

Cherwell District Council

Accounts, Audit and Risk Committee

26 July 2023

2022/23 Accounting Policies

Report of the Assistant Director of Finance (S151 Officer)

This report is public

Purpose of report

To review and approve the Accounting Policies for inclusion in the 2022/23 Statement of Accounts. The Council is required to set accounting policies which set out the specific principles, bases, conventions, rules, and practices applied by an authority in preparing and presenting financial statements. The accounting policies describe how the Council has interpreted and applied the Code of Practice on Local Authority Accounting. There have been no material changes to the Accounting Policies.

In addition, to note that the 2022/23 Draft Statement of Accounts were not published by the 31 May 2023 deadline, due to delays in the audit of the 2021/22 Statement of Accounts.

1.0 Recommendations

The meeting is recommended:

- 1.1 To approve the accounting policies as approved by the Chief Finance Officer (Appendix 1).
- 1.2 Note that the 2022/23 Draft Statement of Accounts were not published by the 31 May 2023 deadline.

2.0 Introduction

- 2.1 All local authorities must produce a statement of accounts annually to help ensure that there is appropriate stewardship of public finances. Statements of accounts are produced according to accounting standards to ensure that they are produced on a consistent standard and are comparable with other statements of accounts. Local Authority statements of accounts are produced by following the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Code occasionally overrides accounting standards where statute takes precedence over accounting standards.

3.0 Report Details

- 3.1 The Accounts, Audit and Risk Committee are required to approve the Accounting Policies for inclusion in the draft statement of accounts. The draft statement of accounts for 2022/23 should be published by 31 May 2023. Officers expect to publish to the Council's website a draft of the statement of accounts by the end of October – pending further updates from the External Auditors at the September Committee meeting. The draft accounts would then be presented to the following meeting of the Committee in November 2023.
- 3.2 The 2022/23 Draft Statement of Accounts should not be published until the 2021/22 Statement of Accounts are finalised because any changes resulting from the audit could have a material impact on the opening balances of the 2022/23 statement, rendering it materially inaccurate. It is possible by law to delay publishing the draft statements in these circumstances.
- 3.3 The notes to the accounts provide supporting information and additional detail for the main financial statements. Note 1 sets out the Council's Accounting Policies (Appendix 1). The Council is required to set accounting policies which set out the specific principles, bases, conventions, rules, and practices applied by an authority in preparing and presenting financial statements. The accounting policies describe how the Council has interpreted and applied the Code of Practice on Local Authority Accounting.
- 3.4 The code states that The Chief Finance Officer is responsible for selecting 'suitable' accounting policies and ensuring that they are applied consistently in the preparation of the statement of accounts. The 2022/23 Accounting Policies, as set out in Appendix 1, have been approved by the Chief Finance Officer. All significant accounting policies have been selected with reference to the Code.
- 3.4 There have been no material changes to the accounting policies for 2022/23. There have been two minor changes to the accounting policies. The first is to change the range of useful economic lives of the council's vehicles from 5 to 7 years to 5 to 10 years. This reflects the longer useful life of some of the council's newer electric vehicles. The second is to remove three accounting policies that are not relevant to the council for 2022/23. The sections removed are: Foreign Currency Translation, Heritage Assets and Joint Operations.

4.0 Conclusion and Reasons for Recommendations

- 4.1 Accounts, Audit and Risk Committee is invited to review and ratify the Accounting Policies for 2022/23 and note that the draft statement of accounts will not be published until the 2021/22 audit is complete.

5.0 Consultation

- 5.1 Not applicable

6.0 Alternative Options and Reasons for Rejection

- 6.1 Option One: To amend the policies. This is not recommended as the 2022/23 Accounting Policies have been approved by the Chief Finance Officer. All significant accounting policies have been selected with reference to the Code.

7.0 Implications

Financial and Resource Implications

- 7.1 The only financial implication is that the change in accounting policy for useful economic lives of vehicles will lead to a lower depreciation charge for those vehicles with a longer life. However, this does not impact on the general fund due to the adjustments between accounting basis and funding basis under statutory requirements, which require the depreciation charge to be taken to the Capital Adjustment Account unusable reserve.

Comments checked by:

Alex Rycroft, Strategic Finance Business Partner – Technical & Transformation,
01295 221541, Alex.Rycroft@cherwell-dc.gov.uk

Legal Implications

- 7.2 The accounting policies in this report have been approved by the Council's Chief Financial Officer (Assistant Director of Finance). Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint an officer to have responsibility for those arrangements. The noted delay in publication of 2022/23 draft statement of accounts is allowed for under Regulation 15, paragraph (1A) of the Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (Amendment) Regulations 2021.

Comments checked by:

Shahin Ismail, Interim Head of Legal Services,
Email: shahin.ismail@cherwell-dc.gov.uk

Risk Implications

- 7.3 There are no risk management implications arising directly from this report.

Comments checked by:

Celia Prado-Teeling, Performance & Insight Team Leader,
01295 221556, Celia.Prado-Teeling@cherwell-dc.gov.uk

Equalities and Inclusion Implications

- 7.4 There are equalities implications arising directly from this report.

Comments checked by:

Celia Prado-Teeling, Performance & Insight Team Leader,
01295 221556, Celia.Prado-Teeling@cherwell-dc.gov.uk

8.0 Decision Information

Key Decision N/A

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

All wards are affected

Links to Corporate Plan and Policy Framework

All corporate plan themes.

Lead Councillor

Councillor Adam Nell – Portfolio Holder for Finance

Document Information

Appendix Number and Title

- Appendix One – Accounting Policies 2022/2023

Background Papers

None

Report Author

Joanne Kaye, Head of Finance and Deputy S151 Officer
01295 221545, joanne.kay@cherwell-dc.gov.uk