

POLICE AND CRIME COMMISSIONER AND NORTH YORKSHIRE POLICE

REPORT FOR A DECISION OF THE EXECUTIVE BOARD

28 March 2017

ACCOUNTING POLICIES

1. Report Purpose

- 1.1 To review the accounting policies to be used in preparation of the Statement of Accounts for 2016/17.

CIPFA have not yet published their annual specific guidance on the closure of the 2016/17 accounts. We would expect any such guidance to be published later this month but do not anticipate that any significant changes to Accounting Policies will be necessary.

2. Key Information

- 2.1 The accounts are prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom, supplemented by additional guidance set out in CIPFA's Local Authority Accounting Panel Bulletins.
- 2.2 The Code indicates that Group Accounts need to be prepared by the Commissioner, with, for financial accounts purposes, the Chief Constable corporation sole accounted for as a fully controlled subsidiary.
- 2.3 The format of the accounts will be similar to that used in 2015/16.
- 2.4 The accounting policies to be used for both the Commissioner and the Chief Constable will be similar to those used in 2015/16, subject to changes outlined in section 3.

For information a copy of the 2015/16 Group Accounting Policies are provided as Appendix 1

3. Amendments to the Accounting Policies

- 3.1 This report discusses the Group Accounting Policies in detail. These Accounting Policies apply to the whole Group as appropriate, including to the Chief Constables Financial Statements.

Similar amendments will apply to the Accounting Policies for the Chief Constable's Financial Statements, with AP numbers being changed as appropriate and sections not applicable being deleted.

There are no significant amendments required to Accounting Policies for the 2016/17 accounts.

3.2 Critical Accounting Estimates and Judgements.

AP 32 will be amended as appropriate to reflect critical judgements made during the preparation and finalisation of the accounts.

3.3 Assumptions made about the Future and Other Major Sources of Estimation Uncertainty.

AP 33 will be amended as appropriate to reflect potential areas of estimation uncertainty identified during the preparation and finalisation of the accounts.

3.4 Accounting Standards that have been issued but have not yet been adopted.

AP 34 will be amended as appropriate to reflect new accounting standards issued but not yet adopted.

4. Presentation of Financial Statements

- 4.1 CIPFA and CIPFA/LASAAC have undertaken a review “Telling the Story, Improving the Presentation of Local Authority Financial Statements” (Telling the Story Review). The review took the form of a review group and a number of consultations culminating in the “Telling the Story Improving the Presentation of Local Authority Financial Statements” (Telling the Story consultation) in the summer of 2015.

The consultation built on the messages of previous consultations that the local authority financial statements did not clearly reflect traditional local authority performance, ie the movements on General Fund and Housing Revenue Account balances. After consideration of the consultation responses, the changes to the 2016/17 Code of Practice on Local Authority Accounting in the United Kingdom (the Code) as a result of the Telling the Story consultation have two main strands:

- To allow local authorities to report on the same basis as they are organised by breaking the formal link between the Service Reporting Code of Practice (SeRCOP) and the Comprehensive Income and Expenditure Statement (CIES).
- To introduce a new Expenditure and Funding Analysis which provides a direct reconciliation between the way local authorities are funded and prepare their budget and the Comprehensive Income and Expenditure Statement in a way that is accessible to the lay-reader.

This analysis is supported by a streamlined Movement in Reserves Statement.

- 4.2 It is our intention to implement these changes by replacing the SeRCOP analysis on the face of the CIES with a subjective analysis based on expenditure type (employee costs, supplies and services etc etc). This is the

analysis used to set the annual budget, to report on performance to Executive Board and to prepare and review the Medium Term Financial Plan (MTFP).

The current segmental reporting note 5 will be removed as a result of these changes and replaced with a note analysing the income and expenditure across operating departments.

5. Implications

5.1 Finance

5.1.1 There are no direct financial implications of this report.

5.2 Equality and Diversity

5.2.1 There are no direct implications in relation to Equality and Diversity as a result of this report.

5.3 Public Interest

5.3.1 This matter is not considered to be of significant public interest. In due course the accounting policies used will be published as part of the Statutory Accounts.

5.4 Legal

5.4.1 There are no direct legal consequences of this report.

6. Consultations carried out

6.1 This report will be considered by the Joint Internal Audit Committee at its meeting on 21 March 2017. Any recommendations or comments they may make will be reported verbally to Executive Board at the meeting on 28 March 2017.

6.2 The report will be circulated to External Auditors for comment with the JIAC papers, and their comments will be reported verbally at the JIAC and to the Executive Board.

7. Recommendations / Action Required of the Executive Board

7.1 Members of the Executive Board are recommended to endorse the proposed accounting policies.

Report Information

Joint report of:

Michael Porter, Commissioners Chief Finance Officer; and

Jane Palmer, Chief Constables Chief Finance Officer and Chief Accountant

Date created: 14 March 2017