

AUDITED STATEMENT OF ACCOUNTS 2009-10

REPORT OF THE FINANCE OFFICER

1. Introduction

- 1.1 Members will be aware that the Audit Commission, as the Authority's external auditors, are required to report on the final accounts, and report certain matters to Members prior to an opinion being provided on the Authority's accounts.
- 1.2 The Audit Commission has audited the financial statements of the Authority under the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (ISA) issued by the Auditing Practices Board.
- 1.3 Once the Governance Committee has noted the contents of this communication, and has approved the letter of Representation and the amended Statement of Accounts, the Audit Commission can then formally provide an opinion on the Statement of Accounts for the year ended 31st March 2010.

2. Statement of Accounts 2009/2010

- 2.1 In auditing the Authority's Statement of Accounts each year, the Audit Commission relies on information and assurances received from Officer's from both this Authority and from the Lead Authority, Sunderland City Council.
- 2.2 The attached Letter of Representation, signed by the Finance Officer provides that assurance to the Audit Commission.
- 2.3 In line with ISA 260, the Audit Commission has produced the attached Annual Governance Report, in which the auditor's opinion is given on whether the financial statements give a true and fair view of the financial position of the Authority as at 31st March 2010 and its income and expenditure for the year then ended.
- 2.4 The Statement of Accounts approved by the Authority on 28th June 2010 did not contain any misstatements and the Audit Commission will formally provide an unqualified opinion on the attached Statement of Accounts before the end of September 2010.
- 2.5 Following the audit, the Statement of Accounts has been amended for a number of presentational issues, which are detailed at Appendix 1 for information.

3 Recommendations

3.1 Members are requested to:

- a) Note the Letter of Representation;
- b) Note the contents of the Audit Commission's Annual Governance Report relating to the Financial Statements;
- c) Approve the amended Audited Statement of Accounts for the Financial Year ended 31st March 2010.

TYNE AND WEAR FIRE AND RESCUE AUTHORITY
STATEMENT OF ACCOUNTS 2009/2010 – PRESENTATIONAL
ADJUSTMENTS

The following presentational adjustments have been reflected in the 2009/2010 Statement of Accounts, included with this Agenda:-

Compliance with International Financial Reporting Standards – Council Tax Income

- An additional creditor adjustment of £0.091m in relation to prior period Council Tax Income is required.
- This adjustment has led to a number of changes in the Statement of Accounts, including Statement of Total Recognised Gains and Losses (page 44), Balance Sheet (page 45), Note 1 (page 49), Note 24 (page 74) and Note 38 (page 87). There has been no impact on the outturn position for 2009/2010.

Compliance with International Financial Reporting Standards – PFI

- The changes to PFI accounting have resulted in adjustments to the Cash Flow Statement and the associated notes in relation to prior year restatements and non cash entries.
- This adjustment has led to a number of changes in the Statement of Accounts, including the Cash Flow Statement (page 47), Note 37 (page 87), Note 38 (page 87) and Note 41 (page 88). There has been no impact on the outturn position for 2009/2010.

Long Term Debtor

- A payment in advance of £0.106m has been reanalysed as a Long Term Debtor. This adjustment has led to a number of changes in the Statement of Accounts, including Balance Sheet (page 45), Note 20 (page 73) and Note 22 (page 74). There has been no impact on the outturn position for 2009/2010.

Officers Emoluments

- Comparative information has been added to Note 7 (page 62) in order to meet the SORP requirements. A more detailed explanation of the definition of a Senior Officer has also been added.

Long Term Contracts

- The North East Fire and Rescue (NEFRA) PFI scheme completed the replacement of Tynemouth Fire Station with a new community fire station which opened in June 2010. Note 3 (page 59) in the Statement of Accounts has been updated to reflect the future financial obligations relating to the scheme.

Analysis of Government Grants

- A debtor and creditor adjustment of £2.749m relating to Pensions Top Up Grant was analysed as 'Other Operating Cash Payments' in the Cash Flow Statement (page 46). The Cash Flow Statement has been updated so the adjustments are correctly analysed within 'Other Government Grants'. Note 42 - Analysis of Government Grants (page 88) has also been updated to reflect the adjustment.

Balance Sheet

- General Fund balances have been consolidated on the face of the Balance Sheet (page 45) for presentational purposes.

Post Balance Sheet Events

- Since the Statement of Accounts was submitted to members in June, a number of events have occurred which need to be disclosed within the accounts. These events are shown as Non Adjusting Post Balance Events in Note 36 (page 85).
- Retained Firefighters are now eligible for special membership to the New Firefighters Pension Scheme, which can be backdated to July 2000. The Authority has a very small number of retained firefighters so any financial implications will not have a significant impact to the Authority.
- As announced in the Emergency Budget on 22nd June 2010 changes to the Indexation of Public Service Pensions from April 2011, from Retail Price Index (RPI) to Consumer Price Index (CPI) will result in a reduction to the value of pension fund liabilities. If the CPI change had occurred at the accounting date the reduction to the value of the pension liabilities would have been £66.97m (page 78).

Firefighter's Pensions Net Asset Statement

- Changes have been made to the Firefighter's Pensions Net Asset Statement (page 90) so that it is presented in a comparable way to other Fire Authorities. The statement now shows the cash due to the General Fund as a result of the balance of the Pensions Top Up Grant and Pension prepayments.