

Tayside Fire and Rescue Joint Board

Annual report on the 2011/12 audit



Prepared for Members of Tayside Fire and Rescue Joint Board and the Controller of Audit
October 2012

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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Key messages

2011/12 audit findings

We have given an unqualified opinion that the financial statements of Tayside Fire and Rescue Joint Board for 2011/12 give a true and fair view of the state of the affairs of the Board as at 31 March 2012 and of the income and expenditure for the year then ended.

The Board's balance sheet as at 31 March 2012 discloses an excess of liabilities over assets of £186.7 million due to the accrual of pension liabilities, however the constituent authorities have a legal obligation to meet the Board's liabilities and the Scottish Government has agreed to underwrite the pension liability on an annual basis.

The planned internal audit work was not carried out during 2011/12 and no overall opinion on the systems of internal financial control was provided by the Chief Internal Auditor. Our own review of the key financial systems used by the Board found that overall a satisfactory level of control was in place which enabled us to take assurance for our audit opinion.

The Board has a robust process in place for managing its assets and demonstrates a strong commitment to developing its workforce. It also has effective partnership working arrangements.

The Best Value audit report for Tayside Fire and Rescue was published in February 2012 and considered by the Board in March 2012. It highlights that Tayside Fire and Rescue provides a highly effective emergency response service but identifies several areas in its improvement agenda including how the Board carries out its governance and scrutiny roles. An action plan to address the findings has still to be approved.

Whilst the Board's outcomes against its strategic objectives in relation to home fire safety have improved, over the last five years the Board's Statutory Performance Indicator (SPI) in relation to accidental dwelling fires (rate of casualties) has been the highest in Scotland.

The current financial outlook across the public sector continues to be challenging and the Board's 2012/13 budgets reflect the economic position. A significant focus in the coming year will be on the move to a single service and the Board will need to ensure it balances this with delivery of its challenging final budget.

Outlook

The Scottish Fire and Rescue Service (SFRS) will become operational on 1 April 2013 following a merger of the existing eight fire and rescue services. A number of the current performance improvement actions being taken by the Board will be subsumed by the work on the national agenda for the SFRS. In addition there are a number of issues that remain to be resolved with regard to the procedures governing the signing of the 2012/13 accounts and the transferring of assets and liabilities to the SFRS. Negotiations with the Scottish Government are on-going to ensure a smooth transition.

Introduction

1. This report is the summary of our findings arising from the 2011/12 audit of Tayside Fire and Rescue Joint Board (the Board). The nature and scope of the audit were outlined in the Annual Audit Plan presented to the Board on 26 March 2012, and follow the requirements of the Code of Audit Practice prepared by Audit Scotland in May 2011. The purpose of the annual audit report is to summarise the auditor's opinions (i.e. on the financial statements) and conclusions, and to report any significant issues arising. The report is divided into sections which reflect the public sector audit model.
2. Appendix B is an action plan setting out the high level risks we have identified from the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "planned management action". We do not expect all risks to be eliminated or even minimised. What we expect is that the Board understands its risks and has arrangements in place to manage these risks. Members should ensure that they are satisfied with the proposed management action and have a mechanism in place to assess progress.
3. This report is addressed to members and the Controller of Audit and should form a key part of discussions with the Board as soon as possible after the formal completion of the audit of the financial statements. Reports should be available to the constituent councils, other stakeholders and the public, where appropriate. Audit is an essential element of accountability and the process of public reporting and this report will be published on our website after consideration by the Board.
4. The Board's management is responsible for preparing financial statements that show a true and fair view and for implementing appropriate internal control systems. The auditor is responsible for auditing and expressing an opinion on the financial statements. Weaknesses or risks identified by auditors are only those which have come to their attention during their normal audit work, and may not be all that exist. Communication by auditors of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control. The co-operation and assistance given to us by members and officers of the Board is gratefully acknowledged.

