

# **WAVERLEY BOROUGH COUNCIL**

## **AUDIT COMMITTEE**

**13 MARCH 2023**

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**Title:**

**Update on Statement of Accounts - Accounting Policies**

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**Portfolio Holder:** Councillor Mark Merryweather

**Head of Service:** Peter Vickers

**Key decision:** No

**Access:** Public

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### **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 Financial Statements. The audit committee is charged with responsibility for the 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 the proposed changes in accounting policy and changes in accounting standards to apply in the 2022/23 and 2023/24 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 **Proposed Changes**

In light of the stable accounting standard environment, a verbal update for accounting policies was given in March 2022 for the 2022/23 accounting year as no changes to the policies were proposed.

Officers have reviewed the policies for the year to ensure they are kept up to date and relevant. There are some changes in the asset measurement policies proposed in the accounting policies. This is due to officer review of prior policies rather than through changes in accounting standards.

##### Section 1.17

Original	<ul style="list-style-type: none"><li>• Infrastructure, community assets and assets under construction – depreciated historical cost.</li></ul>
New	<ul style="list-style-type: none"><li>• Infrastructure – Depreciated historical cost</li><li>• Community assets – Historical cost</li><li>• Assets under construction – Historical cost</li></ul>

This update to policies will not have a material impact on the asset values and therefore there will not be a material impact on the overall accounts. This change is proposed to ensure the assets in each of the previously collated category are given their own consideration and reflective valuation methods are used as per the Code of Practice

#### 4.4 **2022/2023 Statement of Accounts**

The 2022/23 Code of Practice does not introduce any new substantial reporting requirements for 2022/23.

#### 4.5 **2023/2024 Statement of Accounts – the year ahead**

The 2023/24 Code of Practice does not introduce any new substantial reporting requirements for 2023/24.

### 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 material 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**

The Council has a duty to provide accurate and appropriate accounts. In compiling these it has a duty to comply with relevant guidance and standards. Whilst the changes have no direct legal impacts, they support appropriate oversight of the Councils financial health.

### **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

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### **Background Papers**

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

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### **CONTACT OFFICER:**

Name: Rosie Plaistowe-Melham  
Position: Finance Services Manager  
Telephone: 01483 523255  
Email: rosie.plaistowe@waverley.gov.uk

Agreed and signed off by:

Legal Services: Ian Hunt - Interim Deputy Borough Solicitor 28/2/23

Head of Finance: Rosie Plaistowe-Melham – Financial Services Manager

Strategic Director: date

Portfolio Holder: date