

Report To:	AUDIT COMMITTEE
Date:	20TH MARCH 2023
Heading:	ACCOUNTING POLICIES FOR 2022/23 AND OTHER STATEMENT OF ACCOUNTS MATTERS
Portfolio Holder:	DEPUTY LEADER AND EXECUTIVE LEAD MEMBER FOR FINANCE, REVENUES AND BENEFITS – CLLR DAVID MARTIN
Ward/s:	ALL
Key Decision:	NO
Subject to Call-In:	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 2022/23.

The report also outlines the impact of changes to the Code of Practice on Local Government Accounting on the production of the 2022/23 Statement of Accounts process.

Recommendation(s)

- 1) Audit Committee approve the Accounting Policies detailed at Appendix A to this report.
- 2) Audit Committee note that any subsequent amendments or changes to these policies and the associated 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 require a draft of the Statement of Accounts to be prepared and certified by the responsible financial officer by 31 May. The Accounts and Audit (Amendment) Regulations 2021 extended this to the 31 July for the financial year beginning 2021. The extension has not been

continued for the financial year beginning 2022, so the deadline reverts to 31 May 2023. The Department of Levelling Up, Housing and Communities is consulting on the deadline so this may be extended. If known, a verbal update will be provided at the meeting. In accordance with best practice for local authorities, the draft Accounting Policies should be reviewed by Audit Committee before the draft 2022/23 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

None, as it is best practice for the Audit Committee to review the Accounting Policies.

Detailed Information

- 1.1 The Accounting Policies adopted by the Council determine the accounting treatment 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 amended by the Code of Practice in 2022/23:
 - IFRS 1: First Time Adoption;
 - IAS 37: Onerous Contracts;
 - IFRS 16: Leases;
 - IAS 41: Agriculture;
 - Property, plant and equipment: proceeds before intended use (amendments to IAS 16).
- 1.5 The application date of the above amendments is the 1 April 2022.
- 1.6 The amendments make changes to the wording of existing Accounting Standards to add clarity to interpretation and understanding of the Standards. They are not new Accounting Standards. They do not have any material effect and have not resulted in any changes to Ashfield District Council Accounting Policies.
- 1.7 The proposed Accounting Policies for 2022/23 are included at Appendix A.

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. [RLD 28/02/2023]

Finance: [PH 28/02/2023].

Budget Area	Implication
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:

Risk	Mitigation
The Accounting Policies adopted are not updated and in accordance with Code of Practice on Local Government Accounting.	The changes to the Code of Practice on Local Government Accounting Code are reviewed annually and the impact is considered and any updates to the accounting policies are reported to Audit Committee.

Human Resources:

There are no human resource implications.

Environmental/Sustainability

There are no environmental or sustainability implications.

Equalities:

There are no equality implications.

Background Papers

Appendix A – Statement of Accounting Policies.

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