



Accounting Policies for the 2021/22 Statement of Accounts

Executive Portfolio Holder: Peter Seib, Finance and Legal Services
S151 Officer: Karen Watling, Chief Finance Officer
Lead Officer: Paul Matravers – Lead Specialist / Deputy S151 Officer
Tayo Adejumo – Interim Finance Specialist - Closure
Contact Details: paul.matravers@southsomerset.gov.uk or 01935 462275
tayo.adejumo@southsomerset.gov.uk or 01935 462314

Purpose of the Report

1. This report presents the accounting policies that will be applied to the statement of accounts for 2021/22.

Forward Plan

2. This report appeared on the Audit Committee Forward Plan with an anticipated Committee date of 25th March 2022.

Public Interest

3. In preparing the Statement of Accounts, the Chief Finance Officer (S151 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.
4. Reviewing of accounting policies ensures that the Committee follow the CIPFA guidance for local authority Audit Committees.

Recommendations

5. That Audit Committee are invited to note and consent to the proposed change in respect of the de-minimis accrual amount in the accounting policies that will be applied to the 2021/22 statement of accounts.

Background

6. This report sets out the accounting policies that will be applied to the statement of accounts for 2021/22. The policies are prepared under the International Financial Reporting Standards (IFRS).
7. The accounting policies to be used in the preparation of the 2021/22 Statement of Accounts are attached at Appendix A.



8. Unless there are major changes to accounting rules and regulation, accounting policies do not change significantly between years because the accounts would not be comparable from one year to the next.
9. There is only one change to the accounting policies which relates to the accruals of income and expenditure.

Purpose of Accounting Policies

10. The Code of Practice for Local Authority Accounting defines accounting policies as "the principles, bases, conventions, rules and practices applied by an authority that specify how the effects of transactions and other events are to be reflected in its financial statements through recognising, selecting measurement bases for, and presenting assets, liabilities, gains, losses and changes in reserves".
11. The application of accounting policies supports the implementation of the main accounting concepts of best practice. These ensure financial reports:
 - Are **relevant** – providing appropriate information on the stewardship of Authority monies.
 - Are **reliable** – financial information can be relied upon and is without bias and free from error, within the bounds of materiality and has been prudently prepared.
 - Allow **comparability** – the interpretation of financial reports is enhanced by being able to compare information across other accounting periods and other organisations.
 - Are **understandable** – though financial reports have to contain certain information, they have to be understandable.
 - Reflect **material** information – significant transactions must be incorporated in the financial reports.
 - Prepared on a **going concern** basis – the assumption that the authority will continue in operational existence for the foreseeable future.
 - Prepared on an **accruals** basis – accounts are prepared to reflect the benefit of goods and services received and provided rather than when cash transactions occur when invoices are paid in a later accounting period.
12. The accounting policies currently adopted by the Council are in line with the concepts set out above.

Changes in Accounting Policies in 2021/22

13. One change has been made to the accounting policies for 2021/22. This relates to 'Accruals of Expenditure and Income' and the de minimis level used for accruals. A recommendation was made in the 2019/20 audit findings report to formalise the policy in respect of the de minimis limit.



South Somerset District Council

14. As per the recommendation, the Chief Finance Officer and Lead Specialist – Finance undertook a review with a view to formalising the policy, part of the review is the consideration on whether the £2,000 limit is still appropriate.
15. A decision was taken to set the limit at £500 which is in line with other local authorities of a similar size and with similar turnover.
16. There are no other recommended changes to the 2021/22 accounting policies.

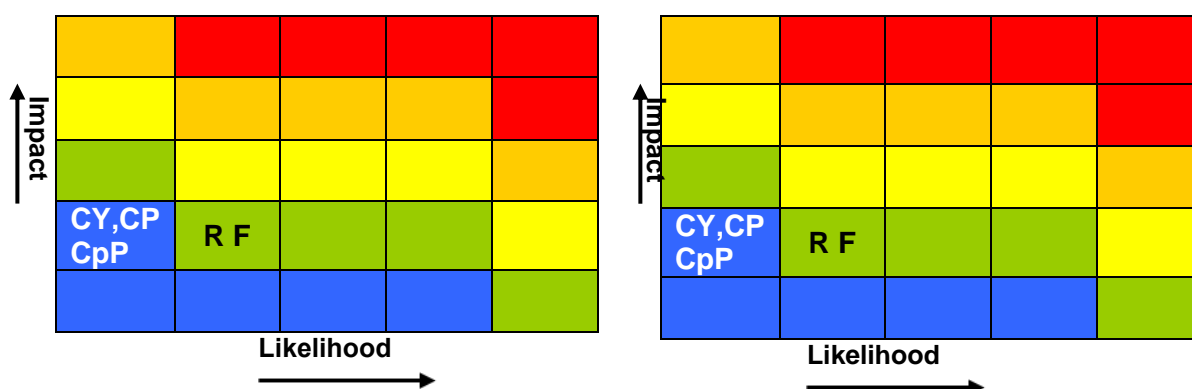
Financial Implications

17. There are no direct financial implications arising from the publication of accounting policies. There are no material changes to policy impacting upon the Councils financial position.

Risk Matrix

Risk Profile before officer recommendations

Risk Profile after officer recommendations



Key

Categories	Colours (for further detail please refer to Risk management strategy)
R = Reputation	Red = High impact and high probability
CpP = Corporate Plan Priorities	Orange = Major impact and major probability
CP = Community Priorities	Yellow = Moderate impact and moderate probability
CY = Capacity	Green = Minor impact and minor probability
F = Financial	Blue = Insignificant impact and insignificant probability

Council Plan Implications

18. The Accounting Policies are an integral part of the Statement of Accounts which are closely linked to the Council Plan, and maintaining financial resilience and effective resource planning is important to enable the council to continue to fund its priorities for the local community.



South Somerset
District Council

Carbon Emissions and Climate Change Implications

19. There are no carbon emissions or climate change implications in this report.

Equality and Diversity Implications

20. There are no equality or diversity implications

Privacy Impact Assessment

21. There is no personal information included in this report.

Background Papers

22. None
