



## **AGENDA ITEM: 10**

### **NORTH WALES FIRE AND RESCUE AUTHORITY**

**21 September 2015**

#### **STATEMENT OF ACCOUNTS 2014-15**

**Report by Ken Finch, Treasurer to the Authority**

#### **Purpose of Report**

- 1 This report is to present to Members the audited Statement of Accounts for 2014-15 and the Annual Governance Statement.
- 2 This report was presented to the Audit Committee on the 14 September 2015 in order for its members to review the contents before submission to the Fire and Rescue Authority. The Audit Committee had no major observations nor could find any major risks in the report and would recommend it be approved by the Authority.

#### **Information**

- 3 In compliance with the Accounts and Audit Regulations (Amendment Wales) 2010 it is a requirement that the audited accounts are approved by Members by 30 September.
- 4 It is also a requirement that the Annual Governance Statement is presented to Members with the Statement of Accounts and this has been included as an appendix to the accounts. The statement has been prepared in accordance with the principles contained within the 'Framework for Delivering Good Governance in Local Government' issued by the Chartered Institute of Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) and was scrutinised by the Audit Committee prior to approval by the Fire and Rescue Authority on 15 June 2015.

- 5 Members were presented with a financial performance report for 2014-15 which detailed the actual spend for the year against budget and Members approval was sought to set aside money from the underspend in to a number of Reserves and Provisions. These transactions have been enacted in the accounts, the details of which can be found on pages 32 and 33. This report was also scrutinised by the Audit Committee prior to approval by the Fire and Rescue Authority on 15 June 2015.

## **Reserves**

- 6 Usable reserves consist of the General Reserve, Earmarked Reserves and Grant Income brought forward from the previous year. These reserves can be used by the Authority to finance expenditure in future years. Unusable reserves are non-cashable and consist of money already set aside to finance expenditure; revaluations to reflect increase in asset values; and the Pension Reserve which is a deficit reserve.

## **Audited Changes**

- 7 The accounts have now been audited by the Auditor appointed by the Wales Audit Office and have been amended in line with the findings from the audit.
- 8 All misstatements were corrected during the audit and none were significant enough to report separately. These included a number of presentational and numerical changes to the financial statements, none of which had an impact on the Comprehensive Income and Expenditure Statement and Balance Sheet.

## **Audit Recommendations**

- 9 To comply with the Code of Practice it is recommended that assets are revalued every 5 years to ensure the values reflected in the Balance Sheet are current and reflect current market trends. The Authority has adopted a policy of valuing property on a rolling basis rather than carry out a full valuation every 5 years.

- 10 Unfortunately not all properties were captured within the 5 year period. The recommendation stated that 'the Authority should review the current revaluation policy to ensure the approach to valuation of property, plant and equipment is consistent with the requirements of the Code'. It is proposed to recommend to the Fire and Rescue Authority to change the revaluation policy for Property so a full revaluation is carried out every 5 years, the next revaluation to be undertaken 1 April 2016.

### **Letter of Representation**

- 11 Attached to this report, as Appendix 1, is a letter of representation addressed to both the Wales Audit Office and KPMG from the Authority. It is a requirement of Auditing Standards in that KPMG needs to obtain representations from the Authority to support its audit opinion. The letter provides further detail.

### **Recommendation**

- 12 That Members:
- (i) approve the audited Statement of Accounts for 2014-15;
  - (ii) approve that the policy for revaluing assets is changed so that a full revaluation of property is undertaken every 5 years;
  - (iii) note the Letter of Representation.

Anthony Barrett  
Wales Audit Office  
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Eich Cyf/Your Ref:  
Ein Cyf/Our Ref: SF/M27  
Dyddiad/Date: 21 September 2015  
Gofynner am/Ask for: S Forrest  
Rhif Union/Direct Dial: 01492 576179

KPMG LLP  
3 Assembly Square  
Britannia Quay  
Cardiff Bay  
CF10 4AX

Dear Sirs

## **Representations regarding the 2014/15 Financial Statements**

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of North Wales Fire and Rescue Authority and the Fire Fighters' Pension Fund for the year ended 31 March 2015 for the purpose of expressing an opinion on their truth and fairness.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

### **Management representations**

#### **Responsibilities**

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and Code of Practice on Local Authority Accounting in the United Kingdom 2014/15; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

#### **Information provided**

We have provided you with:

- full access to:
  - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
  - additional information that you have requested from us for the purpose of the audit; and
  - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects North Wales Fire and Rescue Authority and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements.

- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- the identity of all related parties and all the related party relationships and transactions of which we are aware.

### **Financial statement representations**

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. There have been no uncorrected audit misstatements.

### **Representations by North Wales Fire and Rescue Authority**

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the North Wales Fire and Rescue Authority on 21 September 2015.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Signed by:

**Chair of the Authority**

**Date:** 21 September 2015

**Treasurer to the Authority**

**Date:** 21 September 2015