



AUDIT COMMITTEE REPORT

Report Title	Accounting Policies
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	12 th March 2016
Policy Document:	Yes
Directorate:	LGSS Finance
Accountable Cabinet Member:	Cllr M Hallam

1. Purpose

1.1 The purpose of the report is to bring the Accounting Policies to Audit Committee for approval.

2. Recommendations

2.1 It is recommended that Audit Committee approve the Accounting Policies for the 2015/16 Statement of Accounts, as set out at Appendix 1.

3. Issues and Choices

3.1 Report Background

3.1.1 The accounting policies outline how Northampton Borough Council will account for all income, expenditure, assets and liabilities held and incurred during the financial year.

3.1.2 It is good practice to bring these policies to those charged with governance for approval each year.

3.1.3 The accounting policies for the Authority have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code for Local Authority Accounting. Where there is no specific guidance in the CIPFA Code, the Authority has developed its own accounting policy, which is aimed at creating information, which is:

- Relevant to the decision making needs of users; and
 - Reliable, in that the financial statements:
 - Represent faithfully the financial position, financial performance and cash flows of the entity;
 - Reflect the economic substance of transactions, other events and conditions and not merely the legal form;
 - Are neutral i.e. free from bias;
 - Are prudent; and
 - Are complete in all material respects.
- 3.1.4 The accounting policies of the Authority are updated annually to reflect any changes in IFRS, including changes in International Public Sector Accounting Standards (IPSAS), HM Treasury guidance, CIPFA guidance or any other change in statute, guidance or framework impacting on the authorities accounts.
- 3.1.5 The accounting policies of the Authority as far as possible have been developed to ensure that the accounts of the Authority are understandable, relevant, reliable and comparable, and free from material error or misstatement.
- 3.1.6 The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and certain categories of financial instrument.

3.2 Issues

- 3.2.1 There is a change to the underlying accounting policies from the policies approved and included in the audited Statement of Accounts 2014/15. IFRS 13 Fair value measurement will be adopted in 2015-16 prescribing the methodology of valuation of assets and liabilities, which is set out in policy L.
- 3.2.2 There are some minor amendments: slight change to wording within section Ag Revenue Reserves with reference to where the value of General Fund Balance can be located; further changes are where '2014/15' has been updated to show '2015/16'.
- 3.2.3 In the unlikely event that any changes to these accounting policies are identified as part of the creation of the 2015/16 accounts process, these will be brought back to the Audit Committee within the 2015/16 Draft Statement of Accounts at the July meeting.

3.3 Choices (Options)

- 3.3.1 The Committee can approve the 2015/16 accounting policies as appended.
- 3.3.2 The Committee can not approve the 2015/16 accounting policies as appended.

4. Implications (including financial implications)

4.1 Policy

4.1.1 The report agrees the accounting policies for Northampton Borough Council.

4.2 Resources and Risk

4.2.1 The Accounting Policies outline how the Council will account for all income, expenditure, assets and liabilities held and incurred during the financial year.

4.2.2 If the Council does not comply with the required standards there is a risk that its Statement of Accounts could receive an adverse audit opinion.

4.2.3 There are no resource requirements.

4.3 Legal

4.3.1 There are no legal implications arising from this report.

4.4 Equality

4.4.1 There are no equalities implications arising from this report.

4.5 Consultees (Internal and External)

4.5.1 These policies have been discussed with the Council's auditors, KPMG, who have confirmed they are in line with their expectations.

4.6 Other Implications

4.6.1 There are no other implications.

5. Background Papers

5.1 Statement of Accounts for Northampton Borough Council 2014/15.

5.2 Code of Practice for Local Authority Accounting in the United Kingdom 2015/16 Accounts.

5.3 Code of Practice for Local Authority Accounting in the United Kingdom 2015/16 Accounts – Guidance notes.

5.4 Service Reporting Code of Practice for Local Authorities 2015/16.

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