



AGENDA ITEM: 9

NORTH WALES FIRE AND RESCUE AUTHORITY AUDIT COMMITTEE

27 September 2010

International Financial Reporting Standards Implementation Update and other changes to the Statement of Accounts for 2010-11

Report by Ken Finch, Treasurer

PURPOSE OF REPORT

- 1 The purpose of this report is to present to Members a progress report on the implementation of the International Financing Reporting Standards (IFRS) and to inform Members of other changes to the accounts for the financial year 2010-11.

INTRODUCTION

- 2 At the last meeting of the Audit Committee a report was presented to Members on IFRS covering three areas – Impact Analysis, Changes to Accounting Policies and the Project Plan. As part of the Project Plan the next stage was to submit to Members the restated 2009-10 accounts on an IFRS basis. It is also necessary to keep Members informed of any developments with regards to IFRS.
- 3 For the 2010-11 accounts there are also some other proposed changes that Members need to be informed of. The first change is the preparation of an Annual Governance Statement in lieu of the Statement of Internal Control. The second proposal is to standardise the accounts produced by the three Welsh Fire Authorities. More detail on the proposed changes is provided below.

IFRS UPDATE

- 4 It was intended that at the next meeting of the Audit Committee Members would be presented with the restated accounts for 2009-10. However, it has not been possible to meet this deadline due to time constraints and the proposal is to extend the date for the completion of this task to the end of October.
- 5 The external Auditors have reviewed some of the work done for the implementation of IFRS and a verbal report will be provided at the meeting.
- 6 It was reported to Members that unless statutory changes were introduced employee benefits will be charged to the year in which they were earned with the introduction of IFRS. It was estimated that the cost to the Authority would be about £369k. Legislation to enable the Authority to reverse this accrual has now been enacted as part of The Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2010.

ANNUAL GOVERNANCE STATEMENT

- 7 It is anticipated that local authorities in Wales will have to produce an Annual Governance Statement for 2010-11. To demonstrate good governance the Authority must demonstrate that it is complying with the core principles contained within the Framework for Delivering Good Governance in Local Government issued by CIPFA and SOLACE. The statement will replace the Statement of Internal Control (SIC) that is currently produced. The major difference between the two statements is in the detail provided, the current SIC is four pages long and it is estimated that the Governance Statement will cover about ten pages. Officers will be commencing work on the new statement shortly and it is proposed that the draft statement is presented to the Audit Committee for scrutiny before being approved by the full Authority.

ACCOUNTS STANDARDISATION

- 8 A proposal has been made by our External Auditors to standardise the format of the Statement of Accounts for the three Welsh Fire Authorities. Standardisation would aid comparison of the accounts

of the Authorities by users and would assist the Auditors during the audit of the accounts. Collaboration between the three brigades would result in the sharing of specialist knowledge which could result in time being saved on the production of the accounts. The main difference between the Authorities' accounts is the amount of detail contained within them - North Wales 36 pages, Mid & West 65 pages and South Wales 66 pages.

RECOMMENDATIONS

7 The Audit Committee is recommended to note:

- (i) the details provided in the IFRS update;
- (ii) the proposal made by the External Auditors to standardise the format of the accounts;

and approve the following:

- (iii) the Audit Committee take responsibility for scrutinising the draft Annual Governance Statement.