Financial statements

5. Audited bodies' financial statements are an essential part of accounting for their stewardship of the resources made available to them and their performance in the use of those resources.
6. Auditors are required to audit financial statements in accordance with the timescales set by Audit Scotland, which may be shorter than statutory requirements, and give an opinion on:
 - whether they give a true and fair view of the financial position of audited bodies and their expenditure and income
 - whether they have been properly prepared in accordance with relevant legislation, the applicable accounting framework and other reporting requirements.
7. Auditors review and report on, as appropriate, other information published with the financial statements, including the explanatory foreword, statement on the system of internal financial control and the remuneration report. Where required, auditors also review and report on the Whole of Government Accounts return. This section summarises the results of our audit on the financial statements.

Audit opinion

8. We have given an unqualified opinion that the financial statements of Tayside Fire and Rescue Joint Board for 2011/12 give a true and fair view of the state of the affairs of the Board as at 31 March 2012 and of the income and expenditure for the year then ended.

Legality

9. Through our planned audit work we consider the legality of the Board's financial transactions. In addition the Treasurer has confirmed that, to the best of his knowledge and belief, and having made appropriate enquiries of the Acting Chief Fire Officer and Senior Management Team, the financial transactions of the Board were in accordance with relevant legislation and regulations. There are no legality issues arising from our audit which require to be brought to members' attention.

Going concern

10. The Board's balance sheet as at 31 March 2012 discloses an excess of liabilities over assets of £186.7 million due to the accrual of pension liabilities in accordance with International Accounting Standard 19 (Employee Benefits). The Explanatory Foreword by the Treasurer to the Board and Note 3 to the accounts confirms that the Board has adopted a 'going concern' basis for the preparation of the financial statements as the constituent authorities have a legal obligation under the 1995 Combined Area Amalgamation Scheme Order to meet the Board's liabilities and the Scottish Government has agreed to underwrite the pension liability on an annual basis. We are satisfied, therefore, that the process which the Board has undertaken to consider the organisation's ability to continue as a going concern and the conclusion reached is reasonable.

11. Under the Police and Fire Reform (Scotland) Act 2012, the current eight fire and rescue authorities in Scotland will be reduced to one single service with effect from 1 April 2013. Although these changes are imminent, this is deemed to be a transfer to another public body (known as a machinery of government change) and as such the going concern basis is still valid.

Statement on the system of internal financial control

12. The Board included a statement on the system of internal financial control (SSIFC) within the audited financial statements in line with requirements of the Code of Practice on Local Authority Accounting in the United Kingdom. Whilst not mandatory the Code states that best practice would be to include an Annual Governance Statement (AGS). This requires fuller disclosure in accordance with the CIPFA/SOLACE *Delivering Good Governance in Local Government*. The Board may wish to consider adopting an AGS in the 2012/13 accounts.
13. The SSIFC reported that no material weaknesses had been identified during the course of the year. Assurances for this should include the annual assessment and year end opinion from internal audit. During 2011/12 no internal audit work was undertaken and no year end opinion was therefore provided.

Refer Action Plan no. 1

14. From our own testing of controls in place in the Board's key financial systems and consideration of the self assessment form used by officers to document assurances, we are satisfied with the disclosures made in the statement. However the process could be improved through internal audit's completion and reporting of planned work to allow the Board to obtain the necessary assurances.

Remuneration report

15. We are satisfied that the remuneration report has been prepared in accordance with the Local Authority Accounts (Scotland) Act 1985 and Scottish Government finance circular 8/2011. The disclosures within the 2011/12 financial statements include all eligible remuneration for the relevant Board officers and elected members.

Accounting issues

Accounts submission

16. The Board's unaudited financial statements were submitted to the Controller of Audit by the deadline of 30 June. A comprehensive working papers package was also available by that date. This enabled us to conclude the audit and certify the financial statements by the target date of 28 September 2012. The financial statements are now available for presentation to members and for publication.
17. Local authorities in Scotland are required to follow the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 (the 2011 Code). We are satisfied that the Board prepared the 2011/12 financial statements in accordance with the 2011 Code.

