

# Progress report

January 2011

Wirral Council

Audit 2010/11

**The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.**

**Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.**

**As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.**

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# Key messages

1 This report provides members with an update of our ongoing work at the Council and informs you of the risks arising from the audit, under International Standard on Auditing (United Kingdom and Ireland) 300. The key messages to draw to members' attention are:

## **Fees**

- The new coalition government has stated that it is abolishing the Audit Commission. On 10 December 2010 the Commission confirmed its pre-13 August abolition announcement plans for fees and is currently consulting on these proposals (paragraph 2).
- The impact for Wirral Council will result in a further rebate on fees for 2010/11 and lower fees in 2011/12 (table 1)

## **Opinion on the statement of accounts**

- The implementation of International Financial Reporting Standards (IFRS) will be a significant challenge for the Council and a significant risk for our audit (paragraph 15).
- Our audit approach for 2010/11 will be determined by new and more demanding International Standards on Auditing (ISAs) and is set out in the Audit Plan being presented to this meeting of the Audit and Risk Management Committee (paragraph 13).
- The Audit Plan for Merseyside Pension Fund was presented to the Pensions Committee on 11 January 2011 and is being presented to this meeting of the Audit and Risk Management Committee (paragraph 14)
- Our work documenting and testing systems and processes is progressing to plan (paragraph 16).

## **Value for money conclusion**

- Our value for money work is progressing to plan (paragraph 25).

## **Public Interest Disclosure Act (PIDA) work**

- Work on the PIDA in respect of the Directorate for Adult Social Services (DASS) continues (paragraph 27).
- Work on the PIDA in respect of the Highways and Engineering Services Procurement Exercise (HESPE) is now complete and was reported to the September meeting of the Audit and Risk Management Committee (paragraph 29).

## **Grant claims and returns**

### **2009/10**

- Grant claims and returns work for 2009/10 is now complete and the report is being presented to this meeting of the Audit and Risk Management Committee (paragraph 35)

### **2010/11**

- Our grants work for 2010/11 will start later in the year (paragraph 36)

## **Annual Audit Letter 2009/10**

- Our Annual Audit Letter, summarising the key issues for the year, was agreed with officers in November and is being presented to Cabinet and this meeting of the Audit and Risk Management Committee (paragraph 37).

## **Audit team and key contacts**

- We have updated the key audit contacts for the new team leader (paragraph 38).

## **Members' resources**

- Members' resources have been updated with the latest reports published by the Audit Commission. We have also provided a full list of International Financial Reporting Standards (IFRS) reports and briefings for management and members (paragraph 40).

# Audit plan

## Audit Commission

2 The Secretary of State for Communities and Local Government announced on 13 August that the Audit Commission would be abolished in 2012/13. On 10 December 2010 the Commission confirmed its pre-13 August announcement plans for fees and is currently consulting on these proposals. These were part of a three-year programme to deliver cost cuts of about £70 million (10 per cent per year). The plans involve fee rebates for 2010/11, and lower fees for 2011/12.

## 2010/11 plan

3 The letters with the proposed fees for 2010/11 for audit and assessment were agreed with officers in April and were presented to members on 30 June 2010. Alongside the audit fees letter we presented the Work programme and scales of fees 2010/11, the new Code of Audit Practice 2010 and the Statement of Responsibilities of Auditors and Audited bodies. The latest consultation proposals for 2010/11 and 2011/12 are at [2011/12 work programme and scale of fees](#) on the Audit Commission website and the impact on Wirral Council is summarised in the table below:

Table 1: **Work programme and fees 2010/11**

This represents the latest position on proposed fees for 2010/11. The scale fee for 2010/11 is £363,000.

