

<b>Report To:</b>	<b>AUDIT COMMITTEE</b>
<b>Date:</b>	<b>21<sup>ST</sup> MARCH 2024</b>
<b>Heading:</b>	<b>ACCOUNTING POLICIES FOR 2023/24 AND OTHER STATEMENT OF ACCOUNTS MATTERS</b>
<b>Executive Lead Member:</b>	<b>EXECUTIVE LEAD MEMBER FOR FINANCE, REVENUES AND BENEFITS – CLLR RACHEL MADDEN</b>
<b>Ward/s:</b>	<b>ALL</b>
<b>Key Decision:</b>	<b>NO</b>
<b>Subject to Call-In:</b>	<b>NO</b>

### **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 2023/24.

The report also outlines the impact of changes to the Code of Practice on Local Government Accounting on the production of the 2023/24 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. In accordance with best practice for local authorities, the draft Accounting Policies should be reviewed by Audit Committee before the draft 2023/24 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 introduced or amended by the Code of Practice in 2023/24:
  - Definition of Accounting Estimates (amendments to IAS 8);
  - Disclosure of Accounting Policies (amendments to IAS 1 and IFRS Practice Statement 2);
  - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (amendments to IAS 12);
  - Updating a Reference to the Conceptual Framework (amendments to IFRS 3).
- 1.5 The application date of the above amendments is the 1 April 2023.
- 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 2023/24 are included at Appendix A. Members should note that the 2023/24 Code has added requirements to disclose only material accounting policies relating to the Council. All relevant policies are included in the appendix and will not be disclosed in the Accounting Statements if not material.

1.8 IFRS 16, which concerns the treatment of leases is due for implementation from 1<sup>st</sup> April 2024. This will not affect the 2023/24 Statement of Accounting Policies. Suitable policies will be included in this report in March 2025. It is important that the Council has prepared for its implementation and can demonstrate this has been done. Officers have already undertaken preparatory work in connection with this. Further review will be undertaken during 2023/24 and 2024/25 to make sure that the outcome of previous reviews is still correct for the Council's circumstances for the preparation of the 2024/25 Statement of Accounts.

## **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 07/03/2024]

### **Finance:** [PH 05/03/2024].

<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 the 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>
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.* [KB 07/03/2024]

## **Environmental/Sustainability**

*There are no environmental or sustainability implications.*

## **Equalities:**

*There are no equality implications.*

## **Background Papers**

Appendix A – Statement of Accounting Policies.

## **Report Author and Contact Officer**

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