Presentational and monetary adjustments to the unaudited accounts

18. A number of presentational amendments were made to the accounts to better reflect the requirements of the 2011 Code but these did not impact on the financial position of the Board. All monetary errors identified as part of the audit were corrected in the audited accounts. None of these had any impact on the total comprehensive income and expenditure, net liabilities, total reserves or cash and cash equivalents at the end of the reporting period.

Pension costs

19. The Board is a member of the Tayside Superannuation Fund as administered by Dundee City Council. The Board participate in a number of Schemes, with uniformed staff participating in either the 1992 or the 2006 Firefighters Pension Scheme and support staff in the Local Government Pension Scheme (LGPS). All schemes are defined benefit schemes. In accordance with pensions accounting standard IAS19 'Employee Benefits' the Board has recognised its share of the net liabilities of the pension fund in the balance sheet. The valuation as at 31 March 2012 provided by the Board's actuary revealed that the pension liabilities of the Board were £211.7 million, an increase of £16.6 million from the previous year. The increase is due to changes in actuarial assumptions such as salary increases, mortality rates and rates of inflation. Actuarial assumptions in general were lower this year with the result that scheme liabilities increased.
20. There are a number of assumptions made by the actuary in calculating pension costs. However, we are not aware of the Board undertaking any confirmation that the assumptions applied are appropriate to local circumstances. We would highlight that actuarial reports are only advisory and the Board should confirm it is satisfied with the assumptions/rates used in these reports.

Refer Action Plan no. 2

Governance Arrangements

21. Our *Report on financial statements to those charged with governance* issued in September set out the matters arising from the audit of the financial statements for 2011/12. This report was addressed to the Performance Monitoring Sub-Committee as those charged with governance. We drew attention to those matters we consider worthy of note together with our proposed audit opinion on the 2011/12 financial statements, so that they could be considered before the financial statements were approved and certified. As there was no meeting of this sub-committee scheduled in September the report was considered by the Acting Chief Fire Officer, Treasurer and Convenor of the Board to agree the contents of the report prior to the accounts being signed. Consideration is being given to the timing of meetings for 2012/13.

Whole of Government Accounts

22. The whole of government accounts (WGA) are the consolidated financial statements for all branches of government in the UK. The Board submitted the consolidated pack to support its 2011/12 WGA return to the Scottish Government prior to the deadline of 29 July 2012. This has now been audited and the audited return submitted by the target date of 28 September.

Outlook

2012/13 budget

23. The current financial outlook across the public sector continues to be challenging. For the financial year 2012/13, the Board's revenue budget was set at £23.584 million, a reduction of 2.3% on the 2011/12 figure. The capital budget agreed for 2012/13 is £1.36 million. A significant focus in the coming year will be on the move to a single service and the Board will need to ensure it balances this with delivery of its challenging final budget. We will monitor progress on this as part of our 2012/13 audit.

Financial position

24. Audited bodies are responsible for conducting their affairs and for putting in place proper arrangements to ensure that their financial position is soundly based.
25. Auditors consider whether audited bodies have established adequate arrangements and examine:
 - financial performance in the period under audit
 - compliance with any statutory financial requirements and financial targets
 - ability to meet known or contingent, statutory and other financial obligations
 - responses to developments which may have an impact on the financial position
 - financial plans for future periods.
26. These are key areas in the current economic circumstances. This section summarises the financial position and outlook for the organisation.

Financial results

Budgetary control

27. The Board's net operating expenditure in 2011/12 was £24.146 million compared to the net budgeted expenditure of £24.140 million giving a net underspend of £0.006 million. In the Explanatory Foreword, the Treasurer explained the key variances against budgeted expenditure as follows:
 - employee costs were lower by £0.146 million mainly due to improved attendance management and vacancy management strategies
 - additional income of £0.084 million was received as a result of recharges to third parties for the provision of staff resources
 - an increase in the compensation provision for Retained Duty System employees of £0.071 million was made to address HMRC tax implications for these payments
 - additional investment of £0.149 million was made in property, plant protective clothing and equipment during the year when the Board recognised the savings/additional income being made.

