
**REPORT TO THE GOVERNANCE & AUDIT COMMITTEE
MEETING ON: 6 March 2019**

Status: For Decision
Title: Financial Statements – Accounting policy and materiality
Originator: Simon Riley, Head of Finance and Corporate Services (s151 Officer)
Where from: Section 151 Officer
Where to next: N/A

1 Outcome Sought from Committee

1.1 To review and approve the accounting policy and materiality levels for 2018/19 financial statements.

2 Recommendation

2.1 To consider and agree the materiality limits as set out in Appendix B.

2.2 To consider and note draft accounting policies for 2018/19 financial statements.

3 Background

3.1 The accounting policy and materiality levels need to be reviewed and agreed, prior to the beginning of the closure of accounts process

3.2 The finance team review the previous years accounting policies and any changes from the CIPFA Code of Practice on local authority accounting to form the accounting policies for the current year.

3.3 The materiality level enables the finance team to identify significant variances and items that need disclosure in the financial statements (see Appendix B).

3.4 External Audit apply their own test of materiality in respect of material misstatements. This is detailed in their external audit plan elsewhere on the agenda.

4 Points for Consideration

- 4.1 The draft accounting policies for 2018/19 are attached at **Appendix A**. These have been reviewed against the Code for any required changes.
- 4.2 Levels of Materiality for 2018/19 financial statements are set out in **Appendix B** along with an extract from the Code of Practice relating to materiality.
- 4.3 The 2018/19 financial statements will show income and expenditure based on Portfolios as presented in the quarterly monitoring.
- 4.4 Subject to completion of the acquisition of the commercial property approved by Council in November 2018 there will be the need to update the accounting policies to reflect the consolidation of the wholly owned local authority company. Any changes required in the policies arising from this will be updated in the draft statement of accounts

5 Equality Impact Assessment

- 5.1 Not Applicable.

6 Conclusions

- 6.1 It is good practice for those charged with governance to review and agree materiality in relation to financial statements.
- 6.2 The levels of materiality agreed by this committee will be used in the preparation of the financial statements & information for external audit purposes.

Previous report(s): N/A

Information Issued Under Sensitive Issue Procedure: N

Ward Members Notified: N

Appendices: *list any appendices here including title and filename in brackets (e.g. Performance Data 2010 (perfdata.doc)).*

A. Draft Accounting Policies for 2018/19 financial statements

B. Materiality level for 2018/19 financial statements