Work programme	Original fee £	Rebate/ reduction £	Latest fee proposal
Financial statements	257,612	21,904	235,708
Whole of government accounts	7,466	-	7,466
Value for money	126,922	12,705	114,217
<b>Total audit</b>	<b>392,000</b>	<b>34,609</b>	<b>357,391</b>
Managing performance	16,630	16,630	0
Economic development	32,523	32,523	0
<b>Total inspection</b>	<b>49,153</b>	<b>49,153</b>	<b>0</b>

Work programme	Original fee £	Rebate/ reduction £	Latest fee proposal
Certification of claims and returns	128,000	-	128,000
National Fraud Initiative	2,000	-	2,000
<b>Total work programme</b>	<b>571,153</b>	<b>83,762</b>	<b>487,391</b>

Source: Audit Commission, December 2010

Note: The Audit Commission is sending rebates directly to audited bodies to avoid confusion with the annual audit fee

### Audit fee

4 The total indicative fee for the audit for 2010/11 is £392,000 (excluding VAT), a 0.5% increase on the planned fee of £390,000 for 2009/10. This is less than the Audit Commission's anticipated 6% increase for 2010/11 for the first year of International Financial Reporting Standards (IFRS) and is in line with our commitment to reduce the 2010/11 fee as noted at meetings with officers and members.

5 Members should also note that the Commission has confirmed that it would subsidise the 'one-off' element of the cost of transition to International Financial Reporting Standards (IFRS) for local authorities and police and fire and rescue authorities from 2010/11. You will have received a refund from the Audit Commission of £21,904 which brings the fee charged for 2010/11 to £370,096.

6 The letter sent by the Audit Commission to the Council made it clear that we will continue to deliver the audit in line with the statutory Code of Audit Practice under which we are required to give a value for money conclusion alongside the opinion on the financial statements. The impact of stopping Comprehensive Area Assessment (CAA), including the cost of making several hundred staff redundant, has limited the level of rebates the Commission can afford to give bodies in 2010/11. However, the Commission now proposes to rebate 3.5 per cent for single-tier councils in respect of the new approach for value for money. The rebate will be sent out shortly and brings the audit fee down to £357,391.

7 These reductions, and the earlier rebate for the additional audit costs from the transition to International Financial Reporting Standards (IFRS), mean that Wirral's audit fee for 2010/11 is around 10% less when compared to the scale fee and 9% less when compared to the original fee.

### Grant claims and returns fee

8 The planned fee for grant claims and returns is £128,000.

## **Assessment and inspection fee**

**9** The fee letter agreed with officers in April showed the total indicative fee for inspection as £49,153. The Commission now proposes not to charge inspection fees for work already carried out in this financial year on the managing performance part of the organisational effectiveness assessment. This is because there was no value to the work once CAA ended.

## **National Fraud Initiative (NFI)**

**10** We presented the work programme and scale of fees for NFI 2010/11 to members on 30 June 2010. The rate for metropolitan borough councils remains at the 2008/09 rate of £4k. The NFI is run over a two-year period, so the scale of fees covers the two financial years 2010/11 and 2011/12. We will bill for these fees in two equal annual instalments.

## **2011/12 plan**

**11** The Audit commission's proposals for 2011/12 are for reductions in total audit fees. These reflect the new approach to local value for money audit work, and reductions in the ongoing audit costs associated with introducing IFRS. The proposals are:

- no inflationary increase in 2011/12 for audit and inspection scales of fees and the hourly rates for certifying claims and returns;
- a reduction in scale fees resulting from our new approach to local VFM audit work and reflecting lower ongoing audit costs after implementing IFRS.

**12** The proposed 2011/12 scale fee for Wirral is 352,800.



# Opinion

## 2010/11

**13** The District Auditor is required to issue an audit report by 30 September 2011 giving his opinion on whether the Council's accounts give a true and fair view of the financial position of the Authority as at 31 March 2011. Our Opinion Plan being presented to members of this Committee in January 2011 sets out in more detail the audit work we proposed to carry out in relation to the audit of the financial statements 2010/11 for Wirral Council, including the audit of the Whole of Government Accounts. We will update the timetable and the table of audit risks in subsequent progress reports.