28. The net operating expenditure of £24.146 million is different from the Net Cost of Services in the Comprehensive Income and Expenditure Statement of £23.799 million by £0.347 million. This is because reports prepared for the Board's monitoring purposes are prepared on a different basis from the accounting policies used in the financial statements, for example, capital investment is accounted for as it is financed, rather than when the assets are consumed and retirement benefits are based on cash flows rather than the current service costs of benefits accrued in the year. Note 7 to the accounts reconciles the figures in the budget performance report to the figures in the Comprehensive Income and Expenditure Statement.

Financial position

29. Under the Police and Fire Services (Finance) (Scotland) Act 2001, the Board is entitled to carry forward any unused amounts to the value of 3% of the contributions paid by constituent authorities in the year subject to a 5% limit on the cumulative balance. The Board can only exceed these percentages with the approval of the Scottish Ministers. At the start of 2011/12 the Board's general fund balance was £1.306 million amounting to 5.2% of the 2010/11 constituent council's requisitions and Ministerial approval for this level of carry forward was received in February 2011.
30. During 2011/12 the Board undertook a review of its reserves and agreed to hold a minimum balance of 2% of the 2011/12 requisitions figure amounting to £0.483 million, with the balance being returned to constituent authorities. As at 31 March 2012 the Board holds general reserves of £0.566 million of which £0.024 million is committed against known future liabilities.
31. Capital expenditure in 2011/12 totalled £2.330 million financed by capital grants and contributions of £1.357 million, disposal proceeds of £0.182 million with the balance of £0.791 million being funded from revenue.
32. The capital expenditure exceeded the overall capital budget of £2.062 million by £0.268 million as the Board used receipts, (which had not been anticipated) from the sale of a firefighting appliance, to fund the purchase of fire appliances and other support vehicles (£0.177 million over budget) and other equipment in the service. There was also an additional £0.065 million in relation to operational equipment funded through revenue.
33. Overall the Board is in a healthy financial position as it prepares for the move to a single service.

Asset management

34. The Board has a robust process for asset management in place and continues to assess areas for efficiencies. It has introduced an electronic asset management system that allows it to better manage the whole-life costs of assets and to streamline its operations. Along side this, the Board has continued to monitor its operational assets and by introducing an aerial rescue pump strategy has already delivered savings of £0.075 million. Other areas that have delivered efficiencies for the Board are in relation to energy efficiency, and the use of video conferencing facilities.

Workforce reduction

35. The Board has in place a People and Development Strategy 2011–14 and demonstrates a strong commitment to developing its workforce. This was validated through its Investors in People (IIP) and Healthy Working Lives Bronze award in 2010/11.
36. Since 2007, the workforce has fallen from 762 to 703 through a series of efficiency measures. The Board had no voluntary early release schemes during 2011/12.

Partnership working

37. The Board has effective partnership working arrangements and is actively involved in a number of arrangements with local community planning partners, other emergency services and with the voluntary sector. Work carried out through its local community safety partnerships in the Angus, Dundee City and Perth and Kinross council areas is highly valued by the relevant community safety partners.
38. In previous years, possible collaboration was considered in a number of areas, for example, a shared human resources service with Fife and Central Scotland Fire and Rescue services but this work was overtaken by work on the national reform agenda.

Outlook

Scottish Fire Service Reforms

39. The Scottish Fire and Rescue Service (SFRS) will become operational on 1 April 2013. On 16 August 2012, the Board's Acting Chief Fire Officer, Alasdair Hay was appointed as the Chief Fire Officer of the SFRS and will lead the process of merging the 8 regional fire authorities into the single service.
40. A number of the areas highlighted above will be subsumed by the work on the national agenda for the SFRS. In addition there are a number of issues that remain to be resolved with regard to the procedures governing the signing of the 2012/13 accounts and the transferring of assets and liabilities to the SFRS. Discussions are currently on-going with the Scottish Government to ensure a smooth transition will be possible.

