

Report to	<b>Fire and Rescue Authority</b>
Date	<b>21<sup>st</sup> October 2024</b>
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Contact Officer	<b>Elgan Roberts, Head of Finance</b>
Subject	<b>Audited Statement of Accounts 2023/24</b>

## **PURPOSE OF REPORT**

- 1 This report is to present to Members the audited Statement of Accounts for 2023/24. This report also presents the findings of the Auditor General for Wales which confirms an unqualified audit opinion.

## **EXECUTIVE SUMMARY**

- 2 The draft accounts were submitted for audit on 31<sup>st</sup> May 2024. These confirmed net expenditure of £44.3m including contributions to earmarked reserves. An increase of £0.09m to the General was reported. The audited position remains the same, although a technical adjustment to reclassify a payroll provision as an earmarked reserve has been made.
- 3 The report issued by Audit Wales on behalf of the Auditor General for Wales is set out in Appendix 2 and confirms an unqualified audit opinion.
- 4 The Accounts and Audit (Wales) (Amendment) Regulations 2010 require that the audited accounts are approved by Members by 31 July 2024. However, since the pandemic, these timescales have been extended by the Welsh Government to 30 November 2024.

## **CONSIDERATION BY OTHER COMMITTEES**

- 5 The unaudited Statement of Accounts for 2023/24 were presented to the Fire and Rescue Authority on 15 July 2024.

## **RECOMMENDATION**

- 6 Members are asked to:
  - (i) note the audited outturn position and performance as detailed within the 2023/24 Statement of Accounts (Appendix 1);

- (ii) note the report of the Auditor General for Wales which confirms an unqualified audit opinion (Appendix 2);
- (iii) note the proposed letter of representation including the uncorrected mis-statement; and
- (iv) confirm the recommendation of approval of the final audited 2023/24 Statement of Accounts.

## **BACKGROUND**

- 7 In compliance with the Accounts and Audit (Wales) (Amendment) Regulations 2010, the Authority produced draft statement of accounts by 31<sup>st</sup> May 2024. The draft statement of accounts were presented to the Fire and Rescue Authority at its meeting of 15 July 2024 with a covering narrative report. The draft statement of accounts have been subject to external audit and the appendices contain the final audited versions.

## **INFORMATION**

### **REVENUE EXPENDITURE**

- 8 Members of the Authority were presented with a financial performance report for 2023/24 at the Fire and Rescue Authority meeting on 15 July 2024. This confirmed the draft out-turn position of net expenditure of £44.3m including contributions to earmarked reserves.
- 9 The final audited position confirms net expenditure of £44.3m although a technical accounting adjustment has been made to reclassify a payroll provision of £0.47m as an earmarked reserve. The updated narrative report is provided on page xx of the Accounts (see Appendix 1, page 7)
- 10 The audit identified a number of other adjustments that were agreed with management but have no overall impact on the reported position.

### **BALANCE SHEET**

- 11 The Balance Sheet provides further information on the Authority's financial position as at 31<sup>st</sup> March 2024 and is contained on page xx of the Accounts (Appendix 1).

#### **Fixed assets and borrowing**

- 12 The final audited accounts confirmed that the Authority held fixed assets of £56.2m as at 31 March 2024, which includes property, vehicles and equipment.

- 13 The Authority is permitted to borrow to fund capital assets and as at 31 March 2024 the audited value of outstanding loans was £17.9m, which is in line with the limits set by the Authority.

### **Pension Liabilities**

- 14 The Authority is required to account for the estimated liabilities relating to its pension schemes. The Authority has two schemes; the Firefighters' Pension Scheme and the Local Government Pension Scheme. The value of future liabilities is calculated by the actuary for each scheme and amounted to £231.6m at the balance sheet date. This includes an audit adjustment in relation to the Local Government Pension Scheme valuation of £1.2m. This is a highly technical area of accounting and the adjustment was necessary following further guidance from the actuary and in consultation with Audit Wales.

### **Usable reserves**

- 15 The Authority's usable reserves as at 31 March 2024 were £9.1m which included £1.6m of general fund reserves and £7.5m of earmarked reserves. The reserves policy was approved by the Authority at its meeting of 15 April 2024.

## **AUDIT OF THE FINANCIAL STATEMENTS**

- 16 The Auditor General for Wales is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial performance and position of the Authority for the year ended 31 March 2024.
- 17 In performing the audit work, Audit Wales does not seek to provide absolute assurance but considers whether there are any material issues which may result in a reader of the accounts being misled. When an error or misstatement is identified Audit Wales will consider whether an amendment is required.
- 18 The Auditor General for Wales proposes to issue an unqualified audit opinion which means that the accounts present a true and fair view of the financial transactions of the Authority. The report is contained within Appendix 2 and the following is noted:
- The audit identified a number of amendments which were agreed with management and were necessary to fully comply with the Code of Practice on Local Authority Accounting. The audit identified two adjustments that need to be highlighted prior to the approval of the accounts

- A technical accounting adjustment was made to reclassify a payroll provision of £0.5 million as an earmarked reserve related to the firefighters' pay structure.
- An amendment of £1.2 million was made to the valuation of the Local Government Pension Scheme. Following advice from the scheme actuary and in consultation with Audit Wales, a technical adjustment was processed to account for the pension asset ceiling, in accordance with IAS 19 and IFRIC 14.

19 The audit identified one uncorrected matter totalling £0.1 million, which pertained to the classification of debtors and creditors. This issue arose due to a timing discrepancy, as Accounts Payable was left open to ensure prompt payments to SMEs. Since the adjustment would not have affected the balance sheet or provided any benefit to the users of the accounts, it was left uncorrected.

20 The Audit Report also contained the final letter of representation. This letter provides representation from the Chair and Treasurer to acknowledge their responsibilities and to confirm the arrangements for ensuring that the accounts provide a true and fair view.

## IMPLICATIONS

<b>Wellbeing Objectives</b>	This report links to NWFRA's long-term well-being objectives. Funding for the Service benefits the communities of North Wales and ensures there is sufficient investment in infrastructure to enable the service to provide emergency responses and prevention work well in to the future.
<b>Budget</b>	Budget is set annually in accordance with the proposed service delivery which includes emergency response and prevention work.
<b>Legal</b>	It is a legal requirement that the Authority produces the Statement of Accounts and Annual Governance Statement in accordance with the prescribed standards.
<b>Staffing</b>	None
<b>Equalities/Human Rights/Welsh Language</b>	None
<b>Risks</b>	Income and expenditure is closely monitored to ensure that deviations from the approved budget are properly identified and reported to Members.