**14** There is a separate Opinion plan and progress report in respect of Merseyside Pension Fund's financial statements which is also being presented to members of this Committee in January 2011.

**15** 2010/11 is the first year that the accounts need to be prepared in accordance with IFRS and represents a significant challenge for the Council and a significant risk for our audit. Our work on the council's statement of accounts is split into 2 elements:

- pre-statements audit:
  - updating, documenting and walking through your systems;
  - identifying and testing key controls;
  - reviewing the control environment and general IT controls;
  - reviewing the implementation of IFRS;
  - any early testing
- post statements audit:
  - testing material balances and ensuring the statements are in line with accounting standards.

### **Pre-statements audit**

**16** We are currently progressing to plan on the pre-statements audit.

#### **Systems and controls**

**17** We have substantially completed work on updating, documenting and walking through your systems and assessing the control environment, including IT controls. We will report any significant issues to members at the next meeting. We will shortly be assessing what key controls we will test and will rely on Internal Audit where appropriate.

#### **International Financial Reporting Standards (IFRS)**

**18** 2010/11 is the first year that the accounts need to be prepared in accordance with IFRS and last year we completed two surveys in November 2009 and July 2010 to assess the Council's preparedness.

**19** In November 2009 we assessed the Council as 'red' risk overall and following the July 2010 survey we reported to the Audit and Risk Management Committee in September that our updated assessment of the Council was 'amber' overall (see Appendix 1). We also provided a set of graphs setting out Wirral's progress and issues compared to other councils. We reported that the key risk areas where Wirral Council varies significantly from comparator authorities is:

- leases – Wirral is amongst the 7% of authorities overall that are assessed as red (8% metropolitan boroughs and 5% of northern authorities)
- Wirral is not 'on track' against the project plan – 69% of authorities overall are 'on track' (67% metropolitan boroughs and 74% of northern authorities). This may also put at risk future milestones such as restating the 2009/10 accounts and drafting a model set of skeleton IFRS compliant financial statements.
- the Audit and Risk Management Committee has had no involvement on IFRS implementation - 87% of audit committees overall have been kept updated and 49% of those and a further 3% have also questioned officers on progress (87% metropolitan boroughs and 85% of northern authorities).

**20** The latest Audit Commission report setting out the national findings from the survey is available at [Audit Commission website - IFRS implementation](#). We will be updating the Audit Commission survey in January 2010 and will reflect progress, including the presentation of a background paper on IFRS to members in November 2010.

**21** We are expecting IFRS re-stated opening balances and 2009/10 comparatives in January 2011 and plan to complete our review of these by mid February. We will report the outcome to members in March 2011.

### **Chief Accountants' workshops**

**22** The Audit Commission runs workshops every year for chief accountants to ensure that consistent messages about technical issues are shared with audited bodies. Key finance officers will attend the workshop at Warrington on 1 February 2011.

## Value for money conclusion

**23** The District Auditor is required to give a statutory value for money (VFM) conclusion on whether the Council has satisfactory arrangements to secure economy, efficiency and effectiveness in its use of resources.

**24** The VFM conclusion for 2010/11 will be based on a reduced number reporting criteria, specified by the Commission, concentrating on:

- securing financial resilience; and
- prioritising resources within tighter budgets.

**25** Our value for money work is progressing to plan and we are currently carrying out a risk assessment to determine our programme of work. An outline timetable is included in the Audit Plan being presented to this meeting of the Audit and Risk Management Committee.

## PIDA work

**26** Work on two PIDA disclosures in respect of adult social services and the Highways and Engineering Services Procurement Exercise (HESPE) continues.

### **Adult social services**

**27** We are continuing to monitor the Council's progress in responding to our 2007/08 report: Adult Social Services - Follow up of PIDA Disclosure which was considered by the Audit and Risk Management Committee in September 2008. A key issue was in respect of the charging policy applied at three supported living units

**28** Cabinet has commissioned an independent investigation into the whistleblower's allegations of bullying and harassment. The Leader of the Council has also commissioned an independent review to confirm that all issues raised by the whistleblower have been appropriately dealt with.

