

Chichester District Council

Corporate Governance and Audit Committee

27 March 2023

2022-23 Accounting Policies

1. Contacts

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2. Recommendation

The committee is requested to consider this report and approve the continued application of existing accounting policies in the preparation of the Council's 2022-23 financial statements.

3. Background

3.1. The Council applies the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting (the Code) in preparing its accounts. The Code is reviewed continuously and is normally updated annually. The 2022-23 Code has been developed by the CIPFA/LASAAC Local Authority Code Board and has effect for financial years commencing on or after 1 April 2022.

3.2. The committee should note that the external audit review of the Council's statement of accounts for 2021-22 is still ongoing. The outcome of their review is now expected to be reported to the committee at their July 2023 meeting.

4. Changes to the Council's 2022-23 financial statements and accounting policies

4.1. No material new or amended standards have been introduced into the 2022-23 Code. The Council's existing accounting policies continue to be a suitable basis for preparing the 2022-23 financial statements.

4.2. The Council's definition of materiality can also remain unchanged:

"An item would be considered material to the financial statements if, through its omission, misstatement, obscuring or non-disclosure, it could reasonably be expected to influence the decisions of the users of these financial statements and therefore no longer show a true and fair view"

4.3. The accounting policies and disclosure notes presented in the Council's Financial Statements will abide by the following principles to avoid excessive detail which may obscure key messages:

- (a) For accounting policies, only those that are material to a reader's interpretation of the accounts will be included.
- (b) For disclosure notes, unless the note is qualitatively material (see paragraph 4.5) or required by statute, the note will not be prepared or will be replaced by a shorter text disclosure

4.4. In determining if a disclosure note contains material information or not, both qualitative and quantitative aspects of materiality will be considered. There is no reason to alter the Council's current quantitative materiality level of £1,000,000 for the total of any income, expenditure, assets, or liabilities disclosed in a single note.

4.5. The following disclosures will be prepared, even if they are immaterial as they are of heightened interest to readers (qualitative materiality):

- (a) Members' allowances
- (b) Officers' remuneration
- (c) External Audit Costs
- (d) Related Parties
- (e) Termination benefits
- (f) Market risk exposure for Financial Instruments
- (g) Investment property income and expenditure

4.6. The mandatory introduction of IFRS 16 Leases has been delayed once again until the financial year 2024-25, so the expected the impact of this change will be considered when completing the 2023-24 statutory accounting statements.

4.7. The committee should also note that the IFRS 9 statutory override for charging any movements in the fair value of our external pooled funds to a reserve, rather than against council tax, was extended for a further 2 years until 31 March 2025.

5. Resource and legal implications

5.1. The Council is required by the Accounts and Audit Regulations to comply with CIPFA's Code of Practice for Local Authority Accounting in preparing its accounts.

6. Consultation

6.1. Not applicable

7. Community Impact and Corporate Risks

7.1. None

8. Other Implications

Are there any implications for the following?		
	Yes	No
Crime and Disorder		X

Climate Change and Biodiversity		X
Human Rights and Equality Impact		X
Safeguarding and Early Help		X
General Data Protection Regulations (GDPR)		X
Health and Wellbeing		X
Other		X

9. Background Papers

- 9.1. 2021-22 Accounting policies published in the Council's draft Statutory Accounting Statements for 2021-22.