

**GOVERNANCE COMMITTEE MEETING: 24TH SEPTEMBER 2012**

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**AUDITED STATEMENT OF ACCOUNTS 2011/2012**

**REPORT OF THE FINANCE OFFICER**

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**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 (item iii), and the letter of Representation (item i), and the letter of assurance from management and also approved the letter of assurance from those charged with governance (item ii), has then approved the amended Statement of Accounts (item iv) the Audit Commission can then formally provide an opinion on the Statement of Accounts for the year ended 31<sup>st</sup> March 2012.

**2. Statement of Accounts 2011/2012**

- 2.1 In line with ISA 260, the Audit Commission produces an 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 31<sup>st</sup> March 2012 and its income and expenditure for the year then ended.
- 2.2 The Statement of Accounts, that was noted by the Authority on 16<sup>th</sup> July 2012, does not contain any misstatements and the Audit Commission are to formally provide an unqualified opinion on the attached amended Statement of Accounts before the end of September 2012.
- 2.3 Following the audit, the Statement of Accounts has been amended for a number of presentational issues, which are detailed at Appendix A for member's information.
- 2.4 A summary of the audited Statement of Accounts is at Appendix B. This focuses on key points within the financial statements.

**3. Recommendations**

3.1 Members are requested to:

- a) Note the Letter of Representation (Item i),
- b) Note the contents of ISA 240/250 letter of assurance from management and approve the contents of the ISA 240/250 letter of assurance from those charged with governance (Item ii),
- c) Note the contents of the External Auditors Annual Governance Report (Item iii),
- d) Approve the amended Audited Statement of Accounts for the Financial Year ended 31<sup>st</sup> March 2012 (Item iv / Appendix A).

**TYNE AND WEAR FIRE AND RESCUE AUTHORITY**  
**STATEMENT OF ACCOUNTS 2011/2012 – PRESENTATIONAL**  
**ADJUSTMENTS**

The following presentational adjustments have been reflected in the 2011/2012 Statement of Accounts, included with this Agenda:-

**Members Allowances**

- Amendment to the Authority Membership (page 2).

**Officers Remuneration**

- Rationale behind the disclosure of senior staff remuneration in note 28, added to accounting policies.

**Financial Instruments**

- To show the nature of the Authority's interest with the North East Fire Control Company Limited (NEFCCL), a line and additional explanation has been added to the Financial Instruments note (note 14, page 58) to show Tyne and Wear's involvement in NEFCCL.
- Movement of investments held by the Authority from long term to current investments in the Financial Instruments note (note 14, page 58) in the Statement of Accounts. This does not impact on the final budget position for 2011/2012.

**Private Finance Initiative**

- Note 34 (page 77) updated to reflect 2011/12 actuals and estimated contract payments for future years.

**Exceptional Items**

- An explanation added to note 37 (page 79) regarding the treatment of past service costs of the Defined Pension Scheme.
- Pension past service costs of (£74.280m) were reclassified as an Exceptional Item in 2010/11 due to their materiality following a change in estimation technique. Normal practice has resumed in 2011/2012 and past service costs of £0.240m have been shown as Non Distributed Costs on the face of the Comprehensive Income and Expenditure Account.

#### Past Service Pension Costs

- Increase in Past Service costs in respect of pension transfers in.
- This has led to a number of presentational changes in the Statement of Accounts, including the Finance Officers Foreword (page 6) and Comprehensive Income and Expenditure Statement (page 29), plus changes to note 5, note 21, note 25 and note 37. There has been no impact on the final budget position for 2011/2012.

#### Current Service Costs

- Adjustment to Current Service Costs in note 37 to show net of employee contributions.
- This has led to changes throughout note 37, plus additional presentational changes to note 5 and note 21. There has been no impact on the outturn position for 2011/2012.