Governance and accountability

41. The three fundamental principles of corporate governance – openness, integrity and accountability – apply to all audited bodies, whether their members are elected or appointed, or whether they comprise groups of people or an individual accountable officer.
42. Through its chief executive or accountable officer, each body is responsible for establishing arrangements for ensuring the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies usually involve those charged with governance (including audit committees or similar groups) in monitoring these arrangements.
43. Consistent with the wider scope of public audit, auditors have a responsibility to review and report on audited bodies' corporate governance arrangements as they relate to:
 - corporate governance and systems of internal control
 - the prevention and detection of fraud and irregularity
 - standards of conduct and arrangements for the prevention and detection of corruption
44. In this part of the report we comment on key areas of governance.

Corporate governance

Processes and committees

45. Effective scrutiny is central to good governance, with a significant role for members to scrutinise performance, hold management to account and support the modernisation agenda. The Board has oversight of financial resources and receives revenue and capital budgets monitoring which is reported quarterly.
46. The responsibilities of the Chief Fire Officer, Treasurer and the Tayside Fire and Rescue Board in relation to budget monitoring and review are set out in Financial Regulations.
47. The Board has a Performance and Monitoring Sub-committee with a remit to:
 - review the effectiveness of the Board's corporate governance arrangements
 - review adherence to management policy and to ensure compliance with any statutory requirements
 - to monitor the financial performance and to review the annual financial statements prior to submission to Audit Scotland
 - consider reports by the Board's external auditor.

48. The Performance and Monitoring Sub-committee is generally well attended by members and officers who respond to queries. This sub-committee met on three occasions in 2011/12 however there has not been a meeting held since January 2012. There is also no evidence to suggest that a review of the sub-committee against CIPFA's Audit Committee Principles to ensure that the scrutiny function of the Board is being carried out effectively.

Refer Action Plan no. 3

49. The Board's Code of Corporate Governance was approved in May 2004, however there is no evidence that this has been reviewed and updated to reflect current best practice for instance in relation to incorporate guidance in line with the 2008 CIPFA and SOLACE Guidance Note for Scottish Authorities – Delivering Good Governance in Local Government (2007). Given the move to the single service we do not anticipate any action by the Board but would expect current best practice to be reflected within developments being made in the single service.
50. The recent local government elections in May 2012 resulted in a number of new members to the Board. All members were invited to attend induction training in June 2012 to familiarise them with the operations of the Board.

Internal control

51. While auditors concentrate on significant systems and key controls in support of the opinion on the financial statements, their wider responsibilities require them to consider the financial systems and controls of audited bodies as a whole. However, the extent of this work should also be informed by their assessment of risk and the activities of internal audit.
52. As part of our work each year we look to take assurance from key controls within the Board's financial systems namely: general ledger, trade payables, trade receivables, payroll, cash and cash equivalents and capital accounting. Overall we found a satisfactory level of control was in place with only a few areas for improvement being flagged in appendix A. Having this assurance on the financial systems we were able to reduce the level of testing required in some areas during our review of the annual accounts.

Refer Action Plan nos. 4 to 6

53. As part of internal audit's approved 2011/12 annual plan, a review of administration controls operating within the payroll system was due to be undertaken and we had planned to place reliance on this work. The planned work was not carried out and therefore we were unable to place reliance on internal audit. To obtain the necessary assurances for the financial statements unplanned audit testing had to be undertaken in this area.

Refer Action Plan no. 1

54. Whilst there are elements of the Board's governance arrangements that are sound the paragraphs above highlight a number of areas for improvement. Weaknesses in governance were also highlighted in the Best Value report published in February 2012 (refer paragraphs 66 and 67).

Prevention and detection of fraud and irregularities

55. Audited bodies are responsible for establishing arrangements to prevent and detect fraud and other irregularity. Auditors review and report on these arrangements.
56. We found that Tayside Fire and Rescue Joint Board has appropriate arrangements in place to help prevent and detect fraud, inappropriate conduct and corruption. These arrangements include, for example, an anti-fraud and corruption strategy, a whistle blowing policy and codes of conduct for elected members and staff.

