**Report of the Head of Finance**

**To**

**The Governance & Standards Committee**

**On**

**17 March 2021**

# **Statement of Accounts 2020/21 - Approval of Accounting Policies**

##### **SUMMARY**

1.1 The attached Accounting Policies are proposed to be adopted as part of the 2020/21 Statement of Accounts.

#### **2 RECOMMENDATION**

2.1 That the 2020/21 Accounting Policies be approved for use within the Statement of Accounts.

#### **3 BACKGROUND**

3.1 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).

3.2 The approval of the accounting policies to be applied by the Council demonstrates that due consideration is being given to which policies to adopt and apply and that those charged with corporate governance are fully informed prior to the commencement of the Statement of Accounts preparation of the policies that are being adopted.

3.3 This report therefore presents the accounting policies that the Council will apply in the preparation of the Statement of Accounts 2020/21.

3.4 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 2020/21. 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 code of practice and IFRS requirements.

3.5 With regard to the policies proposed in respect of 2020/21 these are largely unchanged from previous years, with only minor changes to aid understanding. As the Statement of Accounts for 2020/21 are 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 & Standards Committee at its next available meeting. Full details of all the proposed accounting policies for the current financial year are provided at Appendix 1.

**4 OPTIONS AVAILABLE**

#### 4.1 The option available is for the Committee to approve the Accounting Policies.

The Council is required to have appropriate Accounting Policies within its Statement of Accounts. Officers have developed what they consider to be an appropriate set of policies based upon those adopted in previous financial years and taking account of changes as required by current legislation. The preparation and consideration of this reports is part of a process intended to ensure that alternative options are given appropriate consideration.

**5** **RISK ASSESSMENT OF RECOMMENDATIONS AND OPTIONS**

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| --- | --- | --- | --- |
| **Risk** | **Risk Assessment** | **Risk Level** | **Risk Management** |
| Legal | There is no legal risk in respect of the recommendation or option | - | - |
| Financial | There are no financial risks to the Council  | - | - |
| Reputation | There is no reputational risk to the Council  | - | - |

#### **6 ALIGNMENT TO COUNCIL PRIORITIES**

6.1 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.

#### **7 IMPLICATIONS**

(a) Relevant Legislation

 The agreement of appropriate Accounting Policies is part of the process of ensuring that the Council satisfies its legal obligation to prepare a Statement of Accounts. The accounting policies adopted by the Council must comply with current legislation, the Code of Practice on Local Government Accounting and IFRS requirements. Officers have given careful consideration to the policies detailed at Appendix 1to ensure that they meet all these requirements

(b) Human Rights

 There are no implications for human rights.

(c) Equality and Diversity

 There are no implications for equality and diversity.

(d) Climate change and environmental sustainability

 The proposed actions in the report do not have any environmental implications and have no effect on the climate.

(e) Crime and Disorder

 There are no implications for crime and disorder.

(f) Budget/Resource

 There are no direct budgetary implications. The accounting policies will however be used to determine the accounting treatment of the financial transactions of the Council for 2020/21 and will therefore influence the presentation and understanding of the financial position of the Council as at 31 March 2020.

None of the policies outlined in Appendix 1 are considered to be in conflict with legislative or IFRS requirements therefore the risk of adopting a policy that contravenes good practice is considered minimal. The greater risk is the failure to ensure that the policy and the actual accounting treatment are consistent. To minimise this risk the final accounts timetable for 2020/21 has officer review time built in to cross check the policies to the actual treatment of items within the accounts.

**8** **COMMENTS OF STATUTORY OFFICERS**

Monitoring Officer – The approval of the proposed Accounting Policies supports effective governance arrangements across the Council.

Section 151 Officer – *own report.*

**9 CONSULTATION**

9.1 No further consultation has taken place.

**10** **BACKGROUND PAPERS**

 Appendix 1 – Accounting Policies 2020/21

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