Title: Approval of the draft Accounting Policies for 2017-18

Report of the Chief Operating Officer

Open Report

For Decision

Wards Affected: All

Key Decision: No

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Summary:
This report presents the draft Accounting Policies that will be implemented during the financial year 2017-18 and reflected in the published Statement of Accounts for 2017-18. It also points out the main contents of the Accounting Policies, highlighting any recent changes.

Recommendation

The Public Accounts and Audit Select Committee is recommended to:

i. Approve the Accounting Policies that will be applied in completing the 2017-18 Statement of Accounts, as set out at Appendix A and invited to comment.

Reason(s)

The purpose of the report is to bring the Council’s Accounting Policies to Audit Committee for approval.

1. Introduction and Background

1.1 The Accounting Policy outlines how London Borough of Barking and Dagenham will account for all income, expenditure, assets held and liabilities during the financial year 2017-18.

1.2 It is in line with best practice and recommended by external audit that the financial statements are prepared in conjunction with proposed Accounting policies.

1.3 Where there is no specific guidance from CIPFA, the council has developed its own accounting policy so that the Financial Statements reflect the true and fair view of the authority’s affair.
2. **Framework**

2.1 The Accounting Policies has been prepared in accordance with the International Financial Reporting Standards as adopted by the Chartered Institute of Public Finance and Accountancy (CIPFA) and set out in the Code of Practice on Local Authority Accounting.

2.2 It is good practice to review Accounting Policies every year. Changes in Policy may arise as a result of changes to the Code of Practice or through changes instigated by the Council.

2.3 The Council’s Accounting Policies have been reviewed and no substantive changes identified. The proposed Accounting Policies for 2017/18 are set out in the Appendix. These are largely unchanged, bar minor cosmetic changes from those used in 2016-17. Although there are no substantive changes in the Council’s Accounting Policies in 2017-18, the wording of some policies have been reviewed and more detail added. In particular, the Policies on surplus assets and depreciation have been clarified and the Accounting Policy for Minimum Revenue Provisions has been added to the Accounting policy schedule for 17-18.

2.4 Should any changes to the Accounting Policies be identified as required during the Closure of Accounts process for 2017-18, these will be brought back to the Committee with the 2017-18 final Statement of Accounts at the July meeting.

2.5 If further changes are required, then the following information will be provided. For changes brought in through the Code, the Council will set out the information required by the Code. For other changes we will explain: the nature of the change and the reasons for it. We will also set out the changes to the current period and to each prior period presented in the accounts and the total amount of the adjustment relating to periods before those presented. If retrospective application is impracticable for a prior period, we will disclose the circumstances that led to the existence of that condition and a description of how and from when the change in Accounting Policy has been applied.

2.6 IAS 8 prescribes entities to disclose the expected impact of the new standards that has been issued but not yet adopted, in future the code might prescribe the retrospective disclosure of requirements relating to Accounting Policies.

2.7 A full schedule of the draft Accounting Policies is attached at Appendix A.

3. **Legal Implications**

3.1 The Council has a duty under the Local Government 1999 to make arrangements to exhibit continuous improvement with regards to the efficiency, effectiveness, and economy. This is referred to the Council’s best value duty. Applying the
Accounting Policy to the production and the presentation of the Financial Statements demonstrates that the council is meeting this duty.

4. Financial Implications

4.1 There are no financial implications directly arising from this report.

5. Risk

5.1 If the Council does not adhere to the required Accounting Policies, it will have a risk of receiving adverse audit opinion

5.2 The report details the Accounting Policies that will be adopted for preparing and presenting the financial Statement of Accounts, which is in line with best practice, once its endorsed by our external auditors, Council's non-compliance with Accounting Policies would result in not meeting its legal requirement of producing complaint Financial Statements.

6. Consultees

6.1 These policies have been presented to the Council’s external auditor KPMG for review and approval

7. Appendix

Draft Accounting Policies 2017/18