



**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

Purpose: Decision

Date **15 SEPTEMBER 2017**

Title **ANNUAL ACCOUNTS 2016/17**

Report of Treasurer

EXECUTIVE SUMMARY

1. The Accounts and Audit Regulations require the Authority's Statement of Accounts to be approved by the 30 September following the year end. The Authority has delegated responsibility for the approval of the draft statement of accounts to the Standards and Governance Committee.
2. The Statements have been audited and the conclusions of the audit are contained within Ernst and Young's (EY) audit results report, which is also on this agenda.
3. A report on the final accounts for 2016/17 was submitted to the Authority on 25 July and the Statement of Accounts is consistent with that report subject only to a small number of minor changes agreed during the audit. The Annual Governance Statement, which forms part of the annual accounts was approved by the Authority on 13 June.
4. This report presents for the Committee's approval the Statement of Accounts 2016/17 and recommends that the Treasurer be given delegated authority to make any amendments if required prior to the issue of the audit opinion.
5. From 2015/16 onwards there was a new requirement to publish a draft set of accounts in advance of them being audited. For HFRA these have been available on the web since the beginning of June. The final Statement of Accounts, which includes minor adjustments agreed with the External Auditors (none of which it is felt need to be brought to the attention of this Committee) are attached at Appendix 1.
6. The early publication of the draft accounts this year also aligns with new requirements that will come into force for the 2017/18 accounts, that need to be produced by the end of May and audited and reported by the end of July. A 'dry run' was therefore undertaken this year and the end of May timetable was successfully achieved.

7. The final sign off of the accounts and the Auditors report was not brought forward as part of this process since committee dates were already in place, but for the 2017/18 accounts a Committee meeting late in July will be required.

CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING

8. 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 two major changes that have been reflected in the draft accounts.
9. The first relates to the Comprehensive Income and Expenditure Statement (CIES) which can now be presented in line with the Authority's financial reporting structure rather than under the Service Reporting Code of Practice (SeRCOP) headings. This then aligns to the second change, which is the inclusion of an Expenditure Funding Analysis (EFA) which provides a comparison of expenditure between an accounting and funding basis and shows the adjustments needed to reconcile back to the CIES.

STATEMENT OF ACCOUNTS

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

Movement in Reserves Statement

11. 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 other reserves.

Comprehensive Income and Expenditure Statement

12. This statement shows the accounting cost of providing services rather than the amount funded from taxation, as explained above this has now been presented using financial reporting headings rather than SeRCOP. The taxation position is shown in the Movement of Reserves Statement.

Balance Sheet

13. 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

14. 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.

Notes to the accounts

15. 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

16. 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.
17. The Account is balanced to 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 2016/17 was 100%.

Annual Governance Statement

18. The Annual Governance Statement has to accompany the Statement of Accounts. The Authority's Statement was approved by the Authority on 13 June.

Statement of Responsibilities for the Statement of Account

19. 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.

LETTER OF REPRESENTATIONS

20. 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.

21. 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.
22. The letter is usually provided at the meeting of the Committee, but since there has been such a long period between the production and audit of accounts and the sign off meeting, it has been possible to provide it as part of the formal papers at Appendix 2.

SUPPORTING OUR SERVICE PLAN AND PRIORITIES

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

CONSULTATION

24. No consultation is required for this report as it is based on historic information and is a purely factual document. The annual accounts will be audited by Ernst and Young and a separate report is presented elsewhere on this agenda.

RESOURCE IMPLICATIONS

25. There are no direct resource implications contained within this report.

LEGAL IMPLICATIONS

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

PEOPLE IMPACT ASSESSMENT

27. There are no direct impacts on people as a result of this report.

OPTIONS

28. 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

29. 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 2016/17, it provides evidence to the public that the Authority's financial affairs are being properly managed and in accordance with proper accounting practice.

CONCLUSION

30. 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

31. That the attached Statement of Accounts for 2016/17 be approved subject to any amendments reported at the meeting.
32. That the Treasurer be given delegated authority to approve any minor amendments to the Statement of Accounts if required.
33. That the Letter of Representations contained in Appendix 2 is considered and approved by the Committee

APPENDICES ATTACHED

Appendix 1 – Statement of Accounts and Annual Governance Statement 2016/17

Appendix 2 – Letter of Representations

BACKGROUND DOCUMENTS

Section 100 D - Local Government Act 1972 – background documents

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.

Final Accounts Report – F&GP Committee 4 July 2016

NB: the list excludes Published works

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

None

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