

Accounts, Audit and Risk Committee

Review of Draft Accounting Policies 2011/12 and 2011/12 Closedown Update

19 March 2012

Report of the Head of Finance and Procurement

PURPOSE OF REPORT

The purpose of this report is to inform members of the draft 2011/12 accounting policies to allow members to consider and endorse the accounting policies under which we prepare our annual Statement of Accounts together with the summary timetable for production.

This report is public

Recommendations

The Accounts, Audit and Risk Committee is recommended:

- (1) To approve the accounting policies as set out in Appendix 1.
- (2) To agree that delegated authority be granted to Head of Finance and Procurement to make any further changes to the Accounting Policies in preparation for the forthcoming accounts closure for 2011-12
- (3) To note the closedown timetable summary as set out in Appendix 2.

Executive Summary

Introduction

- 1.1 Local Authorities reported their Annual Statement of Accounts for 2010/11 under IFRS (International Financial Reporting Standards). This also requires all local authorities to revise their accounting policies for the preparation of the Annual Statement of Accounts.
- 1.2 As members will know IFRS was challenging and the number of changes to the statements, notes, accounting policies and closedown tasks was huge. The changes in 2011/12 are minor in comparison.
- 1.3 This report is to inform members of the draft accounting policies for the 2011/12 Statement of Accounts and the planned timetable to complete them to ensure

they are ready by the required date.

Background Information

Accounting Polices

- 2.1 In order for the Council to be able to produce its Statement of Accounts under International Financial Reporting Standards, all of its accounting policies have been reviewed, updated based on the 2011/12 Code of Practice. We have also compared them to policies set by our colleagues at South Northamptonshire Council to ensure that both Councils are using a similar approach. A draft of the 2011/12 Cherwell District Council accounting polices can be seen in Appendix 1.
- 2.2 The areas that have been updated or where new policies have been inserted have been highlighted so as to compare with the 2010/11 approved policies.
- 2.3 If, during the 2011/12 closure of accounts, it becomes apparent that further amendments, additions or deletions are required to the policies contained in Appendix 1, they will be reported to members when the accounts are presented for review in June 2012.

Closedown Update

- 2.4 Work has begun in earnest on preparing for the 2011/12 closing of accounts. The process is being led by the Corporate System Accountant – Karen Muir and the Interim Technical Accountant - Ed Cooke who is seconded from PriceWaterhouseCoopers will take the technical lead.
- 2.5 The detailed closedown timetable has been prepared for the 2011/12 financial statements. It contains 210 tasks and a summary of the key dates is in Appendix 2.
- 2.6 Closedown workshops will be held within the next couple of weeks and the organisation will receive guidance on what is required from their services.
- 2.7 During the period we will have a continual liaison with the Audit Commission and internal audit as required and regular closedown meetings with the Head of Finance and Procurement will take place to monitor progress.
- 2.8 Closedown News will be circulated every 2 weeks – this will provide a status report on the preparation of the financial statements and this will be circulated to members of this committee.
- 2.9 We remain on track to have a first draft of the statements by 25^h May 2012. This allows a period of 4 weeks for critical review and updating.
- 2.10 A robust scrutiny of the financial statements will take place at the next AARC meeting on June 20 2012.

Key Issues for Consideration/Reasons for Decision and Options

The following options have been identified. The approach in the recommendations is believed to be the best way forward.

- Option One** Agree the accounting policies as set out in appendix 1.
- Option Two** To approve or reject the recommendations above or request that Officers provide additional information.

Consultations

None

Implications

- Financial:** It is envisaged that the accounting policies, noted within this report and shown in Appendix 1, will not have any direct financial implications. These accounting policies will assist the council in ensuring that the Statement of Accounts are more fully reflective of the current operational environment and up to date accounting practices. Comments checked by Karen Muir, Corporate System Accountant, 01295 221559.
- Legal:** Failure to produce accounts under compliant accounting policies will result in the 2011/12 Annual Statement of Accounts not being approved by the Audit Commission. Comments checked by Kevin Lane, Head of Law and Governance, 0300 0030107.
- Risk Management:** Failure to fully assess appropriate accounting policies on the Council will result in a failure to have the accounts for 2011/12 approved by the Audit Commission. Comments checked by Karen Muir, Corporate System Accountant, 01295 221559.

Wards Affected

All

Corporate Plan Themes

An Accessible and Value for Money Council

Executive Portfolio

Councillor Ken Atack
Lead Member Financial Management

Document Information

Appendix No	Title
Appendix 1	Draft Accounting Policies 2011/12
Appendix 2	2011/12 Accounts Timetable
Background Papers	
(1)	The IFRS-Based Code of Practice on Local Authority Accounting in the United Kingdom
(2)	2011/12 Code Update
(3)	The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom – Guidance Notes for Practitioners
(4)	Detailed Closedown Task List/Timetable
Report Author	Karen Curtin, Head of Finance and Procurement Ed Cooke, Interim Technical Accountant Karen Muir, Corporate System Accountant
Contact Information	01295 221559 karen.muir@cherwell-dc.gov.uk edward.cooke@cherwell-dc.gov.uk