



LONDON BOROUGH OF  
**HARROW**

**Report for:                    GOVERNANCE, AUDIT,  
RISK MANAGEMENT  
AND STANDARDS  
COMMITTEE**

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**Date of Meeting:**            20 September 2023

**Subject:**                      **INFORMATION REPORT**  
2021/22 Statement of Accounts

**Responsible Officer:**      Sharon Daniels, Interim Director of  
Finance and Assurance

**Exempt:**                        No

**Wards affected:**            All

**Enclosures:**                2021/22 Statement of Accounts  
Appendix 1: Audit Progress Report  
2021/22

## Section 1 – Summary and Recommendations

This report provides the Committee with the 2021/22 Statement of Accounts updated with agreed audit changes.

### **Recommendations:**

The Committee is requested to note the attached 2021/22 Statement of Accounts for the Council.

## Section 2 – Report

### 2021/22 Statement of Accounts

1. The Accounts and Audit (England) Regulations 2015, require Local Authorities to prepare Statement of Accounts in accordance with proper practices. Previous timetable deadlines have meant that the draft Statement of Accounts must be published by 31st May with the audited version being published by 31st July each year. Following the Coronavirus pandemic the legislative requirements have been relaxed and this has continued for 2021-22. The Accounts and Audit (Amendment) Regulations 2021 (SI 2021/263) revised the deadlines to 31st July 2022 for the draft accounts and 30th November 2022 for the audited accounts.
2. Whilst the draft accounts were published by the 31<sup>st</sup> of July 2022, the deadline for the audited accounts (30<sup>th</sup> of November 2022) was not met as the auditors experienced delays in finalising the audit work on the valuation of property, plant and equipment and investment property and there was a national issue in relation to accounting for infrastructure assets which impacted every local authority with material infrastructure balances.
3. Due to the initially protracted nature of the 2021/22 audit arising from the impact of the implementation of the new ledger, issues with PPE and IP valuations and the national infrastructure issue, a new national issue arose that delayed the concluding of the audit. The issue relates to the Council's reporting of its assets and liabilities associated to its membership of the Harrow Pension Fund.
4. All audit work in the above-mentioned areas have now been completed and the 2021/22 Statement of Accounts has been updated with all the agreed adjustments and the report has been forwarded to the auditors for final review.
5. The summary of main changes include:
  - PPE: There has been about £61m reduction in the value of PPE on the Balance sheet mainly due to updated revaluation of assets;

- Intangible assets: There has been about £4m adjustment to re-classify some costs as PPE as they are tangible assets;
  - Assets held for Sale: Costs on investment projects reclassified from Inventories (£4m);
  - Inventories: £12m of costs reclassified as Assets held for Sale and PPE;
  - Other Long Term Liabilities: There has been increase of about £28m in the Other Long Term Liabilities due to the updated 2021/22 IAS 19 valuation.
  - Unusable reserves: The impact of all the above changes result in about £99m reduction in unusable reserves.
  - Outturn: There has been no change to the outturn position of the council.
6. In the completion report that was presented by external auditors at the May GARMS meeting, subject to resolution of the matters outlined in that report which have now been resolved, the external auditors anticipate issuing an unqualified opinion, without modification, on the financial statements.
  7. Progress report from External auditors: Accompanying the Statement of Accounts is a progress report from the external auditors updating the committee on the progress of their audit work since the May 23 meeting. There are updates on the valuation of property, plant and equipment and investment property, the impact of the triennial valuation of the pension fund on pension liability as at 31 March 2022 and the progress of the work on Value for Money responsibilities. The auditors will provide a verbal update in the meeting.

## **Legal Implications**

There are no direct legal implications arising from this report.

## **Financial Implications**

There are no direct financial implications arising from this report.

## **Risk Management Implications**

Risks included on corporate or directorate risk register? **No**

Separate risk register in place? **No**

The relevant risks contained in the register are attached/summarised below. **n/a**

## **Equalities implications / Public Sector Equality Duty**

Considering the Council's Public Sector Equality Duties under the Equality Act 2010, s.149, is integral to the decision- making process.

Was an Equality Impact Assessment carried out? No

There are no direct equalities implications.

## **Council Priorities**

The external audit provides assurance that the Council has managed its finances and delivered value for money in accordance with all the Council's priorities.

## **Section 3 - Statutory Officer Clearance**

### **Statutory Officer:**

Signed by the Interim Director of Finance and Assurance

Sharon Daniels

**Date:** 12 September 2023

### **Statutory Officer:**

Signed by the Monitoring Officer

Jessica Farmer

**Date:** 13 September 2023

### **Chief Officer:**

Signed by the Interim Director of Finance and Assurance

Sharon Daniels

**Date:** 12 September 2023

## **Mandatory Checks**

Ward Councillors notified: NO, as it impacts on all Wards

## **Section 4 - Contact Details and Background Papers**

**Contact:** Yinka Ehinfun (Chief Accountant)

Email: Yinka.Ehinfun@harrow.gov.uk

### **Background Papers:**

1. 2021/22 Statement of Accounts
2. Appendix 1: Audit Progress Report 2021/22

If appropriate, does the report include the following considerations?

- |                |    |
|----------------|----|
| 1 Consultation | No |
| 2 Priorities   | No |