service?	Officers of the Authority, local tax payers, suppliers, contractors		
6. Who implements the policy/service and who is responsible for this?	All officers and members are expected to lead by example, and are all responsible for reporting any potential occurrences of fraud or corruption.		
7. Are there any concerns that this policy/service could have a differential impact on the following groups and what existing evidence do you have for this? Yes or No, please detail in boxes below.			
8. Age	Y	N	No differential impact on any particular group – these are guidelines which all employees must adhere to regardless of the 6 strands.
9. Disability	Y	N	
10. Gender	Y	N	

11. Race	Y	N	
12. Religion or belief	Y	N	
13. Sexual orientation	Y	N	
14. Dependant/caring responsibilities	Y	N	
15. Could the differential impact identified in 7-14 amount to there being the potential for adverse impact in this policy/service?	Y	N	Please detail
16. Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group or another reason?	Y	N	Please explain for each, equality heading on a separate piece of paper.
17. Have you consulted those who are likely to be affected by the policy/service?	Y	N	List those groups/individuals that have been consulted.
18. Should the policy proceed to a full impact assessment?	Y	N	Please detail
19. Date by which full impact assessment to be completed			
20. Reason for non completion			

I am satisfied that this policy has been successfully impact assessed.

I understand the Impact Assessment of this policy is a statutory obligation and that, as owners of this policy, we take responsibility for the completion and quality of this process.

Signed: (Assessing person)	Joanne Coadey	Date:	24 June 09
Signed: (Line Manager)		Date:	
Please note that this impact assessment will be scrutinised by the E&D Officer			