

Purpose: Approval

Date: 26 JULY 2018

Title: ANNUAL ACCOUNTS 2017/18

Report of Treasurer



**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

SUMMARY

1. The Accounts and Audit Regulations require the Authority's Statement of Accounts to be approved by 31 July following the year end. The Authority has delegated responsibility for the approval of the statement of accounts to the Standards and Governance Committee.
2. The Authority's draft Statement of Accounts was published by the statutory deadline of 31 May following the year end, and has been audited by Ernst and Young (EY). The conclusions of the audit are contained within the audit results report which is also on this agenda.
3. A report on the final accounts for 2017/18 was submitted to the Authority on 18 July and the Statement of Accounts is consistent with that report. The Annual Governance Statement, which forms part of the Statement of Accounts was approved by the Authority on 13 June.
4. This report presents for the Committee's approval of the Statement of Accounts 2017/18 and recommends that the Treasurer be given delegated authority to make any amendments if required prior to the issue of the audit opinion.

CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING

5. The Statement of Accounts have been drawn up in the form prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom, which constitutes 'proper accounting practice' under the terms of section 21(2) of the Local Government Act 2003. The Code is updated each year and for this Authority there were no major changes to reflect in the Statement of Accounts 2017/18.

NARRATIVE STATEMENT

6. The narrative statement provides information about the key issues affecting the Authority, and reports on the Authority's financial and non-financial performance.

7. The narrative statement is designed to help readers understand the Authority, its operating environment, and to assist in the understanding and interpretation of the Statement of Accounts.

STATEMENT OF ACCOUNTS

8. The Statement of Accounts comprises a number of separate statements, the key features of which are summarised in the following paragraphs.

Statement of Responsibilities for the Statement of Accounts

9. This statement records the responsibility:
 - of the local authority to appoint an officer with responsibility for the proper administration of its financial affairs, the Treasurer within this Authority
 - of the Treasurer to prepare the accounts in accordance with proper practices as set out in the Code of Practice, and to certify that the accounts present a true and fair view of the Authority
 - of the Chairman of this Committee to confirm that the accounts have been considered and approved by the Committee.

Movement in Reserves Statement

10. This sets out the movement in the year on the different reserves held by the Authority, analysed into 'useable reserves' (those which can be applied to fund expenditure or reduce council tax) and 'unusable reserves' which are mainly used for accounting adjustments.

Balance Sheet

11. This shows the value of the assets and liabilities recognised by the Authority. The net assets of the Authority are matched by reserves; either useable or unusable.

Cash Flow Statement

12. The Cash Flow Statement is designed to demonstrate the changes that have taken place in the Authority's cash position over the year and to highlight the causes of that change.

Comprehensive Income and Expenditure Statement

13. This statement shows the accounting cost of providing services rather than the amount funded from taxation, and is presented using financial reporting headings. The taxation position is shown in the Movement of Reserves Statement.

Notes to the accounts

14. These comprehensive notes incorporate information to give the reader information to support the accounts. The accounting policies are incorporated within the notes.

Pension Fund Account

15. All Fire Authorities are required by legislation to operate a Pension Fund Account and the amounts paid into and out of it are specified by regulation. Members will be aware that the Authority pays an employer's pension contribution based on a percentage of pay into the pension fund account.
16. The Account is balanced each year to nil by receiving cash in the form of a pension top-up grant from the Government equal to a percentage of the amount by which the amount payable from the Account exceeded the amount receivable. This percentage is agreed on an annual basis and for 2017/18 was 100%.

Annual Governance Statement

17. The Annual Governance Statement has to accompany the Statement of Accounts. The Authority's Annual Governance Statement was considered for approval on 13 June.

LETTER OF REPRESENTATIONS

18. As part of the production and audit of the final accounts, the external auditors also require the Chief Financial Officer and Chairman of Standards and Governance Committee to provide a Letter of Representations which has been provided at Appendix 2.

19. The letter provides additional assurance that all matters have been disclosed to the auditors and that no undue influence has been applied in producing the accounts that would prevent them giving a true and fair view of the Authority's financial position.

SUPPORTING OUR SERVICE PLAN AND PRIORITIES

20. Ensuring that funding is appropriately accounted for is vital for all public sector organisations and the annual accounts also provide information to gauge the financial health of the organisation, which underpins the achievement of the Service Plan.

RESOURCE IMPLICATIONS

21. There are no direct resource implications contained within this report as it is based on historic information and is purely a factual document.

ENVIRONMENTAL AND SUSTAINABILITY IMPACT ASSESSMENT

22. It is not believed that this report has any impacts to the environment or sustainability.

LEGAL IMPLICATIONS

23. It is a legal requirement that the Statement of Accounts is approved by those charged with governance and is signed off by external audit.

EQUALITY IMPACT ASSESSMENT

24. This report is considered compatible with the provisions of equality and human rights legislation.

OPTIONS

25. This report deals with the approval of the annual accounts that have been prepared in line with Code of Practice for Local Authority Accounting, there are therefore no options for consideration in this report.

RISK ANALYSIS

26. The statement of accounts is an important element of the Authority's corporate governance arrangements. It has been prepared in accordance with the appropriate statutory code. Together with the Budget Book and the report on the final accounts for 2017/18, it provides evidence to the public that the Authority's financial affairs are being properly managed and in accordance with proper accounting practice.

CONCLUSION

27. The presentation and approval of the annual accounts is an important part of the overall governance framework for the Authority and this Committee is therefore requested to consider and approve the accounts alongside the report of the external auditors.

RECOMMENDATION

28. That the attached Statement of Accounts for 2017/18 be approved subject to any amendments reported at the meeting.
29. That the Treasurer be given delegated authority to approve any minor amendments to the Statement of Accounts if required.
30. That the Letter of Representations contained in Appendix 2 is considered and signed by the Committee

APPENDICES ATTACHED

Appendix 1 – Statement of Accounts and Annual Governance Statement 2017/18

Appendix 2 – Letter of Representations

BACKGROUND PAPERS

31. Section 100 D - Local Government Act 1972 – background documents
32. The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report.
33. Final Accounts Report – Hampshire Fire and Rescue Authority 18 July 2018

34. NB: the list excludes Published works

35. Documents which disclose exempt or confidential information as defined in the Act:

36. None

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The checklist at the beginning of this template MUST be completed before submission to the PA Team.