



DEVON & SOMERSET FIRE & RESCUE AUTHORITY

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| REPORT REFERENCE NO. | DSFRA/09/15 |
| MEETING | DEVON & SOMERSET FIRE & RESCUE AUTHORITY |
| DATE OF MEETING | 29 JUNE 2009 |
| SUBJECT OF REPORT | STATEMENT OF ACCOUNTS 2008/2009 |
| LEAD OFFICER | Treasurer |
| RECOMMENDATIONS | |
| <p><i>That, in accordance with the requirements of the Accounts and Audit Regulations 2003 (as amended) the Authority's draft Statement of Accounts for 2008/2009 be approved and the Chairman authorised to sign it on behalf of the Authority.</i></p> | |
| EXECUTIVE SUMMARY | |
| <p>This report presents the Authority's draft Statement of Accounts for 2008/2009 for approval. The Accounts and Audit Regulations 2003 (as amended) require the Authority to approve the draft Accounts by the 30 June. At this stage the Accounts are still to be audited and will be subject to audit scrutiny during July and August 2009. The Regulations also require the audited Accounts to be published by the 30 September 2009.</p> | |
| RESOURCE IMPLICATIONS | As indicated in the report. |
| EQUALITY IMPACT ASSESSMENT | An initial assessment has revealed that there are no equality issues arising from this report. |
| APPENDICES | A. Draft Statement of Accounts 2008/09 Booklet (TO FOLLOW) |
| LIST OF BACKGROUND PAPERS | Financial Outturn Report 2008/2009 – report reference DSFRA/09/12 as reported to the meeting of DSFRA held on the 27 May 2009. |

1. INTRODUCTION

- 1.1 The Accounts and Audit Regulations 2003 (as amended) require the annual draft Statement of Accounts to be approved, either by the full Authority or appropriate Committee so delegated to do so, by the end of June each year.
- 1.2 Usually, as in the previous financial year, the draft Statement of Accounts would be approved by the Authority's Audit and Performance Review Committee (APRC) in accordance with the powers delegated to it. In light, however, of the deferred local authority elections this year and the consequent requirement to move the Authority's Annual Meeting (at which Committee appointments and dates are usually set) from the end of May to July, it is not practicable to submit the 2008/09 draft Statement of Accounts to the relevant Committee. Accordingly, they are now being presented to this meeting for consideration and approval to secure compliance with the relevant Regulations.
- 1.3 It should be noted that, at this stage, the Accounts remain to be audited and as such will be subject to audit scrutiny during July and August 2009.

2. THE STATEMENT OF ACCOUNTS

- 2.1 The Statement of Accounts booklet for 2008/2009 will be dispatched separately to this agenda but prior to the dater of the meeting (29 June 2009). This is because, at the time of circulating papers for the current meeting, final figures from the Authority actuary in relation to pension costs were still awaited. Financial Reporting Standard 17 (FRS 17) requires, however, that the accounts include pension costs on the basis of future liabilities rather than in-year costs. This necessitates an annual review to be carried out by the actuary in time for the accounts to be prepared. Although not available at the time of despatch for this agenda, the actuary has committed to providing these figures in good time for the Statement of Accounts to be prepared and dispatched prior to the meeting.
- 2.2 The Statement of Accounts is intended to give stakeholders clear information about the Authority's financial position. The format and content of the Accounts is specified by a Code of Practice, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), which ensures that local authority Accounts are prepared on a consistent basis.
- 2.3 The core statements included in the Accounts are:
- The Income and Expenditure Account, which reports the Service Expenditure Analysis, in accordance with the Best Value Accounting Code of Practice, including details of the surplus/deficit for the year ending 31 March 2009, and how the Service cost has been financed.
 - Then Balance Sheet, which records the assets and liabilities of the Authority as at 31 March 2009.
 - The Cash Flow Statement, which provides details of the sources and application of the Authority's funds during the year.

3. SUMMARY OF FINANCIAL PERFORMANCE

Income and Expenditure Account

- 3.1 A report on the financial performance of the Authority for 2008/2009 was considered at the last meeting on 27 May 2009 (Minute DSFRA/104 refers). It was reported at that meeting that spending against the revenue budget was £0.759m less than had been budgeted, primarily as a consequence of savings from staffing costs. It was agreed at that meeting that of this figure, an amount of £0.597m be transferred to earmarked reserves to fund specific spending issues, and the balance of £0.162m be transferred to the General Fund.
- 3.2 The position of the Income and Expenditure Account for 2008/2009 is included on Page 14 of the Accounts. Whilst this reports a deficit for the year rather than the surplus reported at the last meeting it should be emphasised that the figure included in the Income and Expenditure Account includes a number of non-cash entries required to be included in this statement under the Accounting Code of Practice. For instance, the Income and Expenditure Account is required by Financial Reporting Standard 17 (FRS 17) to include increases in future pension liabilities, as assessed by the authority actuary. Details of a complete list of these non-cash entries are included as Note 9 to the Accounts.
- 3.3 A reconciliation of the deficit, as reported in the Income and Expenditure Account, and the actual impact to the General Fund is shown on Page 15 of the Accounts. This illustrates that the financial performance of the Authority for 2008/2009 has enabled an amount of £0.162m to be transferred to the General Reserve, increasing the amount on the General Reserve from £4.291m, as at 1 April 2008, to £4.453m by the 31 March 2009.

Balance Sheet

- 3.4 The second key financial statement included in the Accounts is the Balance Sheet. This reports the net asset or liability position of the Authority as at 31 March 2009. This statement, included as page 13 of the Accounts, reports that - as at 31 March 2009 - the liabilities of the Authority exceed its assets. It should be emphasised, however, that this figure includes a liability in relation to future pension liabilities, as required to be reported under FRS17. This position does not cause the Authority any funding concerns and the inclusion of the pension liability is required to highlight the build up of pension liabilities. This reflects the fact that the pension costs of firefighters, as is the case for police officers, are not paid for from a fully funded pension scheme.

4. AUDIT OF ACCOUNTS 2008/2009

- 4.1 It is a requirement of the Auditing Standard (SAS610), introduced in 2003, that the Audit Commission report to those charged with the governance of the Accounts certain issues should they arise. Such issues include the reporting of any misstatements identified in the Accounts. The Audit Commission will be presenting this report to the Authority at a future meeting prior to 30 September 2009.
- 4.2 The Accounts will be subject to audit inspection during July and August 2009, following which – in accordance with the Regulations - they must be published by the 30 September 2009. The final Accounts will include an audit certificate signed by the Audit Commission.

KEVIN WOODWARD
Treasurer