

<b>Report To:</b>	<b>AUDIT COMMITTEE</b>	<b>Date:</b>	<b>29 APRIL 2020</b>
<b>Heading:</b>	<b>ACCOUNTING POLICIES FOR 2019/20 AND OTHER STATEMENT OF ACCOUNTS MATTERS</b>		
<b>Portfolio Holder:</b>	N/A		
<b>Ward/s:</b>	N/A		
<b>Key Decision:</b>	NO		
<b>Subject to Call-In:</b>	NO		

### **Purpose of Report**

This report requests approval by the Audit Committee of the accounting policies that the Council proposes to adopt for the current financial year in the preparation of the Statement of Accounts 2019/20.

The report also outlines the impact of changes to the Code of Practice on Local Government Accounting on the production of the 2019/20 Statement of Accounts process.

### **Recommendation(s)**

- 1) Audit Committee approve the Accounting Policies detailed at Appendix A to this report, noting there are no major changes to policies only minor changes to ensure they are worded in line with the latest version of the Code of Practice on Local Government Accounting.
- 2) Members are requested to note that any proposed amendments or changes to these policies and associated relevant financial implications will be reported back to this Committee.

### **Reasons for Recommendation(s)**

Part 3 of the Annual Accounts and Audit Regulations 2015 (the Regulations) requires the Council to produce an annual Statement of Accounts. In accordance with International Financial Reporting Standards (IFRS), the Statement of Accounts must include a statement of accounting policies.

The Regulations also require a draft of the Statement of Accounts to be prepared and certified by the responsible financial officer by 31 May. In accordance with best practice for local authorities, the draft accounting policies should be reviewed by Audit Committee before the draft 2019/20 Statement of Accounts is produced.

In addition, where IFRS allows a degree of choice, Audit Committee should be aware of and confirm the choices made.

### **Alternative Options Considered**

The preparation and consideration of this report is part of a process intended to ensure that alternative options are given appropriate consideration.

### **Detailed Information**

#### **Introduction**

- 1.1 The Accounting Policies adopted by the Council determine the accounting treatment that is applied to transactions during the financial year and in the preparation of the Statement of Accounts at the year-end. They determine the specific principles, bases, conventions, rules and practices that will be applied by the Council in preparing and presenting its financial statements. The accounting policies are published within the Statement of Accounts in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Government Accounting (the Code of Practice) and incorporate the requirements of International Financial Reporting Standards (IFRS).
- 1.2 The approval of the accounting policies to be applied by the Council demonstrates that due consideration has been given to the policies to adopt and apply and that those charged with corporate governance are fully informed prior to the commencement of the Statement of Accounts preparation.

#### **Accounting Policies**

- 1.3 The accounting policies are reviewed each year by officers to ensure all accounting policies previously approved are still relevant and are in accordance with the latest version of the Code of Practice and IFRS requirements. Any new requirements are added to the policies and any policies, which are no longer relevant or have no material effect to the Statement of Accounts, are removed.
- 1.4 The following accounting standards have been adopted by the Code of Practice in 2019/20:
  - Amendments to IAS 40 Investment Property: Transfer of Investment Property.
  - Annual Improvements to IFRIC Standards 2014-2016 cycle.
  - IFRIC 22 Foreign Currency Transactions and Advance Considerations.
  - IFRIC 23 Uncertainty over Income Tax Treatments.
  - Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation.
- 1.5 The application date and initial adoption date of the above standards was 1 April 2019.
- 1.6 The new standards are currently not applicable to Ashfield District Council and therefore do not result in any changes to the accounting policies.
- 1.7 Any minor changes to the accounting policies that have been made as part of the review to ensure they are worded in line with the latest version of the code are highlighted in ***bold italics***.
- 1.8 CIPFA intend to issue an accounting Bulletin giving further guidance on matters for the production of the Statement of Accounts. At the time of this report, the Bulletin has not been issued, once issued it will be taken into account when producing the statements.

## **Implications**

### **Corporate Plan:**

Production of timely and accurate Statement of Accounts is a statutory requirement. Achievement of this reflects sound financial management supporting the Corporate Plan.

### **Legal:**

The agreement of appropriate Accounting Policies is part of the process of ensuring that the Council satisfies its legal obligation to prepare a Statement of Accounts. The report also demonstrates how compliance with the Accounts and Audit Regulations is to be achieved.

### **Finance:**

This report is effective for the Statement of Accounts 2019/20:

<b>Budget Area</b>	<b>Implication</b>
General Fund – Revenue Budget	There are no direct financial implications. The report outlines the policies to be adopted for production of timely and accurate accounts and demonstrates consideration of other legal and accounting issues attributable to their production.
General Fund – Capital Programme	
Housing Revenue Account – Revenue Budget	
Housing Revenue Account – Capital Programme	

### **Risk:**

<b>Risk</b>	<b>Mitigation</b>

### **Human Resources:**

There are no human resources impacts.

### **Environmental/Sustainability**

There are no environmental/sustainability impacts.

### **Equalities:**

There are no equalities impacts.

### **Other Implications:**

There are no other impacts.

### **Reason(s) for Urgency**

N/A

### **Reason(s) for Exemption**

N/A

### **Background Papers**

Appendix A – Statement of Accounting Policies.

**Report Author and Contact Officer**

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