



WEST OXFORDSHIRE
DISTRICT COUNCIL

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Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE 24 MAY 2023
Subject	STATEMENT OF ACCOUNTS 2022/23– UPDATE AND ACCOUNTING POLICIES
Wards affected	None
Accountable member	CLlr Dan Levy, Executive Member for Finance Email: dan.levy@westoxon.gov.uk
Accountable officer	Elizabeth Griffiths, Chief Finance Officer and Deputy Chief Executive Email: Elizabeth.Griffiths@westoxon.gov.uk
Report author	Andrew Moran, Finance Business Partner Email: Andrew.Moran@publicagroup.uk
Summary/Purpose	This report presents an update on progress in preparing the 2022/23 draft Statement of Accounts. The report also presents the accounting policies to be included in those same accounts. The report provides Members with the opportunity to review and approve the accounting policies in advance of the preparation of the Statement of Accounts 2022/23. Approving the accounting policies in advance of the preparation of the accounts represents best practice.
Annexes	Annex A – Draft Statement of Accounting Policies – 2022/23
Recommendation(s)	<i>It is recommended that:</i> <ol style="list-style-type: none"><i>1. The Audit and Governance Committee notes the position with regard to preparing the 2022/23 draft Statement of Accounts and the forecast publication date.</i><i>2. The Audit and Governance Committee considers and approves the draft accounting policies for 2022/23 included at Annex A;</i><i>3. Further necessary amendments to the policies set out at Annex A (occurring subsequent to this meeting) are included within the draft (unaudited) and/or final (audited) Statement of Accounts when presented to this Committee.</i>

Corporate priorities	Working Together for West Oxfordshire
Key Decision	NO
Exempt	NO
Consultees/ Consultation	None. The draft policies presented in this report have been prepared in accordance with latest CIPFA Code of Practice on Local Authority Accounting.

1. BACKGROUND

- 1.1** This report presents an update on progress in preparing the 2022/23 draft Statement of Accounts. In addition, the report also presents the accounting policies to be included in those same accounts.
- 1.2** The Council's External Auditor, Grant Thornton LLP recommend that Members formally approve the draft Statement of Accounting Policies to be included in the Statement of Accounts before the closedown process is undertaken.
- 1.3** Such approval demonstrates that those charged with governance have had the opportunity to consider and review the draft policies and are aware of the policies to be applied in closing the Council's accounts for 2022/23 in advance of the process.
- 1.4** The Committee will approve the Statement of Accounts, receive the Audit Findings Report, and sign the letter of Representation as those charged with governance at a future Audit and Governance Committee meeting.

2. PROGRESS UPDATE

- 2.1** The 2022/23 financial year ended on 31 March 2023. Finance colleagues are currently preparing the draft Statement of Accounts, subject to audit for 2022/23. The publication date for the draft Statement of Accounts is currently estimated to be 30 June 2023. This is one month later than the deadline specified in the latest Accounts and Audit (Amendment) Regulations. The Council will therefore be required to post an Accounts Publication Delay notice on the website.
- 2.2** The 2022/23 Statement of Accounts is the first with a deadline of 31st May, as the previous deadline has been 30th June. Unfortunately there is not sufficient capacity within the Finance Team to meet this deadline and continue day to day operations, combined with delays to the audit and sign off process for the 2021/22 Statement of Accounts. Finance colleagues were required to support the audit process for the 2021/22 accounts during the final quarter of 2022/23 at a time when preparations for the forthcoming financial year end would normally take place. This has meant some preparation work for the 2022/23 year end was unable to commence until April 2023. This has subsequently delayed the preparation of the financial outturn position and the draft 2022/23 accounts.

