

# North Tyneside Council Report to Audit Committee Date: 29 March 2017

**Agenda Item 7  
Accounting Policies to be  
used in the compilation of  
2016/17 Annual Statement of  
Accounts**

**Report from Service: Finance**

**Responsible officer: Janice Gillespie, Head of Finance      Tel: 643 5701**

**Wards affected: All**

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## **PART 1**

### **1.1 Executive Summary:**

- 1.1.1 In the Annual Statement of Accounts, the Authority is required to disclose how the accounting statements have been prepared. The preparation of the statements should be in accordance with the accounting concepts and policies as per the 'Code of Practice on Local Authority Accounting in the UK 2016/17' (The Code).
- 1.1.2 Under the terms of reference of the Audit Committee, the Committee has the responsibility to review the Accounting Policies that will be used to compile the Annual Statement of Accounts.
- 1.1.3 The purpose of this report is to provide the Audit Committee with details of the proposed Accounting Policies that will be used in the compilation of the 2016/17 Annual Statement of Accounts.

### **1.2 Recommendations:**

- 1.2.1 It is recommended that the Audit Committee endorse the Accounting Policies to be adopted by the Authority and used to compile the Authority's Annual Statement of Accounts for the financial year 1 April 2016 to 31 March 2017.

### **1.3 Council plan and policy framework.**

- 1.3.1 The Accounting Policies cover all the service responsibilities as identified within the Council Plan.

#### **1.4.1 Information - Executive Summary**

- 1.4.1 The purpose of the Accounting Policies is to explain the basis for the recognition, measurement and disclosure of transactions and other events in the accounts of the

Authority. The Code defines Accounting Policies as “the specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements”. The Accounting Policies disclosed are those material policies that are significant to the understanding of the Authority’s Annual Statement of Accounts.

- 1.4.2 The Code requires that a change in Accounting Policies should only be made if the change:
- (a) is required by The Code; or,
  - (b) will result in financial statements providing reliable and more relevant financial information about the effects of transactions, other events or conditions on an authority’s financial position, financial performance and cash flows.
- 1.4.3 Significant changes in Accounting Policies, other than those specified in The Code, will be relatively rare. This is because The Code specifies the Accounting Policies for a high percentage of the typical transactions, items, events or other conditions that are faced by local authorities.
- 1.4.4 The proposed Accounting Policies for 2016/17 are attached as Appendix A. Other than dates changed to reflect currently published guidance the only change recommended is to the accounting policy (d) Overheads and Support Services (Appendix A page 2) to reflect the changed presentation of Comprehensive Income and Expenditure Statement required by the 2016/17 Code.

## **1.5 Decision options:**

- 1.5.1 Audit Committee can agree to endorse the recommendations as set out in Section 1.2 of this report. Alternatively the Audit Committee can decline to endorse the proposals and require further details and amendment.

## **1.6 Reasons for recommended option:**

- 1.6.1 Audit Committee is recommended to endorse the proposals set out in section 1.2 of this report as the production of the Accounting Policies is a requirement of the Accounts and Audit Regulations 2015.

## **1.7 Appendices:**

Appendix A	Accounting Policies Statement
Appendix B	Glossary of Terms

## **1.8 Contact officers:**

Janice Gillespie, Head of Finance, Tel 643 5701  
Cathy Davison, Principal Accountant Investment (Capital) and Revenue, Tel 643 5727

## **1.9 Background information:**

1.9.1 The following background papers and research reports have been used in the compilation of this report and are available at the offices of the author:

- (a) Code of Practice on Local Authority Accounting in the UK 2016/17.

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

2.1.1 There are no financial implications arising from this report.

### **2.2 Legal**

2.2.1 The Authority has a duty to ensure that it produces an Annual Statement of Accounts by 30 June 2017 in accordance with the Accounts and Audit Regulations 2015. Part of this process is the agreeing of the Accounting Policies by the Audit Committee.

### **2.3 Consultation/community engagement**

#### **Internal consultation**

2.3.1 Internal consultation has taken place with the Cabinet Member for Finance, Strategic Director of Finance & Resources, Head of Finance, relevant Finance staff and the External Auditor.

### **2.4 Community engagement**

2.4.1 There are no community engagement implications arising from this report.

### **2.5 Human rights**

2.5.1 There are no human rights implications arising from this report.

### **2.6 Equalities and diversity**

2.6.1 There are no equalities and diversity implications arising from this report.

### **2.7 Risk management**

2.7.1 There are no risk management implications arising from this report.

## **2.8 Crime and disorder**

2.8.1 There are no crime and disorder implications arising from this report.

## **2.9 Environment and sustainability**

2.9.1 There are no environmental and sustainability implications arising from this report.