

# TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Audit and Governance Committee
<b>Date of Meeting:</b>	27 March 2024
<b>Subject:</b>	Statement of Accounting Policies
<b>Report of:</b>	Financial Services Manager
<b>Head of Service/Director:</b>	Associate Director: Finance
<b>Lead Member:</b>	Lead Member for Finance and Asset Management
<b>Number of Appendices:</b>	1

**Executive Summary:**

This report sets out the main changes in accounting policies under the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act. These policies outline the specific principles, bases, conventions, rules and practices applied when preparing and presenting the financial statements.

The deadline for completion of the draft accounts is 31 May 2024 and approval of the final audited accounts by 30 September 2024.

**Recommendation:**

**To APPROVE the accounting policies to be used during in the preparation of the 2023/24 financial statements.**

**Financial Implications:**

There are no direct financial implications arising from the approval of accounting policies although if Members should not approve them it may impact on the final outturn.

**Legal Implications:**

There are no direct legal implications arising from the approval of accounting policies and critical judgements, however Section 21 of the Local Government Act 2003 enables the Secretary of State to make regulations requiring accounting practices including the Statement of Accounts to be undertaken in accordance with proper accounting practices (i.e. the current Code of Practice).

**Environmental and Sustainability Implications:**

None.

**Resource Implications (including impact on equalities):**

None

**Safeguarding Implications:**

None as a result of this report.

**Impact on the Customer:**

None as a result of this report.

**1.0 INTRODUCTION**

**1.1** The Council is required to produce an annual statement of accounts prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

**1.2** As part of this statement, we must disclose the accounting policies applied to material transactions and balances (materiality is provisionally set at £950k). There is little discretion to the Council as the proper accounting practices, that all local authorities follow, are set down in the Code.

**2.0 CIPFA FINANCIAL MANAGEMENT CODE****Review of the 2023/24 Accounting Policies**

**2.1** The full list of accounting policies can be found at Appendix A. There have been no substantial changes to the 2023/24 CIPFA Code of Practice on Local Authority Accounting which came into effect for financial years beginning 1st April 2023. The new standard (IFRS16), which is a major change in the way leases are treated, has a mandatory adoption date of 1 April 2024.

**2.2** Officers have reviewed the accounting policies against the IFRS standards and the 2023/24 Code to ensure consistency with standard practice. Whilst there have been no major changes in accounting policies, Officers have reviewed whether all the policies in the note are still accurate.

**2.3** Even though IFRS16 is not adopted until the next financial year, we must assess the impact of the new standard under the note titled 'Accounting Standards Issued, Not Adopted'. Whilst the new standard will require a lot more detailed work on leases, currently the effect on the accounts is not expected to be material (we have used £989k as our level of materiality as per the Audit Plan).

**3.0 CONSULTATION**

**3.1** None

**4.0 ASSOCIATED RISKS**

**4.1** There is a risk of the accounts being qualified if the proper accounting practices are not followed or if they deviate substantially from the Code of Practice on Local Authority Accounting.

**5.0 MONITORING**

**5.1** The accounting policies and their suitability will be reviewed by Bishop Fleming as part of the audit process. Any issues found during the audit will be communicated to this Committee in its Audit Findings Report.

**6.0 RELEVANT COUNCIL PLAN PRIORITIES/COUNCIL POLICIES/STRATEGIES**

**6.1** None.

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**Background Papers:** None

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**Appendices:** A – Statement of Accounting Policies