NFI in Scotland

57. Audit Scotland has coordinated another major counter-fraud exercise working together with a range of Scottish public bodies, external auditors and the Audit Commission to identify fraud and error. These exercises, known as the National Fraud Initiative in Scotland (NFI), are undertaken every two years as part of the statutory audits of the participating bodies. The latest exercise started in October 2010 and was reported upon in May 2012. The next round of NFI began in June 2012, and looks to expand the range of data sets and bodies.
58. The NFI works by using data matching to compare a range of information held on bodies' systems to identify potential inconsistencies or circumstances that could indicate fraud or error which are called 'matches'. Where matches are identified these are made available to bodies to investigate via a secure web application. Bodies investigate these and record appropriate outcomes based on their investigations
59. Previous NFI data matches have given assurance that the Board's internal control systems are operating effectively with very few data matches being highlighted. The Board has notified staff of the process for the next round of NFI and the data downloads for submission were undertaken in early October.

Standards of conduct and arrangements for the prevention/detection of bribery and corruption

60. Audited bodies are responsible for ensuring that their affairs are managed in accordance with proper standards of conduct and have proper arrangements in place for implementing and monitoring compliance with standards and codes of conduct, standing orders and financial instructions. Auditors consider whether bodies have adequate arrangements in place. Assurances have been received from the Treasurer in respect of the Board's responsibilities in relation to preventing and detecting fraud and other irregularities. We are not aware of any specific issues in relation to bribery and corruption that we need to identify in this report. We also noted that the Management Team regularly review changes in legislative requirements and as part of this have considered the impact of the Bribery Act 2010 which came into effect on 1 July 2011.

Best Value, use of resources and performance

61. Audited bodies have a specific responsibility to ensure that arrangements have been made to secure Best Value.
62. The Local Government (Scotland) Act 1973 places a duty on the auditors of local government bodies to be satisfied that proper arrangements have been made for securing Best Value and complying with responsibilities relating to community planning and to report on progress against BV improvement plans. Auditors of local government bodies also have a responsibility to review and report on the arrangements that specified audited bodies have made to prepare and publish performance information in accordance with directions issued by the Accounts Commission.
63. As part of their statutory responsibilities, the Auditor General and the Accounts Commission may procure, through Audit Scotland, examinations of the use of resources by audited bodies and publish reports or guidance. Auditors may be requested from time to time to participate in:
 - a performance audit which may result in the publication of a national report
 - an examination of the implications of a particular topic or performance audit for an audited body at local level
 - a review of a body's response to national recommendations.
64. During the course of their audit appointment auditors should also consider and report on progress made by audited bodies in implementing the recommendations arising from reviews in earlier years.
65. This section includes a commentary on the Best Value/ performance management arrangements within the Board. We also note any headline performance outcomes/ measures used by the Board and any comment on any relevant national reports and the body's response to these.

Management arrangements

Best Value

66. The Best Value audit of the eight fire and rescue authorities was carried out during 2011 and the report for Tayside Fire and Rescue was published in February 2012. The report highlights that Tayside Fire and Rescue provides a highly effective emergency response service but identifies several areas in its improvement agenda including how the Joint Fire and Rescue Board carries out its governance and scrutiny roles.

67. The report was considered at a Board meeting in March 2012 where the development of an action plan to address the issues was approved. This action plan has yet to be developed and approved by the Board.

Refer Action Plan no. 7

Performance management

68. The Board published its annual performance report *Towards a Safer Tayside 2011-12* in June 2012. This detailed the performance of the Board against 8 strategic objectives under four headings: prevention, intervention, people and performance. The annual performance cycle starts with the departmental performance analysis for the year from which an action plan is developed. The service plans are prepared and data on the performance against the service plans is collated every month. Quarterly Activity Reports as well as annual performance reports, stakeholder consultation reports and action plans are published on the Board's website at www.taysidefire.gov.uk.
69. The prescribed Statutory Performance Indicators (SPIs) contained in the Accounts Commission's 2008 Direction were submitted to Audit Scotland by the 31 August 2012 deadline. The information and arrangements in place for the collation and checking of data for fire service specific indicators were adequate subject to the issues highlighted below. This information is gathered through a UK-wide performance management system called IRS (Incident Reporting System).
70. When calculating the rate of fire casualties (per 10,000 population) the IRS includes first aid given on site. However, per the Statutory Performance Indicators definition this should be excluded. This has resulted in a significant increase in the number and rate of casualties recorded by the Board this year.
71. The data for sickness absence for the riders shifts lost due to sickness absence or light duties, was incorrect in the initial submission and has subsequently been amended. This error was not identified prior to submission due to changes in officers duties and explanations for trend anomalies not being investigated.

