



AGENDA ITEM: 8

NORTH WALES FIRE AND RESCUE AUTHORITY EXECUTIVE PANEL

21 September 2009

STATEMENT OF ACCOUNTS 2008-09 AND THE LETTER OF REPRESENTATION

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

Purpose of Report

- 1 The Statement of Accounts for 2008-2009 was presented to the Authority for approval on 15 June 2009. 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 and subsequent discussions over the accounting treatment, definitions and presentation of specific items within the accounts.
- 2 Attached to this report, as appendix 2, is a copy of correspondence between the External Auditor and myself in respect of the above. The letter explains the reason for a letter of representation.

Information

- 3 At the time this report was drafted there were discussions ongoing between the audit bodies in Wales, England and Scotland i.e. Wales Audit Office, the Audit Commission and Audit Scotland, about the potential effect on the Statement of Accounts of the Financial Reporting Standard 17 (FRS17), Accounting for Pension costs, due to the discovery of an omission in the Local Authorities (Capital Finance and Accounting) Regulations 2003 which allows for the reversal of the FRS17 entries. There was a view being made that due to the omission the Statement of Accounts should reflect part of the FRS17 cost as per the Statement of Recommended Practice (the SORP).

This situation is not yet finalised and the Treasurer will give a verbal update at the meeting on 21 September.

- 4 In line with the findings of the Auditors the Statement of Accounts has been amended and whilst some of the amendments are presentational Members' attention is drawn to the following principal changes to the accounts:
- a) On page 2, paragraph (i), the underspend for the year has decreased from £187,704 to £101,297 due to an adjustment for non capital items charged to the capital programme and the necessity to set up a new provision for the underpayment of pension benefits. The subsequent table detailing the under and overspends below this paragraph has also been amended to reflect the changes.
 - b) On page 14, amendments have been made to the Income & Expenditure account to reflect the increased expenditure from non capital items and the contribution to the Pension Underpayments Provision. The other changes to the statement are presentational and do not affect the 'Bottom Line'. The adjustments include changes to the level of impairment charged and the treatment of fixed asset disposal.
 - c) The Statement of Movement on the General Fund Balance on page 15 has been adjusted to reflect the changes to the Income & Expenditure Account and a reduction in Capital Expenditure charged to revenue due to the decrease in the underspend.
 - d) The Statement of Total Recognised Gains and Losses has decreased by £33,000 to reflect the change in net worth of the Authority due to a change in the valuation gains.
 - e) The Balance Sheet on page 16 has been amended to reflect the above changes. The other adjustment included in the statement is an increase in creditors of £92,430 to reflect the accrual for retention monies on development works.
 - f) Subsequent changes have been made in the notes to the accounts to reflect the comments in a) to e) above.

- 5 The Statement of Accounts 2008/2009 was approved by the Fire and Rescue Authority on June 15 2009 in accordance with the Accounts and Audit (Wales) Regulations 2005 and as the changes to the accounts are not material Members are only required to note the amendments. However, the Authority is required to formally acknowledge the Letter of Representation sent to the External Auditor.

Recommendation

- 6 Members are requested to:
- (i) note the amended Statement of Accounts for 2008-09 (appendix 1); and
 - (ii) acknowledge the Letter of Representation sent to the External Auditor (appendix 2).