

FINANCE AND ACCOUNTING ISSUES

Purpose

1. To provide the Board with an update on financial and accounting issues.

Current Year 2009-10

2. FAS has carried out a quarterly business monitoring report exercise as at the end of June for Silvan House Shared Services. The small variances reported to date will be discussed with the Finance Service Board this week.

Business Plans 2010-11

3. Heads of Shared Services are preparing their draft management documents for discussion with countries and agencies during late September/early October.

Country Reports

4. Country Directors may wish to update the Board on any relevant discussions with their respective administrations on funding for 2010-11 and beyond.

Other

5. The Annex contains an update on other topics of interest to the Board.

Impact on resources

6. As described in the paper.

Risk Assessment

7. Nothing to report.

Communications issues

8. None to report.

Implementation and evaluation proposals

9. None to report.

Recommendations

10. The Board is asked to note the contents of the paper.

**Keith Gliddon, Director Finance
26 August 2009**

OTHER FINANCE AND ACCOUNTING ISSUES

- **Annual Accounts 2008-09**

1. All sets of accounts were cleared by their respective Audit & Risk Committees and given clean audit certificates on the following dates:

Scotland	08 July
Wales	08 July
Forest Research Agency	11 July
GB/England	15 July

- **International Financial Reporting Standards**

2. By 10 September 2009, Trigger Point 3, all restatement work on the GB/England and Forest Research 2008-09 annual accounts must be completed and the package submitted for audit to NAO. We are on schedule to meet that date. Finance team members from FAS and England are meeting NAO in Newcastle on 1 September to discuss their plans for the audit of the restated accounts for completion by 31 December 2009.

3. FAS are working closely with Scotland and Wales to meet their own deadlines and to arrange audit planning meetings with Audit Scotland and Wales Audit Office respectively.

- **Alignment (Clear Line of Sight) Project**

4. The Treasury has published plans to improve the financial information prepared for parliamentary scrutiny of government finances. The objective is to bring consistency to what is included in the *Budgets* which the government sets, the *Estimates* which are put to Parliament to approve government spending, and the *Accounts* of departmental spending audited by the external auditors.

5. From 1 April 2010, this will lead to the removal of cost of capital from our accounts. It is not yet clear whether the Forest Enterprise agencies will have to be set a rate of return or something similar as the alternative. From 1 April 2011, there are a number of other changes which may impact on our current accounting treatment of the Forest Enterprise agencies depending whether they are seen as sitting inside or outside the boundary for line by line consolidation within the country accounts. We are discussing the proposed changes at the Finance Officers meeting on 28th August to agree an action plan as the changes apply to the devolved administrations as well as Westminster.

- **Grants & Regulations**

8. I have now met with all three countries to discuss the way forward for Grants and Regulation work and will prepare a paper for the November GBEB. We have already established that EU work currently undertaken within FAS will transfer out to countries at an appropriate date.