### **Procurement of highways and engineering services**

**29** During 2008/09 we received a PIDA disclosure in respect of the process for awarding the Highways and Engineering Services Procurement Exercise (HESPE) contract. The report was presented to members at the Audit Committee and Risk Management Committee on 28 September 2010. We will continue to monitor the Council's response to the recommendation in the action plan.

# National Fraud Initiative

**30** The National Fraud Initiative (NFI) is the UK-wide antifraud programme developed by the Audit Commission. A data matching exercise is carried out every two years comparing information held by and between around 1,300 organisations including councils, the police, hospitals and nearly 100 private companies. This helps to identify potentially fraudulent claims, errors and overpayments. Where matches are identified these are presented to the organisations to investigate. For example, when data matching shows a person listed as deceased and also in receipt of a pension, the Council will investigate and, if appropriate, stop pension payments. The Audit Commission fee to the Council is £4k over two years for this exercise.

**31** Internal audit co-ordinates the follow-up of matches, which is undertaken by the responsible department.

## **2008/09 - 2009/10**

**32** The Council is reviewing the output from the 2008/09 NFI matching exercise. At the end of October the Council has identified that as a result of investigating the 2008/09 matches:

- 28 frauds have been detected with a value of over £55k
- 296 errors have been detected with a value of over £200k
- The Council is in the process of recovering £256k and has stopped future payments where applicable.

**33** The national report on NFI 2008/09 was published in May 2010 and is available at [Audit Commission website -NFI 2008/09](#).

## **2010/11 - 2011/12**

**34** The Council has provided the required information to participate in the exercise and data matches will be provided by the Audit Commission at the end of January 2011.

# Grant claims and returns

## **2009/10**

**35** The 2009/10 grant claims and returns report is being presented to this meeting of the Audit and Risk Management Committee.

## **2010/11**

**36** The 2010/11 programme will commence shortly and will comprise the following claims:

- Housing and Council Tax Benefits Scheme.
- National non-domestic rates grant.
- Teachers' pensions return.
- Disabled facilities grant.
- Single programme grants.
- General Sure Start grant.

# Annual Audit Letter

## **2009/10 - key findings**

**37** The 2009/10 Annual Audit Letter is being presented to this meeting of the Audit and Risk Management Committee. It will also be considered by Cabinet in January 2011.

## The audit team and key contacts

**38** The key members of the audit team for the 2010/11 are set out in our Audit Plan which is being presented to this meeting of the Audit and Risk Management Committee. Members should note the change of team leader for the Audit.

**39** I can confirm that the audit is being carried out in accordance with the Audit Commission's policies on integrity, objectivity and independence and there are no conflicts to report to members.



# Members' resources

## Audit Commission information for members

**40** The local government national studies programme aims to improve local public services through its independent authoritative analysis of national evidence and local practice. Information on the programme is on the Audit Commission's website at [national studies programme](#).

## Upcoming reports

**41** The following are the studies that the Audit Commission is currently proposing:

- Local government workforce: What are the most effective means for councils to achieve savings from the pay bill while protecting the quality of services? This study will explore how councils can do this, including how they address working patterns, staffing tiers and numbers, rates of pay, and reward packages. It will identify barriers to achieving savings and their solutions as well as highlight innovative approaches to configuring workforces in response to financial cutbacks.
- Managing with less (Autumn 2010): This research project aims to help councils respond to the challenges of public spending reductions. It examines the approaches taken by local councils in responding to the need to make savings and to managing with less, and at how and why decisions are made. There will be a particular focus on the data and information used; the involvement of members and partners; and the balance between short, medium and longer term planning
- Review and challenge in councils (Spring 2011): Councils need to have effective means for reviewing and challenging their major activities, priorities and risks. This project will research how this can be done effectively and efficiently. Research will identify the principles that best underpin review and challenge in councils. These principles will provide the basis for a series of questions to help those responsible for council governance assess their review and challenge arrangements.
- Road maintenance (Spring 2011): What works in road maintenance, in the context of a tough funding environment? This study will help councils make difficult decisions on road maintenance spending priorities through four key areas:
  - the strategic use of asset management
  - decision-making and prioritisation
  - potential savings from procurement arrangements
  - effective partnership working
- Schools workforce management (Spring 2011): Our 2009 report, 'Valuable lessons', set out savings that could be made by schools through better balance management and more effective procurement.

