

REPORT TO THE: FIRE AUTHORITYDATE: 6th Oct 2008

REFERENCE:

SUBJECT: Statement of Accounts 2007/08**SUMMARY:**

The Authority's accounts were presented to the Fire Authority for approval on Monday 22nd Sept 2008. However since that meeting further information has come to light, through ongoing discussions with the Wales Audit Office (WAO), which needs to be presented to members for consideration. Subsequent to these discussions the accounts need to be re-presented to members.

OBJECTIVES		IMPLICATIONS	
More than an Emergency Service	Yes	Operational Risk Management	Yes
Trusted & Respected by our customers	Yes	Community Risk Reduction	Yes
Saving Lives, Protecting Communities	Yes	Learning & Development	Yes
Managing within Budget	Yes	Service Control	Yes
Allocate Resources to Priorities	Yes	Civil Contingencies & Resilience	Yes
Efficiency savings	Yes	Finance & Procurement	Yes
Alternative funding & resources	Yes	H.R.	Yes
Managing People	Yes	ICT	Yes
Risk Reduction Planning	Yes	CCMS	Yes
Partnership Working	Yes	Transport	Yes
Effective & Empowered People	Yes	Health & Safety	Yes
		Premises	Yes
		Sustainability & Environment	
		Welsh Language	
		Legal	Yes
		Governance	Yes
		Equality & Diversity	
		Representative Body Consultation	

COMMENTS/OBSERVATIONS ON THE ABOVE OBJECTIVES/IMPLICATIONS:

The Accounts affect all areas of the service

RECOMMENDATIONS:

It is considered in the best interests of the Fire Authority, in terms of prudent financial planning and maintaining its corporate financial stability, that reserves are maintained in the accounts and it is these accounts that are presented to the Authority for approval.

BACKGROUND PAPERS USED IN PREPARATION OF THIS REPORT:

Papers for the Fire Authority on 22nd Sept 08 plus subsequent information from the auditors

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6th October 2008
Statement of Accounts 2007/08

Background

The Authority's accounts were presented to the Fire Authority for approval on Monday 22nd Sept 2008. However since that meeting further information has come to light, through ongoing discussions with the Wales Audit Office (WAO), which needs to be presented to members for consideration. Subsequent to these discussions I am of the view that the accounts need to be re-presented to members.

The issue

This Fire Authority has always had an excellent relationship with its Constituent Authorities and meets regularly with their Treasurers. In order to aid financial planning for both the Fire Authorities and the Constituent Authorities, reserves have been established, in full consultation with the Constituent Authorities, in order to smooth out peaks and troughs in the budget requirement. These reserves have been particularly useful in recent years in dealing with the significant burden of the unfunded firefighter pensions scheme and now in dealing with the shortfall of funding linked to the new firefighters pension scheme. The reserves also assist the Fire Authority to plan properly and work flexibly between years. But they are also useful to the Constituent Authorities in order to reduce the potential for the Fire Authority to issue either a supplementary levy on them, or to issue an excessive levy. **We have worked together with the Constituent Authorities in order to arrive at this prudent position.**

The issue now being raised by the WAO is the question of whether the Fire Authorities in Wales are able to hold reserves. It is puzzling why this question is being asked this year, and so late in the year, after 11 years of signing off the accounts of Fire Authorities in Wales, (some of whom have had reserves for part or all of that time) without qualification. However, the auditor has sought a legal opinion and is indicating that this year, if the accounts show reserves, the audit will be 'qualified' due to a disagreement about accounting treatment. Work is already underway to try and resolve this issue for next year to the satisfaction of both ourselves and the Auditors.

The dilemma then is which option of presentation of the accounts is in the best interests of the Fire Authority. Whilst a technical issue, the decision on the presentation of the accounts this year has a greater significance. This is why the accounts are brought back to members for re-consideration.

Recommendation

It is unfortunate that the WAO are this year taking this stance. However, it is considered in the best interests of the Fire Authority, in terms of prudent financial planning and maintaining its corporate financial stability, that reserves are maintained in the accounts and it is these accounts that are presented to the Authority for approval.