

Audit Committee	
31st January 2019	
Report of: Neville Murton, Interim Corporate Director of Resources	Classification: Unrestricted
Draft Accounting Policies 2018-19 and 2019-20	

Lead Member	Councillor Ronald, Cabinet Member for Resources
Originating Officer(s)	Kevin Miles – Chief Accountant
Wards affected	N/A
Key Decision?	N/A

Executive Summary

This report presents the accounting policies that will be implemented during the financial year 2018-19 and reflected in the published Statement of Accounts for that period.

Appendix A includes the draft accounting policies for 2018-19, 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 2018-19. Significant changes to the policies tabled, as part of the draft financial statements for 2017-18 have been highlighted.

These Accounting Policies will also be adopted for 2019-20 and the specific detail and wording will be included as the information becomes available.

Recommendations:

Audit Committee are recommended to:

1. Approve the accounting policies and are invited to comment Note the summary savings position.
2. Agree the amendment to the councils policy on MRP chargeable on housing assets

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

3.1 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 2018-19 (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 a few cosmetic changes from the one used in the 2017-18 accounts.
- 3.2.4 This committee approved the framework for the 2018/19 accounting policies at the meeting of the 23 January 2018, and the attached appendix includes

those approved policies, including any amendments where there have been developments in the legislation

3.2.5 The full schedule of draft Accounting Policies can be found in Appendix '1'

3.2.6 The Accounting Policies will be also be adopted for 2019-20 subject to any amendments arising from the ongoing consultation process.

3.3 Significant Policy Changes in 2019/20

3.2.7 There is only one significant change to the Accounting Policies for 2019/20, an amendment to IFRS16 – Leases, this will require different treatment of leases within the financial statements and details can be found in section 6 of the Appendix.

3.2.8 In addition to the changes required by the code, the council has also reviewed the treatment of the Minimum Revenue Provision (MRP) on its housing stock, and with Members agreement intends to make an annual make a voluntary contribution for equal to 100% over the life of the asset as recommended in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003.

4. EQUALITIES IMPLICATIONS

4.1. There are no equality implications in the report

5. OTHER STATUTORY IMPLICATIONS

5.1. This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.

5.2. There are no other statutory implications contained in this report

6. COMMENTS OF THE CHIEF FINANCE OFFICER

6.1. The attached report is primarily financial in nature and the financial implications of the issues raised have been included in the main report.

7. COMMENTS OF LEGAL SERVICES

- 7.1 The Council is required by section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. It is consistent with this legal duty to have an approved set of accounting policies.
- 7.2 There are no equalities implications for the purposes of the Equality Act 2010 immediately arising from this report.
-

Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

Appendix 1 – Draft Accounting Policies 2018/19 and 2019/20

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- None

Officer contact details for documents:

- N/A