



AUDIT COMMITTEE REPORT

Report Title	Accounting Policies and Statement of Accounts changes
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	15 January 2018
Policy Document:	Yes
Directorate:	LGSS Finance
Accountable Cabinet Member:	Cllr B Eldred

1. Purpose

1.1 The purpose of the report is to bring the Council's Accounting Policies to Audit Committee for approval.

2. Recommendations

2.1 It is recommended that Audit Committee approve the Accounting Policies that will be applied in completing the 2017/18 Statement of Accounts, as set out at Appendix 1.

3. Issues and Choices

3.1 Report Background

3.1.1 The accounting policies outline how Northampton Borough Council will account for all income, expenditure, assets and liabilities held and incurred during the financial year.

3.1.2 It is good practice to bring these policies to those charged with governance for approval each year.

3.1.3 The accounting policies for the Authority have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code for Local Authority Accounting. Where there is no specific guidance in the CIPFA Code, the Authority has developed its own accounting policy, which is aimed at creating information, which is:

- Relevant to the decision making needs of users; and
- Reliable, in that the financial statements:
- Represent faithfully the financial position, financial performance and cash flows of the entity;
- Reflect the economic substance of transactions, other events and conditions and not merely the legal form;
- Are neutral i.e. free from bias;
- Are prudent; and
- Are complete in all material respects.

3.1.4 The accounting policies of the Authority are updated annually to reflect any changes in IFRS, including changes in International Public Sector Accounting Standards (IPSAS), HM Treasury guidance, CIPFA guidance or any other change in statute, guidance or framework impacting on the authorities accounts.

3.1.5 The accounting policies of the Authority as far as possible have been developed to ensure that the accounts of the Authority are understandable, relevant, reliable and comparable, and free from material error or misstatement.

3.1.6 The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and certain categories of financial instrument.

3.2 Integrated Closure Team

3.2.1 The Integrated Closure Team continues to oversee the preparation of accounts for Northampton Borough Council, Northamptonshire County Council, Cambridgeshire County Council and Milton Keynes Council.

3.2.2 When considering issues for Northampton Borough, including the composition and application of accounting policies, they have been reviewed along with those of the other authorities.

3.3 Changes to Accounting Policies

3.3.1 Although there are no technical changes in the Council's accounting policies to be applied in 2017/18, the wording of certain policies has been enhanced in order to aid clarity and understanding. Such changes have been made to the following paragraphs, which have also been highlighted:

- B.1. Accruals Concept
- B.9. Contingent Assets and Liabilities
- B.27. Minimum Revenue Provision
- B.34. Council Tax and Non Domestic Rates

The numbering of the policies have also been amended in order to aid clarity

3.3.2 In the event that any changes to these accounting policies are identified during the accounts closure process for 2017/18, these will be brought back to the Audit Committee within the 2017/18 final Statement of Accounts at the July meeting.

3.4 Recommendations

3.4.1 The Committee approves the 2017/18 accounting policies as appended.

4. Implications (including financial implications)

4.1 Policy

4.1.1 The report agrees the accounting policies for Northampton Borough Council.

4.2 Resources and Risk

4.2.1 The Accounting Policies outline how the Council will account for all income, expenditure, assets and liabilities held and incurred during the financial year.

4.2.2 If the Council does not comply with the required standards there is a risk that its Statement of Accounts could receive an adverse audit opinion.

4.2.3 There are no resource requirements.

4.3 Legal

4.3.1 There are no legal implications arising from this report.

4.4 Equality

4.4.1 There are no equalities implications arising from this report.

4.5 Consultees (Internal and External)

4.5.1 These policies have been discussed with the Council's auditors, KPMG, who have confirmed they are in line with their expectations.

4.6 Other Implications

4.6.1 There are no other implications.

5. Background Papers

5.1 Code of Practice for Local Authority Accounting in the United Kingdom 2017/18 Accounts.

5.2 Code of Practice for Local Authority Accounting in the United Kingdom 2017/18 Accounts – Guidance notes.

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