



LONDON BOROUGH OF  
**HARROW**

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

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**Date of Meeting:**            19 March 2024

**Subject:**                      **INFORMATION REPORT**  
Draft Statement of Accounts 2022/23

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

**Exempt:**                        No

**Wards affected:**            All

**Enclosures:**                Appendix 1: 2022/23 Statement of  
Accounts  
Appendix 2: LBH Council Audit  
Strategy Memorandum 2022-23 (TO  
FOLLOW)  
Appendix 3: LBH Pension Fund Audit  
Strategy Memorandum 2022-23 (TO  
FOLLOW)

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

This report sets out the draft Statement of Accounts 2022/23.

### **Recommendations:**

The Committee is requested to note the attached 2022/23 Statement of Accounts for the Council.

## **Section 2 – Report**

### **Background**

1. The Accounts and Audit Regulations 2015 (amended 2022), require Local Authorities to prepare Statement of Accounts in accordance with proper practices. As per Regulations, the draft Statement of Accounts should have been prepared by 31st May 2023 with the audited version published by 30 September 2023.
2. Due to the protracted nature of the 2021/22 audit and subsequent audit adjustments, the completion of the 2022/23 draft accounts was delayed. Also, the Council did not receive the valuations of our non-current assets until October 2023. Work on the accounts could only be finalised after these were put through in the ledger. This further contributed to the delay.
3. 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 2022/23;
  - b. All relevant International Financial Reporting Standards (IFRS)

### **Current Situation**

4. The Council's 2022/23 accounts are now closed subject to any audit adjustments.

5. Mazars LLP have commenced their audit with an agreed plan to carry it out in two parts, Feb- March 2024 and then again from July 2024, with an intention to finalise by end of September 2024.
6. The Pension Fund Committee considered the draft Pension fund Annual Report 2023 on 19 September 2023.
7. The Public Inspection of the accounts period concluded on 6 March 2024.

## **Accounts Summary (Appendix 1)**

8. The Narrative Report includes the revenue and capital outturn performance of the Council for 2022-23 and provides information on the Council's finances for the year specified. The Council reported a deficit of £5.6m which has been funded from reserves.
9. The Expenditure and Funding Analysis compares the outturn shown in the Narration Report with 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.
10. The Comprehensive Income and Expenditure Account (CIES) shows the economic cost of providing Council services. The CIES considers technical adjustments such as revaluation of non-current assets and IAS 19 adjustments before arriving at the Surplus or Deficit on the provision of services. The 2022-23 CIES has reported a surplus on the provision of services of £11.7m. 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 2023 which reported a net asset position of £1,099m at year end.
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 HRA reported a deficit of £1.25m after all the technical adjustments to the surplus reported in the CIES of £2.4m.
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 year end are £852.3m.

## **External Audit Reports (Appendices 2 & 3)**

16. The Memorandums attached as Appendices 2 & 3 communicate the key audit risks identified by the auditors' planning procedures, and their planned audit

responses alongside the audit approach. It also details their risk assessment in relation to value for money to date.

## **Legal Implications**

There are no direct legal implications arising from this report.

## **Financial Implications**

The scale fees for the audit for 2022-23 are £116k and £16k for the main audit and pension fund audits respectively. There will be additional fees charged which have not been finalised yet, for recurring work around VFM and audit standard updates, largely in relation to property valuations and pensions. These do not reflect any Council specific issues and range between £24k to £45k for the main audit and £13k to £17k for the Pension Fund audit. There will also be additional non-recurring fees in relation to further VFM work, specific to the London Borough of Harrow, because of the requirement to follow-up on prior year recommendations. If any further issues are encountered during the audit, additional fees will be adjusted to reflect these.

## **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:** 22 Jan 2024

**Statutory Officer:**

Signed on behalf of the Monitoring Officer

Caroline Eccles

**Date:** 22 Jan 2024

**Chief Officer:**

Signed by the Interim Director of Finance and Assurance

Sharon Daniels

**Date:** 22 January 2023

### **Mandatory Checks**

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

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

**Contact:** Purvi Shah (Interim Chief Accountant)

Email: purvi.shah@harrow.gov.uk

**Background Papers:**

1. 2022/23 Statement of Accounts

If appropriate, does the report include the following considerations?

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