

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 26
APRIL 2023



Title of Report	ACCOUNTING POLICIES 2022/23	
Presented by	Anna Crouch Finance Team Manager and Deputy S151 Officer	
Background Papers	None	Public Report: Yes
Purpose of Report	To present the draft accounting policies for the 2022/23 financial statements	
Recommendations	TO CONSIDER AND APPROVE THE DRAFT ACCOUNTING POLICIES FOR THE 2022/23 FINANCIAL STATEMENTS AS DETAILED IN APPENDIX A	

1.0 BACKGROUND

- 1.1 It is a requirement of the Local Government Act 2003 and the Accounts and Audit (England) Regulations 2015 for the Statement of Accounts to be produced in accordance with proper accounting practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code).
- 1.2 There are no accounting changes within the 2022/23 Code that will have a significant impact on the Council's 2022/23 Statement of Accounts.
- 1.3 In February 2022 CIPFA issued an emergency consultation in respect of the 2021/22 and 2022/23 Accounting Codes which was a response to the low number (9%) of audited 2020/21 financial statements meeting the publication deadline. As an outcome the mandatory date for implementing International Financial Reporting Standard (IFRS) 16 (Leases) was deferred to the 2024/25 financial year.
- 1.4 Local Authorities are afforded the option to voluntarily implemented the new IFRS 16 (Leases) in 2022/23 accounts ahead of the mandatory deadline. In common with many other local authorities, the Council has decided to implement IFRS 16 in 2024/25 in line with the mandatory deadline.

2.0 ACCOUNTING POLICIES 2022/23

- 2.1 The Accounting Policies adopted by the Council determine the accounting treatment that is applied to transactions during the financial year and in the preparation of the Statement of Accounts at the year-end. They determine the specific principles, bases, conventions, rules and practices that will be applied by the Council in preparing and presenting its financial statements.
- 2.2 Accounting policies need not be applied if the effect of applying them would be immaterial. Materiality is defined in the Code as: Omissions or misstatements of items

are material if they could, individually or collectively, influence the decisions or assessments on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.

- 2.3 The Audit and Governance Committee's Terms of Reference require the committee to 'consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council. It is therefore considered good practice for the committee to have greater visibility over these accounting policies before they are applied.
- 2.4 The draft accounting policies for 2022/23 are included in Appendix A. The finance team review the accounting policies each year to ensure they comply with accounting standards. Any policies, which are no longer relevant or have no material effect to the Statement of Accounts are removed. Following the 2022/23 review, there are no changes to the accounting policies from 2021/22.
- 2.5 The draft accounting policies will be reviewed by the external auditors, Mazars LLP, as part of the audit of the accounts and are still subject to change up to the point the final Statement of Accounts documented is approved and signed. Any major changes will be highlighted to the Audit Committee alongside the final version of the Statement of Accounts.

Policies and other considerations, as appropriate	
Council Priorities:	Production of timely and accurate Statement of Accounts is a statutory requirement. Achievement of this reflects sound financial management supporting all the council priorities.
Policy Considerations:	CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Economic and Social Impact:	None
Environment and Climate Change:	None
Consultation/Community Engagement:	None
Risks:	None
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