This study will focus on how schools, working with local authorities, can maintain or improve the value for money of their workforce deployment

- Improving value for money in adult social care (Summer 2011): The aim of this research is to help councils and their health partners achieve better value for money in the commissioning and delivery of adult social care

## Published reports:

### Latest releases



- **Auditing the accounts 2009/10: Quality and timeliness of local public bodies' financial reporting**, 16 December 2010. A summary of the quality and timeliness of financial reporting by councils, police authorities, fire and rescue authorities and local government bodies.



- **2011/12 Proposed work programme and scale of fees**; published 10 December 2010. We are consulting on our proposed work programme and scales of fees for 2011/12



- <http://www.audit-commission.gov.uk/nationalstudies/localgov/againsttheodds/Pages/default.aspx> **Against the odds - Re-engaging young people in education, employment or training**; published 3 November 2010. Since the release of the report on 7 July 2010, we have produced a series of maps detailing changes in the proportion and numbers of young people not in employment education and training (NEET)



- **Financial management of personal budgets**; Challenges and opportunities for councils. Published 28 October 2010. This report examines personal budgets in adult social care and considers the financial management and governance implications for councils. It reviews the approaches to transition from providing services to providing personal budgets, the choices for allocating money, and how councils can plan for the financial implications. It also considers

changes in social care commissioning and the governance arrangements needed for personal budgets. It is aimed at finance staff and staff in adult social care departments interested in personal budgets. The report includes a self-assessment checklist to help councils review progress in implementing personal budgets and identify areas for improvement.



- **Protecting the public purse; Fighting fraud** against local government and local taxpayers. Published 27 October 2010. we describe what has happened in the field of fraud detection and prevention since 2009 and set out the findings from our recent fraud survey. Last year England's councils detected around £99 million worth of benefit fraud, over £15 million worth of council tax fraud, and £21 million worth of other types of fraud including false insurance claims, and abuse of the disabled parking 'blue badge' scheme. In addition nearly 1,600 homes have been recovered by councils with a replacement cost of approximately £240 million. We also describe the action taken by some councils to tackle fraud and provide links to tools to help councils improve their counter-fraud defences. Our updated checklist gives organisations providing public services another opportunity to consider how effective they are at responding to the risk of fraud. Also available is a [single person discount comparator tool](#) that allows local authorities to compare their levels of council tax single person discount with their predicted levels, based on a national average.



- **Finance improvement tool.** Published 16 September 2010. Following our 'Under Pressure' study (February 2010), we have developed a finance improvement tool to help councils respond to the financial challenges of an ageing population and identify scope for improvement.



- **Strategic financial management in councils,** 8 September 2010. Delivering services with a reduced income. In our latest report, we reveal how organisations that manage their finances strategically are more adaptable and resilient when money is tight, and how other councils can learn from them. Councils need to make some urgent and tough decisions. 'Strategic financial management in councils'

is aimed at all council staff, especially those who hold the purse strings of local government. In it, we point out potential financial pitfalls, highlight successes, and feature a value for money self-assessment questionnaire that can be used locally. The findings in the report are supported by a good-practice checklist that describes the key issues for improving financial management. Councillors and managers can use the checklist to evaluate their current approach to financial management.