Refer Action Plan No. 8

Overview of performance in 2011/12

Tayside Fire and Rescue Service's performance measurement outcomes

72. Overall the Board's performance outcomes against its strategic objectives have improved in 2011/12. Some of the measures of performance achieved or exceeded in the year include:
- the target of home fire safety visits of 15,000 has been exceeded by 420;
 - there has been a reduction of fires in people's homes by 6% over the last 5 years;
 - there was a decrease in the number of malicious calls to 2% of total calls received contributed to by the community safety engagement.

- 73. The Board currently has the Bronze Award for Healthy Working Lives and is working towards achieving a Silver Award.
- 74. Due to the impending merger of the eight Scottish fire services into a single fire service, some of the longer term targets, such as looking at alternative duty systems to realise savings and shared service options, have been suspended.

Statutory performance indicators

- 75. The results of the statutory performance indicators are outlined in the following paragraphs. Additional information and local performance indicators on community fire safety are published in the *Towards a Safer Tayside 2011/12* report.

Community Fire Safety

- 76. The rate per 10,000 population of fire incidents resulting in casualties has increased to 2.2 (2.0 in 2010/11) and the rate of fatal and non-fatal casualties increased to 3.2 (2.4 in 2010/11). Whilst this increase is mainly due to the change to using the national performance reporting system which does not record incidents/casualties in line with the statutory definition (see paragraph 70) it is of note that the rate of casualties in Tayside is the highest in Scotland. The average rate per 10,000 population of fire incidents resulting in casualties in Scotland was 1.4 and the rate of fatal and non-fatal casualties was 1.9 in 2011/12.
- 77. Despite a slight rise this year, the rate of accidental dwelling fires has fallen over the past 5 years from 11.6 per 10,000 of the population in 2007/08 to 10.5 in 2011/12. However, with the exception of 2010/11, this SPI has been the highest in Scotland in the last five years (2011/12 average - 9.5 per 10,000 population).

Sickness absence

- 78. The days lost due to sickness and light duties during the year per uniformed staff had decreased from 8.1 days in 2010/11 to 6.0 days in 2011/12. There has also been a decrease in overall sickness days from 4.9 to 3.5 days. These compare favourably with other Boards with the national average being 7.2 and 6.8 respectively. This reflects the Board's active management of sickness absence.

National performance reports

- 79. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. Reports of direct interest to the Board in the last year include the eight best value reports on fire and rescue services, an overview of local government in Scotland - challenges and change in 2012; Scotland's Public Finances 2 - addressing the challenges; and The role of community planning partnerships in economic development.
- 80. We noted that there is no formal process for ensuring national reports which may be of interest are notified to members of the Performance Monitoring Sub-committee or the Board.

Refer Action Plan no. 9

81. In line with Audit Scotland's strategy to support continuous improvement through the audit process and to maximise the impact of national performance audits we reviewed the consideration and action taken by the Board in response to *Scotland's Public Finances 2 - Addressing the challenges* which was issued in August 2011.
82. We noted that, whilst this report was relevant to all public bodies in Scotland, officers felt there were no specific areas which were of particular relevance to Tayside Fire and Rescue Joint Board and which would have enhanced the service planning process. The focus for the Board was split between the reform agenda currently in the process of being implemented and maintaining the highest standards of community safety and emergency response services to the communities of Tayside.

Outlook

83. The Accounts Commission has developed an audit approach for the audit of Community Planning Partnerships. This approach is being piloted in the autumn of 2012 and rolled out across the sector thereafter.

