

Audit, Risk and Governance Committee
Meeting to be held on Monday, 31 January 2022

Electoral Division affected:
(All Divisions);

Accounting Policies Used in the Preparation of the Statement of Accounts 2021/22

(Appendix 'A' refers)

Contact for further information:
Khadija Saeed, Tel: 01772 536195, Head of Corporate Finance,
khadija.saeed@lancashire.gov.uk

Executive Summary

The accounting policies to be used in preparing the council's 2021/22 statement of accounts are set out at Appendix A.

There are no changes proposed to the accounting policies for 2021/22 compared to the previous year.

Recommendation

The Audit, Risk and Governance Committee is asked to approve the accounting policies for 2021/22, as set out at Appendix A.

Background and Advice

The Chief Finance Officer is responsible for the preparation of the council's statement of accounts in accordance with proper accounting practices, for each financial year ending 31 March. These regulations primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom supported by International Financial Reporting Standards (IFRS).

In preparing the statement of accounts, the Chief Finance Officer is responsible for selecting suitable accounting policies and ensuring that they are applied consistently. Accounting policies are the specific principles, conventions, rules and practices applied in preparing and presenting the financial statements and set out how transactions are recognised, presented and measured in the accounts.

It was anticipated that the accounting policies may have required an update to reflect the implementation of a new financial reporting standard, IFRS 16. However, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Local Authority Accounting Code Board has agreed to defer the implementation of IFRS 16 Leases until the 2022/23 financial year. This aligns with the decision at the

Government's Financial Reporting Advisory Board to establish a new effective date of 1 April 2022 for the implementation of IFRS 16.

The Chartered Institute of Public Finance and Accountancy and the Local Authority (Scotland) Accounts Advisory Committee have taken this decision in response to pressures on council finance teams as a result of the COVID-19 pandemic.

The accounting policies to be used in preparing the council's 2021/22 statement of accounts are set out at Appendix A. As there are no regulatory or other factors requiring amendments to be made, there are no changes proposed to the accounting policies for 2021/22 compared to the previous year.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

Failure to complete the statement of accounts in line with the Chartered Institute of Public Finance and Accountancy Code of Practice may result in an adverse opinion from the council's external auditors.

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact/Tel
-------	------	-------------

None

Reason for inclusion in Part II, if appropriate

N/A