

EXECUTIVE DECISION RECORD SHEET

Name of decision maker:	Cllr Nicholas Tiley
Portfolio:	Finance & Resources
Date of Portfolio Holder Decision:	23 March 2012

Title of Decision:	To agree the extension of the contract for delivery of IFRS provided by Kevin Klein through Allen Lane Associates
Part I	

<p>Decision made and reasons:</p> <p>To approve the extension of the contract for the IFRS project until 30 September 2011 for the reasons set out below.</p> <p>A contract was awarded to Allen Lane Associates in January 2011 for a period of 21 days at a cost of £9,975 to design a programme of work to ensure that the Council could produce compliant accounts under International Financial Reporting Standards (IFRS). This contract was subsequently extended for 95 days at a cost of £49,875 via PH/017/11 to enable this work to be delivered. The contract was subsequently extended at a further cost of £48,825 in compliance with section 10 (2.8) of the Procurement Standing Orders. However, a further Portfolio Holder decision was not sought at that time, as allowed under section 10 (2.8). Further clarification has indicated that a PH decision was required, and this Executive Decision Record Sheet therefore provides for a retrospective decision to extend the contract. These clarifications should ensure that formal Portfolio Holder decision is obtained before contracts are extended in future.</p> <p>The total costs of the IFRS project under this contract are £108,675 which is within the applicable OJEU threshold of £173,934. The work has been completed.</p> <p>Reasons for contract extension to 30/09/11 as agreed by officers at 7 July 2011 are as follows:</p> <p>2010/11 Audit</p> <p>Maintaining continuity throughout the delivery of the accounts and the management of the audit offers the most cost-effective means of a smooth audit process. This is particularly true of the current year where there has been a change in accounting standards, the implementation of a new fixed asset system, and numerous emerging issues arising from</p>
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such a thorough review of previous years' data. The audit is scheduled for completion around mid-September.

Prior Year Adjustments

The combination of first-time adoption of IFRS and the implementation of a new asset management system (AssetNet) in the same financial year necessitated an in-depth review of the way the Council manages and accounts for its fixed assets and leases.

As a result of this review several prior year accounting adjustments were required. In order to ensure these errors do not cause problems in future years, a significant amount of time has been devoted to ensuring compliance with IFRS to the satisfaction of the auditors. Although the data has now been cleansed and the Council is much better placed for the future, this process has caused significant delays to the original work schedule.

AssetNet Implementation

Using AssetNet for the first time revealed a number of reporting limitations with the system that have had to be corrected in liaison with CIPFA (the system providers). Again, this has been time-consuming process and work continues on the development of reports to meet our requirements.

Improved Automation

There are a number of steps the Council can take to speed up the year end process, and to minimise the risk of errors that both increase the timeframe and cost of the audit. The most significant is to complete an automated model for the fixed asset reconciliations.

The contractor began work on this model (and would have completed it were it not for the delays outlined above), in completion of the contract let in January 2011 and extended under PH/017/11. As an IFRS specialist and the lead officer throughout the IFRS transition, he offers the most cost-effective means of completing the model.

Overall

This contractor's expertise has been invaluable throughout this transitional year-end process. His exceptional experience and knowledge of IFRS and systems implementation has added value that will benefit the Council in all subsequent Accounts closures.

Extending the contract will provide the time required to deliver the original work schedule. This will translate into savings in future years as the risk of audit error will be reduced, and the knowledge of permanent staff enhanced through a well documented handover.

Reports considered:

No relevant reports

Officers/Councillors/Ward Councillors/Stakeholders Consulted:

None

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<p>Monitoring Officer comments:</p> <p>Deputy S151 Officer comments:</p>	<p>No further comments.</p> <p>The total value of the contract was £108,675. Sufficient budget exists within 2011/12 Financial Services underspend to cover the cost of this extension (the original contract having been covered by 2010/11 underspends). This underspend has arisen from the time taken to fill permanent posts as part of the Phase 2 implementation.</p>
<p>Implications:</p> <p>Risk:</p> <p>Value for Money:</p>	<p>Failure to ensure continuity from the production of the accounts through the audit process is likely to increase the time the Audit Commission takes over the audit and therefore the cost incurred by the Council.</p> <p>Significant delays have been incurred through dealing with prior year errors – if we do not extend the contract period, there is a risk that many of the future-year benefits for which Kevin was originally procured will not be delivered. A disproportionate amount of future-year benefits Kevin can deliver will occur in the last 10% of the contract period.</p> <p>Alternative provision was sought when the contract was originally let. This resulted in a low number of applications as the skills and knowledge required for this work are in very short supply at present. Such skills could be obtained at lower cost to the council but this would have to be offset against the costs of undertaking a recruitment process, the time taken to undertake an additional procurement process and the risk of failure to recruit a candidate with similarly high level of knowledge, skills and experience.</p>
<p>Options Considered and reasons for rejection:</p> <p>The options available are to extend the existing contract or seek an alternative provider. The reasons for rejecting the alternative provider option are:</p> <ol style="list-style-type: none">1. The existing provider has a very high level of knowledge, skills and experience in this field and these are in very high demand at this time2. Seeking an alternative provider with specialist skills is a high risk option, as the previous market test indicated, and will result in a gap in resources at a critical	

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time in the final accounts process.

Portfolio Holders Signature:
Date:
Details of any interests declared and any dispensations given by the Standards Committee:

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Date Decision Record Sheet received from portfolio holder: 20/03/12	
Date Decision Published: 23/03/12	Decision No: PH/013/12
Date of Expiry of Call-In Period: 30/03/12	
Date any Call-In received or decision implemented:	