

Cheltenham Borough Council
Audit Committee – 18 April 2018
Review of Draft Accounting Policies 2017/18

Accountable member	Councillor Rowena Hay, Cabinet Member for Finance
Accountable officer	Sarah Didcote, Deputy Section 151 Officer
Ward(s) affected	All
Key Decision	Yes
Executive summary	To update Members on the Council's draft accounting policies included in the 2017/18 draft Statement of Accounts, providing members with the opportunity to review these policies ahead of the approval of the final audited 2017/18 Statement of accounts in July 2018.
Recommendations	That Audit Committee note the content of these draft accounting policies and make any comments as necessary.

Financial implications	As detailed throughout this report. Contact officer: Sarah Didcote, Sarah.Didcote@Cheltenham.gov.uk, 01242 264125
Legal implications	<i>None specific directly arising from the recommendations.</i> Contact officer: Peter Lewis, Peter.Lewis@teWKesbury.gov.uk, 01684 272695
HR implications (including learning and organisational development)	None arising directly from this report. Contact officer: Julie McCarthy , HR Manager, Publica Group Limited julie.mccarthy@cheltenham.gov.uk, 01242 264355
Key risks	As outlined in Appendix A.
Corporate and community plan Implications	None
Environmental and climate change implications	None.

1. Background

- 1.1 Audit Committee is requested to review the council's accounting policies, as included in the statement of accounts, on an annual basis. The council's auditors, Grant Thornton have recommended that this review is done prior to the review and sign-off of the council's final audited statement of accounts in July of each year. This is to aid the committee's understanding of the policies in place and their application in the statement of accounts.
- 1.2 This report therefore includes the draft accounting policies included in the draft statement of accounts. It should be noted that this report to Audit Committee has been prepared relatively early in the year end closedown timetable, due to the earlier statutory deadline for the completion of the draft statement of accounts of 31st May 2018. These draft accounting policies may be updated during the closedown process, although the final accounting policies will be reviewed as part of the final audited statement of accounts, to be presented to the Committee in July 2018.

2. Accounting Policies

- 2.1 The statement of accounts are prepared in accordance with proper accounting practices and regulations by following the CIPFA Code of Practice on Local Government Accounting ('The Code'), supported by International Financial Reporting Standards (IFRS's) and International Accounting Standards (IAS's).
- 2.2 The council's accounting policies outline the relevant accounting principles and methodologies adopted by the council, in order to meet these statutory requirements. They can be used to aid understanding of the statements as well as providing a comparison to other organisations. Any changes to accounting policies from previous financial years are disclosed as a separate note to the accounts.
- 2.3 GO Shared Services have completed a thorough review of the accounting policies for 2017/18 to ensure they are up to date and relevant to the statements, a copy of which is included as Appendix A to this report.

3. Changes to accounting policies in 2017/18

- 3.1 There are no material changes to the accounting policies in 2017/18. However two accounting policies disclosed in 2016/17 have now been removed from the draft notes to the statements, as they are no longer considered to be materially relevant to the council's current operations or financial activities.
 - Acquisitions and discontinued operations
 - Foreign Currency Translation
- 3.2 The removal of these notes is in line with the requirement to declutter the statement of accounts, although these will be reviewed and included in the accounting policies in future years if appropriate.
- 3.3 There is a new group accounting policy note to be included in respect of Publica Group Ltd, following the creation of the company in 2017/18, for which the council has a shared interest with Cotswold District Council, West Oxfordshire District Council and Forest of Dean District Council. This note will be developed in liaison with the partner councils and included in the final statement of accounts accounting policies, for review in July 2018.

4. Conclusion

- 4.1 It should be noted that the draft accounting policies may be updated as part of the final audited statement of accounts. Audit committee will have the opportunity to review the final version as part of the approval of the overall statement of accounts in July 2018.

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Appendices	Appendix A - Draft Accounting Policies 2017/18
Background information	Code of Practice on Local Authority Accounting in the UK 2017/18 Accounts Accounts and Audit Regulations 2015