

Barrow Borough Council
Audit and Governance Committee
28 July 2022
Statement of Accounts Update

Report from: Director of Resources
Report Author: Director of Resources
Wards: (All Wards);

1.0 Summary and Conclusions

- 1.1 The 2021-2022 financial year ended on the 31 March 2022 and the financial statements are being prepared.
- 1.2 This report contains an update on closedown progress and the issuing of the Statement of Accounts.

2.0 Recommendation

- 2.1 **It is recommended that the Audit and Governance Committee note the Statement of Accounts update.**

3.0 Background and Proposals

- 3.1 At the Audit and Governance Committee held on 27 April 2022, the Statement of Accounts for 2020-2021 was authorised for issue and subsequently published.
- 3.2 The Audit Findings Report identified actions for management and the status of those actions is set out below.
- 3.3 Minimum Revenue Provision
- 3.3.1 The Minimum Revenue Provision (MRP) Policy has been reviewed by the Executive Committee and is considered to be prudent and appropriately calculated based upon:

- the average useful economic life of the Council's assets where borrowing was not asset specific;
- the continued benefit/use of the Council's assets in delivering services;
- the MRP charge must be prudent – affordable; and

- the 1 April 2008 split has been applied as there was no requirement to relate borrowing to assets before that time.

3.3.2 The Council's Capital Financing Requirement at 31 March 2021 was £36.346m:

- General Fund £19.139m
- Housing Revenue Account £17.207m

3.3.3 The MRP charge to the General Fund for 2020-2021 was £736k which is 4% of the General Fund Capital Financing Requirement.

3.4 Valuation of Land and Buildings

3.4.1 There have been delays in finalising the audit of the financial statements due to the absence or accuracy of source evidence underpinning the valuation of land and buildings.

3.4.2 The valuation of land and buildings is a specific area of the audit and is a high value item within the accounting statements which relies upon expertise alongside a robust assessment by management.

3.4.3 For the accounting statements for 2021-2022 the Council has instructed a valuer that is new to the authority.

3.4.4 The Council has provided a significant volume of information relating to the assets and the Finance Department are liaising with colleagues in other departments where relevant information is held.

3.4.5 The valuer is aware of the Statement of Accounts publication requirements and the timetable relies upon full information being provided by the Council and all queries dealt with expeditiously.

3.4.6 An update will be provided at the meeting, but it is anticipated that the publication of the Statement of Accounts (subject to audit) will be mid-August to ensure that there is time for a robust management review of the valuations.

3.5 Group Accounts

3.5.1 Members will recall that Barrow Forward Limited was established from 1 February 2022 to operate the Park Leisure Centre.

3.5.2 The Council wholly owns the company and must create group accounts as well as the usual single entity financial statements.

3.5.3 For 2021-2022 that brings February and March 2022 into consideration.

3.5.4 The company have opted to submit their initial accounting statements for a 14-month period as permitted by Government.

3.5.5 The consolidation exercise is new for the Council and there may be challenges in obtaining the precise information required.

3.5.6 Officers will discuss group accounts further with the Appointed Auditors.

4.0 Consultation

4.1 Consultation is not relevant as the recommendation is for noting.

5.0 Alternative Options

5.1 Alternatives are not relevant as the recommendation is for noting.

6.0 Contribution to Council Plan Priorities

6.1 In order to be able to deliver Council Plan Priorities the organisation must be sound in terms of internal control and governance and the Audit and Governance Committee is charged with that role.

7.0 Implications

7.1 Financial, Resources and Procurement

7.1.1 There are no direct financial, resource or procurement implications from the recommendation.

7.2 Legal

7.2.1 There are no legal implications from the recommendation.

7.3 Local Government Reorganisation

7.3.1 The Council's accounts will be aggregated into Westmorland and Furness Council and the 2022-2023 Statement of Accounts shall be the final set for Barrow Borough Council.

7.4 Equality and Diversity

7.4.1 Have you completed an Equality Impact Analysis? No, this report is for information.

Risk

Risk	Consequence	Controls required
The Statement of Accounts is not published.	Reputational risk.	Closedown plan and ongoing dialogue with Grant Thornton audit team.
The audit is not completed.		

Contact Officers

Director of Resources directorsadmin@barrowbc.gov.uk