- **Local government pensions in England - an information paper** - 29 July 2010. In our latest information paper, we examine the long-term affordability of the Local Government Pension Scheme, and look at steps that could be taken to put it on a better financial footing.
- **Local government claims and returns, 27 July 2010.** The level of amendments and the number of qualification letters issued by auditors in 2008/09 shows some authorities can improve their preparation of claims and returns. The first Audit Commission annual report on certification work, published on Thursday 29 July, shows that in 2008/09 Audit Commission auditors certified claims and returns from local authorities for schemes covering £45.6 billion of public money. Auditors agreed amendments to claims and returns totalling £54.5 million. Eight schemes had total amendments over £1 million and auditors qualified 673 (24 per cent) claims and returns. For the housing and council tax benefits scheme, 85 per cent of benefits claims had qualifications or amendments or both. Certification of 2008/09 claims and returns cost local authorities £18.7 million which is 0.04 per cent of the total value certified. [Local government claims and returns: The Audit Commission's report on certification work 2008/09 \(July 2010\) \(AC external website\)](#)



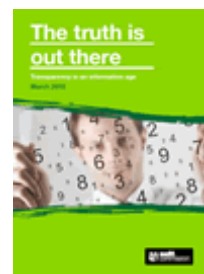
- **Against the odds. Re-engaging young people in education, employment or training** - 7 July 2010. We reveal how councils need a new approach in getting to grips with the needs of their local teens, in order to make scarce resources work harder for those at greatest risk of long-term unemployment.



- **A review of collaborative procurement across the public sector**, 21 May 2010. The National Audit Office and the

Audit Commission have jointly produced this review. It draws on Audit Commission research in local government, carried out during the autumn of 2009. The review finds that although collaborative procurement has the potential to improve value for money, the public sector procurement landscape is fragmented, with no overall governance. Consequently, public bodies are incurring unnecessary administration costs by duplicating procurement activity, and they are paying a wide range of prices for the same commodities, even within existing collaborative arrangements. It recommends that, given the size of public sector procurement spend and the potential to significantly improve value for money, public bodies should work together much more effectively than they currently do. And there should be a clear framework to coordinate public sector procurement activity.

- **By mutual agreement**, 16 March 2010. Severance deals serve councils and the taxpayer. But our research shows that not all pay-offs are justified. Competent chief executives sometimes lose their jobs needlessly, and less effective individuals have been paid-off rather than dismissed.
- **Healthy balance**, 11 March 2010. Does your ward have a high number of teenage pregnancies, or is there growth in childhood obesity? This briefing says the NHS allocated £21 billion in 2009/10 on the basis of inequalities in health between areas. The impact of the spending is unclear.
- **The truth is out there: A discussion paper**, 5 March 2010. Information is essential: it helps you make better decisions. Making more and better information available to the public should help them evaluate the decisions their elected representatives are making, what public money is spent on and with what result. This discussion paper looks at how councils and health trusts, social workers, doctors and police can improve data and analysis made available to the public.
- **Under pressure**: Tackling the financial challenge for councils of an ageing population, 18 February 2010. Councils need to understand the nature and needs of residents who are ageing. The report stresses growth in the number of older citizens affects all services. We need better working across boundaries.
- **Giving children a healthy start: A review of health improvements in children from birth to five years**, 3 February 2010. Have the large sums spent on young children from 1999 to 2009 improved their health? The study examines local service planning and delivery, and how councils and primary care trusts can improve services and access for vulnerable groups, lone and teenage parents and black and minority ethnic communities.



## International Financial Reporting Standards (IFRS)

42 We have listed the IFRS reports and briefings available on the Audit Commission website for management and members.

### Countdown to IFRS - a checklist for members, 17 March 2010

43 This report is included in the list above and is brought to members' attention as it is a fundamental change in financial reporting. From 2010/11 local government will be required to prepare accounts in accordance with international accounting standards (IFRS). A failure to achieve successful transition to IFRS would cause significant reputational damage not only to individual authorities but to the local government sector as a whole.

