

REDDITCH BOROUGH COUNCIL

**AUDIT, GOVERNANCE AND
STANDARDS COMMITTEE**

1st February 2018

CORPORATE GOVERNANCE AND RISK - PROPOSED ACCOUNTING POLICIES 2017-18

Relevant Portfolio Holder	Councillor John Fisher-Portfolio Holder for Corporate Management
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering – Exec Director Finance and Resources
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non–Key Decision

1. SUMMARY OF PROPOSALS

This report presents the proposed accounting policies to be used for the closure of the 2017/18 accounts. These are prepared in line with CIPFA’s Code of Practice on Local Authority Accounting in the UK 2017/18 (the Code). Adopting the proposed policies will support timely production of the annual Statement of Accounts.

The report also provides an update to the S11 recommendations

2. RECOMMENDATIONS

The Committee is asked to **RESOLVE** that :-

- 2.1. **The Accounting Policies set out in Appendix A be approved for use for the closure of the 2017/18 accounts and production of the 2017/18 Statement of Accounts.**
- 2.2 **The progress in relation to the S11 recommendations be noted**

3. KEY ISSUES

- 3.1 In order to comply with International Accounting Standards, the Council needs to disclose the accounting policies it has applied to all material balances and transactions, in compiling its annual Statement of Accounts These relate to the accounting practices, as set down in the Code, which all local authorities follow.
- 3.2 It is considered good practice to obtain member approval for the accounting policies that are to be adopted and will assist with production of the draft accounts by 31 May 2018. The aim is to have the audited accounts complete by 31st July 2018. The policies are attached at Appendix A with the changes from the previous policies highlighted in the appendix.

3.6 Preparation of draft accounts is required to come forward to 31 May following the relevant year end, for financial years 2017/18 onwards. At the same time, the audited statements will need to be published by 31 July following the relevant financial year end.

3.7 S11 Recommendations

As members are aware the Council received a s11 notice (Audit Commission Act 1998) in relation to a number of recommendations relating to the financial management and accounting of the Authority in 2015/16. As part of the monitoring of the actions in place to address these recommendations the Committee agreed to receive updates of the progress against the actions to ensure that the Council is taking appropriate action to address the significant issues identified.

3.8 The S11 recommendations from addressed 2 areas. The preparation of the accounts recommendations have been resolved however there remain a couple of improvements identified in relation to the budget monitoring. These include :

- The Council should put in place robust arrangements to ensure that the budget preparation processes are based on sound assumptions. The Auditors have recognised that improvements have been made on this recommendation however there remain further actions that they have identified to ensure the Council has robust plans in place. These include:
 - Clearer monitoring of savings plans to include an assessment of risk and mitigation
 - Monitoring arrangements of the Council Plan actions to be progressed

Action :

- *Best practice report to be developed to provide enhanced savings monitoring report from quarter 2 to include risk assessment of achievement of savings*
- *Further sensitivity analysis in relation to demand on services and demographic assumptions to be considered for future reviews of the Medium Term Financial Plan.*
- *Business case framework developed to ensure a consistent approach to inform and capture future savings*

Officers are continuing to implement improvements to ensure the recommendations are delivered for the Council

Legal Implications

3.9 The Code constitutes 'proper accounting practices' to be followed by a local authority under the terms of section 21 of the Local Government Act 2003

Service/Operational Implications

3.8 None, as a direct result of this report

Customer / Equalities and Diversity Implications

3.9 None, as a direct result of this report.

4. RISK MANAGEMENT

Effective financial management is included in the Corporate Risk Register.

5. APPENDICES

Appendix A -2017/18 Proposed Accounting Policies

6. BACKGROUND PAPERS

CIPFA recommended template for the Statement of Accounts

AUTHOR OF REPORT

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