

**TYNE AND WEAR FIRE AND RESCUE AUTHORITY:
GOVERNANCE COMMITTEE – 22ND SEPTEMBER 2008**

AUDITED STATEMENT OF ACCOUNTS 2007/2008

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, the Audit Commission can formally provide an opinion on the Statement of Accounts for the year ended 31st March 2008.

2 Statement of Accounts 2007/2008

- 2.1 In line with ISA 260, the Audit Commission produces an Annual Governance Report, in which the auditor's opinion is that the financial statements present fairly the financial position of the Authority as at 31st March 2008 and its income and expenditure for the year then ended. The Annual Governance Report 2007/2008 is attached elsewhere on the Agenda.
- 2.2 The Statement of Accounts approved by the Authority on 30th June 2008 did not contain any misstatements and the Audit Commission will formally provide an opinion on the attached Statement of Accounts before the end of September 2008.
- 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 information.

3 Recommendations

3.1 Members are requested to:

- a) Note the Letter of Representation;
- b) Note the contents of the Audit Commission Communication concerning Financial Statements;
- c) Approve the Audited Statement of Accounts for the Financial Year ended 31st March 2008.

TYNE AND WEAR FIRE AND RESCUE AUTHORITY
STATEMENT OF ACCOUNTS 2007/2008 – PRESENTATIONAL
ADJUSTMENTS

The following presentational adjustments have been reflected in the 2007/2008 Statement of Accounts, included with this Agenda:-

Income and Expenditure Account (page 39)

- A reduction in past pension costs (£8.16m) has been reclassified as an actuarial gain rather than revenue income, in order to comply with guidance received after the Statement of Accounts were submitted to Members in June 2008;
- This reclassification has led to a number of changes in the Statement of Accounts, including the Revenue Expenditure and Income Summary (page 6), Statement of Movement on General Fund Balance (page 40), Statement of Total Recognised Gains and Losses (page 41), Note 2 (page 47), Note 4 (page 49), Note 16 (page 54), Note 17 (page 55) and Note 39 (page 69);
- There has been no impact on the outturn position for 2007/2008.

Note 11 - North East Fire and Rescue Regional Management Board (page 52)

- Additional narrative is provided to outline the relationship with the Local Authority Controlled Company, confirming that this does not impact on the Statement of Accounts for 2007/2008.

Note 30 – FRS17 Disclosures as at 31st March 2008 (page 64)

- Additional narrative is provided confirming that the Statement of Accounts include an accrual, to take account of Firefighters Pension Scheme Circular (FPSC 5/2008) in respect of revised commutation factors used in calculating the lump sums payable under the Firefighters Pension Scheme 1992.