

28 April 2022

Accounting Policies 2021/22

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 2021/22 financial statements.

2. Summary

- 2.1 This report sets out the significant accounting policies that are being used in the preparation of the 2021/22 accounts process. There is a change in the wording for interests in companies and other entities to take into account how the council will account for Sherbourne Recycling Ltd. 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 2021/22.

4. Report detail – know

- 4.1 The financial statements summarise the authority's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. 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 2020/21 (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 correctly and fully apply accounting policies 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 The council along with 7 other local authorities is a shareholder of Sherbourne Recycling Ltd. Due to its shareholding it has been determined that Walsall should account for this as an associate in line with the Code. However following discussions with Grant Thornton it has been determined that the investment Walsall has made to date will not be material for 2021/22 and therefore a note to the accounts will be sufficient for the reader of the accounts rather than full group account disclosures. This situation should only change when the recycling plant currently being built becomes operational in 2023. The accounting policy for interests in companies and other entities has been adjusted accordingly.
- 4.6 As previously reported to Audit Committee a new accounting standard for leasing IFRS16 should have been implemented from 1 April 2022. However, following an emergency consultation in February 2022 focused on options to alleviate the current issues regarding local government audits, a decision was made by CIPFA on 17 March 2022 to delay implementation by a further 2 years subject to agreement by the Financial Reporting Advisory Board (FRAB) at their next meeting which has now taken place and at which this was agreed.
- 4.7 Taking items in 4.5 and 4.6 into account, Appendix 1 shows the final version of accounting policies proposed for 2021/22.

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 2021/22
- Accounts and Audit Regulations 2015 (and amendments)
- IAS 8 (International Accounting Standard) Accounting Policies, Changes in Accounting Estimates and Errors
- CIPFA/LASAAC preliminary decisions and feedback statement in relation to emergency proposals for the update of the 2021/22 Code of Practice on Local Authority Accounting in the United Kingdom

Author

Robert Page

Senior Accountancy Officer – Financial Reporting

☎ 650317

✉ Robert.Page@walsall.gov.uk