44 Poor preparation will heighten the risk that accounts will not meet requirements and so attract a qualified auditor's opinion or be published late. At a practical level, there is a risk that avoidable additional costs will be incurred if the implementation timetable is not well managed or is allowed to slip. The transition process is a real test of self regulation by local government.

45 The audit committee (or its equivalent) needs to be sufficiently aware of the requirements of IFRS to ensure the transition project is on track. In order to help members discuss their IFRS transition plan with relevant officers we have set out a number of suggested questions in a checklist available at the following link: [IFRS member checklist](#)

### Complete list of resources

- [Countdown to IFRS: Reporting on operating segments - 29 October 2010](#) Our latest briefing on the countdown to IFRS covers principles and practical issues that authorities should consider when reporting on operating segments.
- [Countdown to IFRS: Progress on the transition to IFRS - 5 October 2010](#) The deadline for local authorities to produce IFRS-compliant accounts is fast approaching. Successful implementation of IFRS will testify to the ability of local government to manage a major change in its financial arrangements. The paper draws on a survey completed in July 2010 by auditors of all local authorities, fire and rescue authorities, and police authorities, on local government's progress on transition to IFRS. In this paper we:
  - make comparisons with a baseline assessment taken in November 2009;
  - set out relevant lessons from the NHS experience of transition, as NHS bodies have implemented IFRS a year earlier than local government; and
  - outline the key actions that authorities should be taking at this stage
- [Countdown to IFRS: Accounting for employee benefits - 15 July 2010](#) Issues authorities may face when accounting for employee benefits.
- [Countdown to IFRS: Managing the practical implications of restating non-current assets - 17 June 2010](#)

Guidance on managing the practical implications of restating non-current assets.

- [Countdown to IFRS: Summary paper - 8 June 2010](#)  
A guide for senior managers and members.
- [Countdown to IFRS: Accounting for non-current assets - 17 May 2010](#)  
Introducing international financial reporting standards (IFRS) for Accounting for non-current assets.
- [Countdown to IFRS - Checklist for councillors - 17 March 2010](#)  
Councillors checklist - discussing IFRS transition plans with officers.
- [Countdown to IFRS - Identifying and accounting for leases - 17 March 2010](#)  
Issues arising from the introduction of International Accounting Standard (IAS) 17: Leases.
- [Countdown to International Financial Reporting Standards \(IFRS\) - 19 February 2010](#)  
Implementation of IFRS in local government.
- [IFRS briefing paper 3 for local government - 4 May 2009](#)  
Managing the transition to IFRS.
- [IFRS briefing paper 2 for local government - 1 September 2007](#)  
The move to international financial reporting standards - how can your auditor help?
- [IFRS briefing paper 1 for local government - 1 May 2007](#)  
The move to international financial reporting standards.

## Appendix 1 IFRS implementation

Table 2: IFRS implementation 2010/11

Issue	Findings
Governance and oversight	The role of the Audit and Risk Management Committee in the implementation of IFRS has been limited
Timetable	The Council is not on track against its project plan. An impact assessment has been completed but opening balances have not been restated. Officers plan to restate the 2009/10 accounts and draft a model set of skeleton IFRS compliant financial statements including policies and notes before the end of December 2010
Non-current assets	We assessed the risk as 'amber'. Concerns remain regarding information required in respect of vehicles plant and equipment and infrastructure assets. The systems need to be set up to satisfy component accounting
Leases and other lease type arrangements	We assessed the risk as 'red'. There has been no review of leases and other lease type arrangements to determine the appropriate accounting treatment for these
Employee benefits	We assessed the risk as 'amber' Although systems are in place, the 2009/10 accrual for holiday pay has not yet been calculated. A new payroll and HR system is planned
Group accounts	We assessed the risk as 'green'. The Council does not currently have any arrangements that would require it to produce group accounts

Source: Audit Commission survey, July 2010