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Governance and Resources

14 July 2022

Report of the Director of Resources

STATEMENT OF ACCOUNTS 2021/22 – APPROVAL OF ACCOUNTING POLICIES

PURPOSE OF REPORT

To seek approval for the Accounting Policies used within Derbyshire Dales District Council's Statement of Accounts 2021/22, highlighting any changes from last year.

RECOMMENDATION

That the 2021/22 Accounting Policies be approved for use within the Statement of Accounts

WARDS AFFECTED

None

STRATEGIC LINK

The need to have robust and effective accounting policies is fundamental to the Council in ensuring that it has adequate financial management arrangements in place to enable it to achieve its priorities.

1 BACKGROUND

- 1.1 For the financial year 2021/22 the Council must publish its draft Statement of Accounts by the 31st July. It is best practise for the Audit Committee, or in the case of Derbyshire Dales District Council for the Governance and Resources Committee, to consider the Accounting Policies in advance of the production and publication of the Statement of Accounts.

2 REPORT

- 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. The accounting policies are published within the Statement of Accounts document in accordance with the Code of Practice on Local

Authority Accounting and incorporate the requirements of International Financial Reporting Standards (IRFS).

- 2.2 This report therefore presents the accounting policies that the Council will apply in the preparation of the Statement of Accounts for 2021/22.
- 2.3 Officers have assessed the accounting policies that are deemed necessary to explain clearly and underpin the accounting treatment of transactions within the Council's Statement of Accounts for 2021/22. In undertaking this assessment a review of all accounting policies previously agreed has been undertaken to check their relevance, clarity, legislative compliance and that they are in accordance with the latest version of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting and IFRS requirements.
- 2.4 With specific regard to the accounting policies proposed in respect of 2021/22, these are largely unchanged from previous years. However, it is proposed to amend the rolling revaluation programme for fixed assets from every 5 years, which is the minimum requirement, to every 3 years. It is expected that this amendment will improve the accuracy of the fixed asset valuations held within the Balance Sheet, whilst also reducing the impact of that the annual impairment review.
- 2.5 IFRS16 sets out the principles for recognition, measurement, presentation and disclosure requirements of Leases by introducing a single lessee accounting model which provides greater transparency of the lessee's financial leverage and capital employed by requiring recognition of right-of-use assets and lease liabilities on balance sheet. It was initially due for implementation from 01 April 2020 but was delayed due to Covid-19 until 1 April 2022. In response to audit delays, however, the Department for Levelling Up, Housing and Communities (DLUHC) asked CIPFA to consider some time-limited changes to the Code, which would ease these delays. Following consultation and review by the Financial Reporting Advisory Board (FRAB), CIPFA has confirmed that there is a further optional delay for a period of two years. The decision regarding the implementation can be taken at the year end of the relevant accounting period. Therefore no decision regarding a potential delay is required until March 2023.
- 2.6 As the Statement of Accounts for 2021/22 is prepared, it may be necessary to amend a policy in order to adopt a more appropriate accounting policy. If this occurs, the change and the reason for the change will be reported back to the Governance & Resources Committee at its next available meeting and / or will be highlighted within the report when the Statement of Accounts is presented to Members for approval. Full details of all the proposed accounting policies for 2021/22 are provided at Appendix 1.

3 RISK ASSESSMENT

3.1 Legal

Regulation 7 of the Accounts and Audit Regulations 2015 requires a local authority to prepare a Statement of Accounts in accordance with "proper practices in relation to accounts". As this report complies with best practice, the legal risk is assessed as low.

3.2 Financial

Compliance with the CIPFA Code of Practice and IFRS means that the financial risk is assessed as low.

4 OTHER CONSIDERATIONS

- 4.1 In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.
- 4.2 Climate Change: The decision being made in respect of this report has no impact on climate change therefore no impact assessment is needed.

5 CONTACT INFORMATION

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6 BACKGROUND PAPERS

- 6.1 None

7 ATTACHMENTS

Appendix 1 – Accounting Policies.