

Accounts should be of interest to local taxpayers

The MJ 04.06.15 by Alison Scott

In all our professional lives there are areas of expertise and focus that we view as an essential part of our work.

For accountants it is accounts in all their detail and complexity.

Some accountants may view this love of the complex as heretical and the indulgence of detail does not always serve the best interests of those outside of accountancy who need to understand the accounts we produce.

I have a clear memory, from a previous role, of a council member of the audit committee at the local authority at which I was chief finance officer apologising for asking the 'silly questions' that were anything but.

This member was representing the very person our accounts should be of interest to – local taxpayers.

There will always be sections that are complex and difficult because the assets and liabilities local authorities hold are complex; various people need and require that complexity and the International Financial Reporting Standards (IFRS) we use are an important positive step forward and here to stay.

If we accept that the accounts are necessarily complex in some areas, does that mean that we should accept this when they are inaccessible to huge swathes of our stakeholders?

If we fail to make the accounts relevant and understandable to our own individual authorities and the councillors and ratepayers in them, we are doing a disservice to our local authorities.

Accounts take up considerable resources; we must get the best value from them by ensuring they are actively used.

At CIPFA, we decided to take a more radical look at the simplification agenda, removing clutter while retaining the benefits of full IFRS accounts.

We have undertaken a wide ranging consultation that we hope has addressed many of these issues.

We must ask what can be made better through being made plainer, but also what must stay necessarily complex, not only to comply with standards, but to do justice to the detail needed.