

Report to: Audit and Governance Committee



Date of Meeting 21 March 2024

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Statement of Accounts 2023/24 – Review of Accounting Policies

Report summary:

It is good practice for the Audit and Governance Committee to approve the Accounting Policies to be adopted in advance of the preparation of the Accounts.

At this stage there are no changes for 2023/24 identified.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

To approve the Accounting Policies for the 2023/24 Statement of Accounts.

Reason for recommendation:

Members of the Audit and Governance Committee have responsibility for the approval of the Annual Statement of Accounts.

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Portfolio(s) (check which apply):

- Climate Action and Emergency Response
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Communications and Democracy
- Economy
- Finance and Assets
- Strategic Planning
- Sustainable Homes and Communities
- Culture, Leisure, Sports and Tourism

Equalities impact Low Impact

Climate change Low Impact

Risk: Low Risk;

Links to background information

Link to [Council Plan](#)

Priorities (check which apply)

- ☒ Better homes and communities for all
 - ☒ A greener East Devon
 - ☒ A resilient economy
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Report in full

1. Background and Proposals

- 1.1 This report presents the proposed accounting policies to be adopted for the 2023/24 financial year and to be used in the preparation of the statement of Account for the financial year ending 31st March 2024. Adopting the proposed policies will support the timely production of a high quality set of annual accounts.
- 1.2 The CIPFA (Chartered Institute of Public Finance and Accountancy) LASAAC (Local Authority (Scotland) Accounts Advisory Committee) Local Authority Accounting Board is a standing committee of CIPFA and LASAAC and is responsible for developing the Code of Practice on Local Authority Accounting in the United Kingdom.
- 1.3 The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of the Council. It is reviewed continuously and normally updated annually by the CIPFA / LASAAC Local Authority Board, effective for the financial years commencing 1 April.
- 1.4 As specified by regulation 21(2) of the Local Government Act 2003, all Local Authorities in the United Kingdom are required to keep their accounts in accordance with 'proper (accounting) practices'. This is defined, for the purposes of local government legislation, as meaning compliance with the terms of the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).
- 1.5 It is therefore essential that the Council's own internal accounting policies are aligned and updated to reflect changes to the Code of Practice and for other transactions that occur during the reporting year.
- 1.6 The Code specifies the principles and practices of accounting required to give a "true and fair view" of the financial position, financial performance and cash flows of the Council.
- 1.7 For 2023/24 there are currently no changes identified. Any further changes to accounting regulations may require the policies to be changed further, but none are anticipated. Any significant changes will be reported to the committee.
- 1.8 The draft accounting policies will also be reviewed by the external auditors, Grant Thornton as part of the audit of the accounts and so are still subject to change up to the point the final Statement of Accounts document is approved and signed. Any major changes will again be highlighted to the committee at a future meeting.
- 1.9 The accounting treatment for Infrastructure Assets has been clarified by CIPFA in a temporary solution (CIPFA Bulletin 12 Accounting - Infrastructure Assets - Temporary Solution). We are implementing this temporary solution where we are not required to report the values for gross book cost and accumulated depreciation, as these values may not be measured accurately due to historical reporting practices.
- 1.10 The proposed accounting policies are presented via the link within the report and do not depart from the provisions of the Code.

2. Future Key Accounting Changes

- 2.1 The Leasing Standard IFRS16 which was due to be adopted on 1st April 2020 by Local Government has been delayed again to the 2024/25 financial year, this will bring leased assets onto the balance sheet where the lease period exceeds one year.

Financial implications:

The policies set out for approval underpin the Council's reporting on its financial performance and position. There is little discretion to depart from the policies set down by the Code.

Legal implications:

The legal position is detailed in the report and no further comment is required.