3. ACCOUNTING POLICIES TO BE INCLUDED IN THE 2022/23 ACCOUNTS

- 3.1** It is considered best practice for those charged with governance to review and approve the Council's accounting policies prior to the meeting at which the Statement of Accounts will be approved.
- 3.2** The draft Statement of Accounting Policies are included at Annex A. They are prepared largely from CIPFA guidance, adjusted as appropriate to be suitable for the Council. There may be certain matters arising during preparation of the Statement of Accounts which will require the draft accounting policies to be updated. For example, CIPFA may issue updates to the guidance. Further necessary amendments to the policies set out at Annex A

(occurring subsequent to this meeting) will be included within the draft (unaudited) and/or final (audited) Statement of Accounts when presented to this Committee.

- 3.3** The Council prepares its Statement of Accounts in accordance with proper accounting practices and regulations in accordance with latest CIPFA Code of Practice on Local Authority Accounting (The Code) supported by International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs).
- 3.4** The Statement of Accounting Policies outlines the relevant accounting principles, bases, conventions, rules and practices applied by the Council in preparing and presenting its financial statements. They aid understanding of the Statements and facilitate comparison with other organisations. Proposed amendments to the accounting policies for 2022/23 are summarised in section 4 of this report. These changes align the policies to The Code guidance notes and do not include material changes to previous Accounting Policies.

4. SUMMARY OF CHANGES

- 4.1** Annex A reflects several minor amendments to fully align with the latest version of The Code guidance notes. These changes do not affect the substance of the Council's current accounting policies nor do they alter the principles, bases, conventions, rules or practices previously applied by the Council. Details of further changes are set out below.

Events after the reporting period

- 4.2** This is an additional section which clarifies how to disclose events that become known between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

Financial Instruments

- 4.3** Additional paragraphs have been included to clarify the primary purpose of holding investments (to collect contractual cashflows) and to explain how gains and losses on assets measured at amortised cost are accounted for. In addition, the statutory override which enables the impact of fair value movements on Pooled Investment Funds to be excluded from the General Fund has been extended to 31 March 2025.

Heritage and Intangible Assets

- 4.4** These are new sections which clarify the definition of these assets and their valuation basis.

Leases

- 4.5** Several amendments have been included to align with The Code guidance notes including:
- For Finance Leases (Council as Lessee), clarifying that contingent rents (for example, resulting from periodic rent reviews) are charged as expenses in the periods in which they are incurred;
 - For Operating Leases (Council as Lessee), clarifying that charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease);

- For Finance Leases (Council as Lessor), clarifying the accounting entries required at the outset of a new leasing arrangement.

Provisions, contingent liabilities and contingent assets

- 4.6 An additional paragraph has been included to clarify how to determine whether a provision should be made if it is not clear whether a relevant event has taken place on or before the Balance Sheet date.

Fair value measurement of non-financial assets

- 4.7 This is an additional section which clarifies how to approach the fair value measurement of these assets.
- 4.8 The following changes have also been included within Annex A to facilitate the consistent and timely production of the draft Statement of Accounts:

Employee Benefits

- 4.9 An accrual for the cost of holiday entitlement earned by employees but not taken before year end will not be provided for in the accounts. As staff numbers employed directly by the Council are relatively small, the amount involved is not material.

Property, Plant and Equipment

- 4.10 Vehicles and Plant will be depreciated over 7 years rather than 5 years. The 7 year period is aligned with the existing vehicle leasing arrangement that the Council has with Ubico.

5. ALTERNATIVE OPTIONS

- 5.1 The draft policies presented in this report have been prepared in accordance with latest version of The Code. Consequently, no alternative options have been prepared.

6. FINANCIAL IMPLICATIONS

- 6.1 There are no direct financial implications arising from this report.

7. LEGAL IMPLICATIONS

- 7.1 There are no direct legal implications arising from this report, except to the extent that compliance with the latest Accounting Code of Practice under which the accounts are prepared is mandatory.

8. RISK ASSESSMENT

- 8.1 If the Council's accounting policies are not followed during preparation of the Statement of Accounts, external audit may decide that the Statement of Accounts is misstated. Officer training in advance of preparation of the Statement of Accounts and an associated Annual review of these policies mitigates the risk.

9. EQUALITIES IMPACT

9.1 None.

10. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

10.1 None.

11. BACKGROUND PAPERS

11.1 None.