AUDIT AND GOVERNANCE COMMITTEE

DATE	30th January 2025
REPORT OF	Executive Director, Place and Resources (Section 151 Officer)
SUBJECT	Statement of Accounts 2024/2025 - Accounting Policies
STATUS	Open

CONTRIBUTION TO OUR AIM

This report is to inform the Audit and Governance Committee of the accounting policies that are proposed to be used in completing the 2024/2025 Statement of Accounts which will be integral to reporting the Council's finances.

EXECUTIVE SUMMARY

- In preparing the Statement of Accounts the Section 151 Officer is responsible for selecting suitable accounting policies and applying them consistently.
- Accounting policies to be used in completing the 2024/2025 accounts are provided for consideration by the Audit and Governance Committee.

RECOMMENDATION

That the Audit and Governance Committee considers and approves the accounting policies to be used in completing the 2024/2025 Statement of Accounts, as set out in Appendix 1.

That members delegate to the Executive Director Place and Resources the power to make new accounting policies and amend existing policies, as may become necessary in the production of the accounts and during the external audit process, with any such changes being reported back to this committee.

REASON FOR DECISION

Accounting policies are the specific principles, bases, conventions, rules, and practices applied in preparing and presenting financial statements.

The Audit and Governance Committee is responsible for approving the financial statements and therefore is required to understand the basis on which they have been prepared.

1. BACKGROUND AND ISSUES

1.1 Accounting policies are the specific principles, bases, conventions, rules, and practices applied in preparing and presenting financial statements. The policies proposed are based upon guidance issued by the Chartered Institute for Public Finance and Accountancy (CIPFA) and take account of local circumstances.

1.2 The Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices and, in preparing those Accounts, is responsible for selecting suitable accounting policies and applying them consistently.

1.3 The Audit and Governance Committee is responsible for approving the Statement of Accounts and should therefore be aware of and understand the basis on which those Accounts have been prepared. The accounting policies are provided at Appendix 1 for consideration.

1.4 In line with the CIPFA Code of Practice, IFRS 16 Leases has been adopted by the Council with effect from 1st April 2024. This accounting standard moves away from the previous 'operating' and 'finance' lease methodology for lessees, to provide a single accounting model with the recognition of a right of use asset and corresponding liability in the Balance Sheet for most leases. The accounting policy xv. Leases has been updated to reflect this change. Aside from this, no other changes have been made to the accounting policies since these were last approved by the Audit and Governance Committee in February 2024.

1.5 Additionally, an amendment to IAS1 Presentation of Financial Statements has replaced the requirement for entities to disclose their 'significant' accounting policies with the requirement to disclose their 'material' accounting policy information, so as to enhance the relevance and clarity of financial statements. Therefore, whilst a full list of the Council's accounting policies continues to be maintained, only those policies determined to be material will be reported within the annual Statement of Accounts.

2. RISK AND OPPORTUNITIES

2.1 Failure to complete the Statement of Accounts in accordance with approved accounting policies and The Code would have significant reputation risks for the Council.

3. OTHER OPTIONS CONSIDERED

3.1 None.

4. REPUTATIONAL AND COMMUNICATIONS CONSIDERATIONS

4.1 The Statement of Accounts (which includes the material accounting policies) will be published on the Council's website

5. FINANCIAL CONSIDERATIONS

5.1 The Council's accounting policies are a key element of the Council's Statement of Accounts.

6. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

6.1 None

7. FINANCIAL IMPLICATIONS

7.1 The Council's accounting policies are a key element of the Council's Statement of Accounts.

8. LEGAL IMPLICATIONS

8.1 Constitutionally the Section 151 Officer is responsible for the proper administration of the Council's financial affairs, reporting to Cabinet and as alluded to within the body of the report, to the Audit and Governance Committee in the discharge of those responsibilities. The administration of the financial affairs is not only predicated upon CIPFA guidance but also s151 Local Government Act 1972 and s114 Local Government Finance Act 1988.

9. HUMAN RESOURCES IMPLICATIONS

9.1 There are no direct HR implications arising from the contents of this report.

10. WARD IMPLICATIONS

10.1 The financial statements are relevant to all wards.

11. BACKGROUND PAPERS

11.1 Code of Practice on Local Authority Accounting in the United Kingdom 2023/2024.

12. CONTACT OFFICER(S)

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