

**11 April 2023**

**14**

## **Accounting Policies 2022/23**

**Ward(s):** All

**Portfolios:** Lead Portfolio – Finance (Leader of the Council), All

**Purpose:** For Information

### **1. Aim**

- 1.1 To set out the accounting policies that will be used in the preparation of the 2022/23 financial statements.

### **2. Summary**

- 2.1 This report sets out the significant accounting policies that are being used in the preparation of the 2022/23 accounts process. There are no changes to the accounting policies to those presented as part of the 2021/22 financial accounts at the March 2023 Audit Committee meeting which included a new policy for Highways Infrastructure Assets following the audit of the 2021/22 accounts. An annual review of these accounting policies is seen as good practice.

### **3. Recommendations**

- 3.1 Audit Committee are recommended to note the accounting policies (Appendix 1) for use in the completion of the council's financial statements for 2022/23.

### **4. Report detail – know**

- 4.1 The financial statements summarise the authority's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The authority is required to prepare these in accordance with the Accounts and Audit (England) Regulations 2015.
- 4.2 The regulations require the statement of accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (hereafter referred to as the 'Code') and are supported by International Financial Reporting Standards (IFRS).
- 4.3 Accounting policies are a way by which the council ensures that it is following these proper accounting practices. As part of the financial statements the council is also required to publish those accounting policies it understands to be significant.

- 4.4 If the council fails to apply accounting policies correctly and fully as defined within the Code and IFRS this could result in external audit requesting amendments to the accounts or even qualification of the accounts.
- 4.5 As outlined at the March 2023 Audit Committee a new accounting policy has been included for Highways Infrastructure Assets in the 2021/22 and 2022/23 accounting policies. This was due to the introduction of a statutory accounting override late in 2021/22. The policy outlines the basis for accounting for these assets and the useful economic lives being adopted for each component.
- 4.6 Although not set out in detail within the Accounting Policies, Audit Committee are also asked to note (in line with the update provided at the March 2023 Audit Committee) that the valuation date for all Property, Plant and Equipment assets has also been amended to 31<sup>st</sup> March each year, in line with the management action agreed in response to the 2021/22 Audit Findings Report, which highlighted the impact that the current high inflation environment has had on valuations.

## **5. Financial information**

- 5.1 There are none directly related to this report.

## **6. Reducing Inequalities**

- 6.1 Effective value for money arrangements ensure a focus on delivery of Corporate Plan objectives, a key driver of which is reducing inequalities.

## **7. Decide**

- 7.1 As this report is for information only there are no matters within this report for decision.

## **8. Respond**

- 8.1 Audit Committee may wish to comment on the report.

## **9. Review**

- 9.1 Accounting policies are reviewed and prepared on an annual basis in accordance with the Accounts and Audit (England) Regulations 2015.

## **Background papers**

- Code of Practice on local authority accounting in the United Kingdom 2022/23
- Accounts and Audit Regulations 2015 (and amendments)
- CIPFA/LASAAC 'Update to the Code and Specifications for Future Codes for Infrastructure Assets
- CIPFA bulletin 12 – Accounting for Infrastructure Assets – Temporary Solution

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