

WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE

1 MARCH 2021

Title:

Update on Statement of Accounts - Accounting Policies

Portfolio Holder: Councillor Mark Merryweather

Head of Service: Peter Vickers

Key decision: No

Access: Public

1. Purpose and summary

1 The report provides an update on Waverley Accounting Policies in line with changes to the CIPFA Code of Practice relating to the preparation of the 2020/21 Financial Statements. The audit committee is charged with responsibility for oversight of financial reporting integrity and plays a pivotal role in helping to ensure that the critical accounting policies, judgments and estimates applied by management present a fair and accurate picture of the Council's financial position.

2. Recommendation

It is recommended that the Audit Committee reviews and considers the adequacy of the Accounting Policies that underpin the preparation of the Financial Statements and notes that there are no proposed changes in accounting policy or changes in accounting standards to apply in the 2020/21 Financial Statements.

3. Reason for the recommendation

The Accounting Policies enable the Audit Committee to understand and evaluate the facts, economics and financial reporting requirements surrounding each critical accounting judgment and estimate and is sufficiently satisfied that management's accounting policies, judgements and estimates are fit for purpose.

4. Background

4.1 Local authorities in the United Kingdom are required to prepare their accounts in compliance with the terms of the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Code is developed each year by CIPFA/LASAAC (Local Authority Scotland Accounts Advisory Committee) and has effect for financial years commencing on or after 1 April each year.

4.2 The Code specifies the principles and practices of accounting required to prepare financial statements which give a true and fair view of the financial position and

transactions of a local authority.

4.3 2020/2021 Statement of Accounts

As reported to the Audit Committee on 2 March 2020, the 2020/2021 Code was expected to introduce a substantial change to reporting requirements in lease accounting. The new standard, IFRS 16, was due to change the recognition, measurement and presentation of leases, bringing many onto the asset register. In light of the current Covid-19 pandemic, it has since been confirmed that the implementation of IFRS16 has been delayed until April 2022.

4.4 2021/2022 Statement of Accounts – the year ahead

The 2021/22 Code of Practice does not introduce any new substantial reporting requirements for 2021/22.

5. Relationship to the Corporate Strategy and Service Plan

5.1 A financially sound Waverley, with infrastructure and services fit for the future.

6. Implications of decision

6.1 Resource (Finance, procurement, staffing, IT)

The accounts will be completed within current agreed budgets and staffing resource.

6.2 Risk management

There is a risk that if the accounts are non compliant with statutory regulations, the Council's Statement of Accounts will receive recommendations, may not be signed off by the councils independent auditors in line with statutory deadlines. This will have reputational risk and require additional resources to rectify issues as appropriate.

6.3 Legal

There are no direct legal implications.

6.4 Equality, diversity and inclusion

There are no direct equality, diversity or inclusion implications in this report. Equality impact assessments are carried out when necessary across the council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010.

6.5 Climate emergency declaration

There are no direct implications in this report.

7. Consultation and engagement

7.1 N/A

8. Other options considered

8.1 N/A

9. Governance journey

9.1 The minutes of the meeting will be included on the Council agenda.

Annexes:

Annexe 1 – Accounting Policies 2019-20

Background Papers

There are no background papers, as defined by Section 100D(5) of the Local Government Act 1972).

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Agreed and signed off by:

Legal Services: date

Head of Finance: date

Strategic Director: date

Portfolio Holder: date