

Non-Executive Report of the: Audit Committee 23 January 2018	 TOWER HAMLETS
Report of: Zena Cooke, Corporate Director, Resources	Classification: Unrestricted
Draft Accounting Policies 2017-18 and 2018-19	

Originating Officer(s)	Brian Snary- Financial Accountant
Wards affected	(All Wards);

Summary

This report presents the accounting policies that will be implemented during the financial year 2017-18 and reflected in the published Statement of Accounts for that period.

Appendix A includes the draft accounting policies for 2017-18, it also summarises the main content of the policies and highlights recent changes. Any further changes to accounting regulations may require the policies to be changed during 2017-18. Significant changes to the policies tabled, as part of the draft financial statements for 2016-17 have been highlighted.

These Accounting Policies will also be adopted for 2018-19 and the specific detail and wording will be included as the information becomes available.

Recommendations:

The Audit Committee is recommended to:

1. Approve the accounting policies and are invited to comment

1. REASONS FOR THE DECISIONS

- 1.1 It is recommended by external audit and in line with best practice that the proposed Accounting Policies being used to prepare the financial statements are approved by the Audit Committee.

2. ALTERNATIVE OPTIONS

- 2.1 The Committee may choose to approve all, some or none of the Accounting Policies.

3. DETAILS OF REPORT

3.0

3.1 Background

- 3.1.1 The Council's Accounting Policies are the specific principles, bases, conventions, rules and practices that are applied in the production and presentation of the annual Statement of Accounts. These policies are disclosed as note 1 to the annual accounts.
- 3.1.2 The finance team review the policies each year to ensure that they are in line with the accounting standards as well as being appropriate and relevant to the council. This also helps to remove unnecessary detail which in turn will aid readers to better understanding the Statement of Accounts.
- 3.1.3 It is generally accepted best practice to circulate the draft accounting policies to the Audit Committee for approval prior to the preparation of the draft accounting statements.

3.2 Framework

- 3.2.1 The requirement to include Accounting Policies is taken from the Cipfa Code of Practice for Local Authority Accounting 2017-18 (the Code), and states that *'Authorities shall select accounting policies, and account for changes in accounting policies, changes in accounting estimates and errors in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors'*
- 3.2.2 IAS 8 also requires entities to disclose the expected impact of new standards that have been issued but not yet adopted. Future editions of the Code may therefore prescribe retrospective disclosure requirements relating to changes to accounting policies.
- 3.2.3 The proposed accounting policies are largely unchanged, bar minor cosmetic changes, from the one used in the 2016-17 accounts. Whilst the council was expecting to have to include a policy for the 'Highways Network Asset' in 2017-18, the CIPFA/LASAAC Code Board decided in March 2017 not to proceed with its implementation.

- 3.2.4 The full schedule of draft Accounting Policies can be found in Appendix '1'
- 3.2.5 The Accounting Policies will be also be adopted for 2018-19 subject to any amendments arising from the ongoing consultation process.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

- 4.1 The Chief Finance Officer has been consulted in the preparation of this report and has no additional comments to make.

5. LEGAL COMMENTS

- 5.1 As stated in paragraph 3.2.1 of this report, the requirement to include Accounting Policies is taken from the Cipfa Code of Practice for Local Authority Accounting 2017/18.
- 5.2 The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. This is referred to as the Council's best value duty. Applying Accounting Policies to the production and presentation of the annual Statement of Accounts contributes towards demonstrating that the Council is meeting this duty.
- 5.3 When making decisions, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who do not (the public sector equality duty). There are no direct equality implications arising from this report.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1 There are no 'One Tower Hamlets' considerations contained in this report.

7. BEST VALUE (BV) IMPLICATIONS

- 7.1 There are no 'Best Value' implications contained in this report

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.1 There are no actions contained in this report impacting on the 'Greener Environment' agenda.

9. RISK MANAGEMENT IMPLICATIONS

- 9.1 This report details the accounting policies by which the final accounts will be prepared and presented, this is in line with current best practice, and endorsed by external audit. Failure to adhere to these policies could result in the authority not meeting its legal requirement to produce compliant financial statements.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 10.1 There are no 'Crime and Disorder' implications contained within this report.
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Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

- Draft Accounting Policies 2017-18.

Local Government Act, 1972 Section 100D (As amended)

List of "Background Papers" used in the preparation of this report

- NONE.

Officer contact details for documents:

- Brian Snary, Financial Accountant ext. 5323