

**Report for: Governance, Audit,  
Risk Management and  
Standards Committee  
(GARMS)**

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<b>Date of Meeting:</b>	2 August 2022
<b>Subject:</b>	Draft Statement of Accounts 2021-22
<b>Responsible Officer:</b>	Dawn Calvert, Director of Finance and Assurance
<b>Exempt:</b>	No
<b>Wards affected:</b>	All
<b>Enclosures:</b>	Draft Statement of Accounts 2021-22

## **Section 1 – Summary and Recommendations**

This report sets out the draft Statement of Accounts 2021-22.

**Recommendations:**

The Committee is asked to consider and note the draft Statement of Accounts 2021-22.

## **Section 2 – Report**

### **Background**

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) have revised the deadlines to 31st July 2022 for the draft accounts and 30th November 2022 for the audited accounts.
2. The reporting of the Statement of Accounts is a major part of the strategic principle of providing proper management and stewardship of all the Council's resources. The Accounts have been prepared in accordance with proper accounting practices and relevant statutory requirements as set out in the following:-
  - a. The Code of Practice on Local Authority Accounting in the United Kingdom 2021-22;
  - b. All relevant International Financial Reporting Standards (IFRS)

### **Current situation**

3. The Council's accounts for 2021-22 are now closed subject to any audit adjustments. The Council met the relaxed statutory deadline of 31st July and published its draft accounts on 25<sup>th</sup> July 2022. In addition the comprehensive schedule of required working papers has been provided to the External Auditor in accordance with the arranged audit start date. This will be the fourth year that Mazars LLP will audit the Council's accounts.
4. Members are reminded that a GARMS Committee meeting is scheduled for later in the year to consider the audited Statement of Accounts. The audited accounts presented at this future meeting will incorporate any amendments agreed by the external auditor and the Council. The auditor will attend the meeting and present their External Audit Report for 2021-22. The accounts are due to be signed off by the external auditor by the end of November 2022.
5. The Pension Fund Committee will consider the draft Pension Fund Annual Report and Financial Statements at their next meeting and will be asked to consider the Pension Fund External Audit Completion Report and approve the Pension Fund Annual Report in November 2022.

6. The Public Inspection of the accounts has been taking place from 26<sup>th</sup> July 2022 and will conclude on 6<sup>th</sup> September 2022.

## **Accounts Summary**

7. The Narrative Report includes the revenue and capital outturn performance of the Council for 2021-22 and provides an outlook for the future.
8. The Expenditure and Funding Analysis compares the outturn shown in the Narration Report with the true economic cost of providing services valued in accordance with proper accounting practices as shown in the Comprehensive Income and Expenditure Statement. The differences between the outturn and CIES are mainly capital items and IAS19 pension costs.
9. The Comprehensive Income and Expenditure Account (CIES) shows the true economic cost of providing Council services. The surplus reported for the year was £188m.
10. However, under the statutory regulations some CIES costs (e.g. depreciation, impairments, IAS 19 costs, etc.) are not taken into account when setting the Council Tax and Dwelling Rents as these are technical accounting adjustments. These are reversed in the Movement in Reserves Statement which summarises the Council's total usable and unusable reserves.
11. The Balance Sheet sets out the financial position of the Council as at 31st March 2022. The overall increase in net assets of £188m is mainly due to the increase in property valuations and a decrease in long term liabilities.
12. The Cash Flow statement shows how the Council generates and uses cash.
13. The Housing Revenue Account (HRA) shows the true economic cost of providing housing services. The surplus reported for the year is £15m
14. The Collection Fund statement is an agent's statement that reflects the statutory obligations of the London Borough of Harrow, as billing authority to maintain a separate Collection Fund.
15. The net assets of the Pension Fund at the year end are £1,018m. This is an increase of £50m against the previous year.

## **Final Statement of Accounts 2020-21**

16. The external auditors have now completed their audit of the Council's 2020-21 accounts and Pension Fund accounts. The auditors have issued unqualified opinions. Copies of the Completion Letters are included for the Committee to consider and note.

### **Legal Implications**

The statutory framework relating to the approval of accounts is referred to in the body of the report. **Financial Implications**

There are no direct financial implications arising from this report.

### **Risk Management Implications**

There are no 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 Statement of Accounts provides assurance that the Council has managed and delivered its finances in accordance with its approved plans and budget.

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

**Statutory Officer:**

Signed by the Chief Financial Officer

Dawn Calvert

**Date:** 25<sup>th</sup> July 2022

**Statutory Officer:**

Signed on behalf of the Monitoring Officer

Caroline Eccles

**Date:** 25<sup>th</sup> July 2022

**Chief Officer:**

Signed by the Corporate Director

Charlie Stewart

**Date:** 20<sup>th</sup> July 2022

**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. Draft Statement of Accounts 2021-22
2. LB Harrow Audit Completion Letter 2020-21
3. LB Harrow Pension Fund Audit Completion Letter 2020-21

If appropriate, does the report include the following considerations?

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