



## AUDIT & RISK COMMITTEE

30 NOVEMBER 2022

### STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2022

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| <b>REPORT OF TREASURER</b> |
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#### Purpose of the Report

1. The purpose of this report is to seek Members' approval of the attached Statement of Accounts for County Durham and Darlington Fire and Rescue Authority, for the financial year ended 31 March 2022.

#### Background

2. The '*Accounts and Audit Regulations 2003*', as amended, set out the requirements for the production and publication of the annual Statement of Accounts. To comply with the Regulations, the Statement of Accounts must be approved by the Treasurer on or before 31 July 2022. The audited Statement must then be approved by members of the Audit Committee on or before 30 November 2022.
3. At previous meetings of the Committee, the auditor explained the challenges that they are facing due to a backlog of work and resource difficulties which reflect the significant challenges in the local audit sector and are being experienced nationally by all audit firms within the local audit regime. The audit work has now been completed and the auditor's report is incorporated into the attached Statement of Accounts.
4. During the audit, working in collaboration with the auditor several improvements and amendments have been identified which have been included in the Statement of Accounts presented today.

#### Statement of Accounts

5. The Statement of Accounts has been prepared in accordance with the requirements of the '*Code of Practice on Local Authority Accounting in the United Kingdom 2021/22*' issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the '*Accounts and Audit Regulations 2003*', as amended. CIPFA's Code of Practice is based upon International Financial Reporting Standards (IFRS).
6. The Narrative Report explains the purpose of the financial statements and provides a summary of the Authority's financial activities during 2021/22 and the financial position as at 31 March 2022. It focusses on matters of relevance to the principal users of the accounts and provides a forward look on issues likely to have an impact in the future.

7. There are four core statements which provide fundamental information on the financial activities and position of the Fire and Rescue Authority, namely the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet and Cash Flow Statement. These financial statements are grouped together followed by notes to the core statements and the Pension Fund Account.
8. The Statement of Accounts also includes the Group Financial Statements consolidating the performance and balances of Vital Fire Solutions Limited and County Durham and Darlington Fire and Rescue Service CIC. The preparation of Group Financial Statements eliminates the requirement for separate audits of the two companies.
9. The Statement of Accounts contains a great deal of detailed financial information. To assist in reading and interpreting the contents, Appendix 1 briefly explains the purpose of each section of the document.

### **Outturn Position**

10. The total net revenue expenditure for 2021/22 was £29.459M which was £121,000 more than the original budget of £29.338M. When the original budget was set the actual amount of grant due in relation to the business rates retention scheme was not known. The actual sum received was £121,000 greater than the amount included in the original budget which offset the £121,000 increase in net expenditure. Further information on the outturn position is set out in the separate outturn report.

### **Reserves**

11. The Authority's useable reserves totalled £5.750M on 31 March 2022, comprising of a general reserve of £1.510M (5% of net revenue expenditure) and earmarked reserves of £4.240M.

### **Recommendation**

12. Members are recommended to **approve** the Statement of Accounts for County Durham and Darlington Fire and Rescue Authority for the financial year ended 31 March 2022.

## Appendix 1

**STATEMENT OF ACCOUNTS – EXPLANATION**

| <b>Item</b>   | <b>Pages</b> | <b>Explanation of Purpose and Content</b>  |
|---|--------------|--|
| Narrative Report  | 2-11         | Summary of the most significant matters reported in the accounts and the overall financial position of the Fire Authority.                         |
| Independent Auditors' Report                                | 12-15        | On completion of the audit this sets out the auditor's comments  |
| Statement of Responsibilities for the Statement of Accounts | 16           | Sets out the responsibilities of the Authority and the Treasurer, and includes the Treasurer's certificate   |
| Group Accounts  | 17-22        | Consolidates the performance and balances of the two subsidiary companies - Vital Fire Solutions and the CIC into the statements of the Authority. |
| Movement in Reserves Statement                              | 23-24        | Summarises the movement on different reserves held by the Authority in the year  |
| Comprehensive Income and Expenditure Statement              | 25           | Discloses the income receivable and expenditure incurred in operating the Authority for the year   |
| Balance Sheet   | 26           | Sets out the financial position of the Authority as at 31st March 2019   |
| Cash Flow Statement   | 27           | Summarises the inflows and outflow of cash and cash equivalents arising from transactions with other parties for revenue and capital purposes      |
| Notes to the Core Financial Statements                      | 28-90        | Provides further information on significant items in the Core Financial Statements as required by the Code   |
| Pension Fund Account  | 91-92        | Sets out the financial position of the Fire Pension Fund   |