Appendix A: audit reports

External audit reports and audit opinions issued for 2011/12

Title of report or opinion	Date of issue	Date presented to Performance Monitoring Sub-Committee /Board
Annual Audit Plan	8 March 2012	26 March 2012
Report on financial statements to those charged with governance	6 September 2012	19 November 2012
Audit opinion on the 2011/12 financial statements	14 September 2012	19 November 2012
Report to Members on the 2011/12 audit	29 October 2012	19 November 2012

Appendix B: action plan

Key Risk Areas and Planned Management Action

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
1	13 53	<p>There was no internal audit work undertaken on the Board's financial systems during the year. There was also no annual assurance from the Chief Internal Auditor considered by members in relation to the Board's internal financial control systems. In 2011/12 the internal audit service was restricted to a review of a self assessment checklist completed by officers and progress made on previous audit recommendations.</p> <p>Risk: <i>Weaknesses in internal financial controls are not detected or remedied timeously.</i></p>	The Chief Internal Auditor has agreed an audit plan for 2012/13 and has undertaken to fulfil this plan before 31 March 2013.	Chief Internal Auditor, Perth & Kinross Council	31/03/13
2	20	<p>The Board does not confirm the assumptions made by the actuary in calculating pension costs reflect local circumstances and experience.</p> <p>Risk: <i>Actuarial assumptions may not be relevant to or reflect the experience of the Board resulting in a misstatement of the financial statements.</i></p>	This will be introduced as part of the 2012/13 final accounts process, to ensure that pension figures in the 2012/13 accounts reflect local rather than national circumstances and experience where possible.	Finance Manager	31/05/13

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
3	48	<p>There is no evidence to support that the Performance and Monitoring Sub-committee has been assessed against CIPFAs Audit Committee Principals.</p> <p>Risk: <i>The Board's scrutiny function is ineffective and therefore controls weaknesses or financial anomalies are not readily identified and addressed.</i></p>	<p>The Board acknowledges and recognises the importance of assessing committees against CIPFA's Audit Committee Principals. However, the Board does not intend to pursue this in the time remaining in this financial year due to the dissolution of the Board on 31 March 2013. However, it will recommend to the new single service taking this action point forward for their action.</p>	N/A	N/A
4	52	<p>Back-up tapes are not routinely tested to ensure that they are fit for purpose.</p> <p>Risk: <i>Disaster recovery arrangements do not allow business continuity.</i></p>	<p>A Disaster Recovery paragraph will be added to the existing Information Management Security policy and will encompass the regular testing of back-up tapes to ensure they are fit for purpose.</p>	ICT Manager	31/10/12
5	52	<p>Access to the main systems is password controlled to ensure clear accountability and security of the system. However there is no limit to the number of attempts that can be used before a user is blocked.</p> <p>Risk: <i>Automated password 'hacking' could be used to access the Board's systems.</i></p>	<p>Protection against mass attack has been implemented. Users will be locked out after 10 unsuccessful login attempts.</p>	ICT Manager	Completed

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
6	52	<p>In the trade payable system there is no evidence of independent checks for changes to supplier data. Our review confirmed however that this weakness in internal control had not resulted in inaccuracies or inappropriate changes in 2011/12.</p> <p>Risk: <i>Inaccurate or inappropriate changes are made to the trade payable system without being timeously detected.</i></p>	<p>Changes to supplier data are carried out infrequently and only as a result of some form of written evidence, eg, email, letter, change of circumstances notified on an invoice. However, the Board acknowledges that this would be a useful additional check and arrangements will be put in place to ensure that any amendments are independently checked by a suitable manager.</p>	Finance Manager	31/10/12
7	67	<p>An action plan in relation to the Best Value review for Tayside Fire and Rescue Service (published in February 2012) has not been developed or approved by the Board.</p> <p>Risk: <i>The Board is not delivering best value.</i></p>	<p>An action plan was not formally required as an outcome of this best value review. However, as a result of the review findings, actions have already been taken to increase the Members' scrutiny skills, namely Joint Fora Training Days designed to give Members awareness of their governance responsibilities.</p>	N/A	N/A

