

**REPORT TO THE AUDIT AND STANDARDS COMMITTEE
MEETING ON: 3 March 2020**

Status: For Decision
Title: Financial Statements – Accounting policy and materiality
Originator: Clive Mason, Director: Finance & Assets
Where from: N/A
Where to next: N/A

1 Outcome Sought from Committee

1.1 To review and approve the accounting policy and materiality levels for the 2020/21 financial statements.

2 Recommendation

2.1 To consider and note draft accounting policies for the 2020/21 financial statements as set out in Appendix A.

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

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.

3.4 External Audit apply their own test of materiality in respect of material misstatements. This is usually detailed in their external audit plan which has not yet been provided.

4 Points for Consideration

4.1 The draft accounting policies for 2020/21 are attached at **Appendix A**. These have been reviewed against the Code for any required changes.

- 4.2 Levels of Materiality for the 2020/21 financial statements are set out in **Appendix B** along with an extract from the Code of Practice relating to materiality.
- 4.3 The materiality calculation will need to be reviewed once the external auditors have provided their level of materiality although this is not expected to lead to any change in the level calculated.
- 4.4 The 2020/21 financial statements will show income and expenditure based on Portfolios as presented in the quarterly monitoring.
- 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 and information for external audit purposes. As
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Previous report(s): N/A

Information Issued Under Sensitive Issue Procedure: N

Ward Members Notified: N

Appendices:

- A. Draft Accounting Policies for the 2020/21 financial statements**
- B. Draft Materiality level for the 2020/21 financial statements**