

Highland and Islands Fire Board Audit Working Group

Minutes of Meeting of the Highland and Islands Fire Board Audit Working Group held in Council Headquarters, Glenurquhart Road, Inverness on Monday, 3 November 2008 at 1.00 p.m.

Present:

Representing The Highland Council: Provost J Gray
Mr R Balfour

Representing Comhairle nan Eilean Siar: Mr P Carlin

Representing Shetland Islands Council: Mr A Duncan

Representing Orkney Islands Council: Mr A Drever

Officials in attendance:

Mr T Wood, Deputy Chief Fire Officer
Mr H Henny, Assistant Chief Fire Officer
Mr A MacAllister, Fire and Rescue Service (HIFRS) Head of Corporate Services
Mr M Jenks, HIFRS Finance Manager
Mrs M Grigor, Treasurer's Office
Ms L Lee, Clerk's Office

Also in attendance:

Mr R Clark, Senior Audit Manager, Audit Scotland

Mr A Drever in the Chair

1. Report to Members and Controller of Audit on the 2007/08 Audit

There had been circulated Report No. Aud05/08 by the Senior Audit Manager for Audit Scotland summarising Audit Scotland's findings from their 2007/08 audit of the Highland and Islands Fire Board. An action plan setting out the key risks identified by the audit and detailing the agreed management response was appended to the report. The Statement of Accounts for 2007/08 was also circulated.

The Senior Audit Manager drew attention to a number of points contained in his report, including:

- that the Board's financial statements for 2007/08 had been given an unqualified opinion by Audit Scotland
- that although the Board's net liabilities were recorded as £51.58m, this was due to a technical accounting requirement (Financial Reporting Standard 17) which required the Board's pension liabilities to be shown in the year they were earned – in practice, pensions were paid by the Constituent Authorities as they fell due

- the adjustments which had been made to the accounts since the unaudited accounts were prepared, none of which had had a significant effect on the accounts
- that there were no material issues in relation to the audit reports provided to the Board by Highland Council's internal audit section (reviewing and evaluating the effectiveness of the Board's internal control system); however, only two of the six audits proposed by the internal audit section for 2007/08 had been carried out; the Senior Audit Manager had concluded that there were no reports issued by internal audit on 2007/08 on which he wished to place reliance in arriving at his opinion on the financial statements – should the proposed internal audit work for 2008/09 not take place as planned, Audit Scotland would have to do additional work with a possible increase in its fee
- a number of positive comments taken from the 2006 report by the Accounts Commission: Review of Service Reform in Scottish Fire and Rescue Services; arising from this report the Senior Audit Manager suggested there was scope to improve the contextual information in the Service's Public Performance Report.

With regard to the adjustments made to the unaudited accounts, reference was made by the Senior Audit Manager to an instance where payment had been made to a contractor prior to completion of works, with the works subsequently having been found to be faulty, Members commented that, while it was normal practice to pay in advance for bespoke work, where possible such payments should be made in part only, rather than in full. The Senior Audit Manager confirmed that the advance payment had not breached financial regulations or acceptable practice. Members were advised that the Highland Council Housing and Property Service was working to resolve the dispute and a positive outcome was expected.

In response to a further question regarding the adjustments made to the unaudited accounts, Mrs M Grigor explained that the figures relating to gain on the sale of Lerwick Fire Station had been revised following the identification of the Old Lerwick Fire Station in the asset register, it previously having been recorded within the record for the current Lerwick Fire Station.

The Working Group **NOTED:**

- i. the Senior Audit Manager's report for the year to 31 March 2008;
- ii. the commitments undertaken by Officials in response to the Auditor's Action Plan; and
- iii. the Statement of Accounts for 2007/08.

2. Future Audit Scotland Studies and Proposed External Audit Work

There had been circulated Report No. Aud06/08 comprising a letter dated 23 September 2008 from the Senior Audit Manager setting out Audit Scotland's planned audits of the Fire Service over the coming 12-18 months. The letter had been written in response to concerns raised at the previous meeting of the Working Group on 29 August 2008.

The Assistant Chief Fire Officer thanked the Senior Audit Manager for the clarification, but pointed out that the Service was also subject to audits by the Scottish Fire and Rescue Advisory Unit (SFRAU) (previously Her Majesty's Inspectorate of Fire and Rescue Services – HMIFRS), and by a number of other agencies. Recent audits had included Equalities and Diversity, undertaken by SFRAU, and offshore fire fighting, undertaken by the Marine Incident Response Unit (MIRG). In answer to points raised, the Senior Audit Manager gave an assurance that, whilst there was no overall body co-

ordinating the audits from different sources, Audit Scotland did discuss the proposed audits with the various bodies concerned and duplication was minimised. He also stressed that the Service was unlikely to be subject to the forthcoming Best Value audit until 2010 at the earliest.

The Vice Convener commented that, whilst audits and scrutiny were welcome, there needed to be an awareness that these could take up a considerable amount of officers' time.

The Working Group **NOTED** the position.

3. Operational Assessment of Service Delivery

The Assistant Chief Fire Officer gave a verbal update on progress with the Operational Assessment of Service Delivery audit being undertaken by the Scottish Fire and Rescue Advisory Unit (SFRAU) during 2008. Work undertaken to date included:

- completion by the Service of a full and complex self-assessment questionnaire covering:
 - risk analysis
 - operational preparedness
 - incident support
 - emergency response
- SFRAU verification of the data provided
- visit by 6 auditors during the week commencing 20 October 2008, involving all senior Fire and Rescue Service staff, representatives of staff groups and some stations.

The audit had been intensive and was now complete. SFRAU would provide the Service with a draft report and recommendations in the near future, which the Service would check for accuracy. The final report was expected to be published by December 2008 and would be in the public domain.

Members commented that it was important for there to be clear recognition in the report of the differences in providing a Fire Service in urban and rural areas. Any generalisations in the report should be qualified by context relevant to the Service area.

The Working Group **NOTED** the information given and that:

- i. any recommendations contained in the report would be incorporated into the Service Planning process; and
- ii. the report would be brought to the Audit Working Group at its meeting on 9 January 2009, and submitted thereafter to the Board on 28 January 2009.

4. Fire Incident in Shetland

At the request of Mr A Duncan, speaking on behalf of Mr A Cooper also, the Deputy Chief Fire Officer undertook to forward the Shetland Board Members' comments commending the actions and professionalism of the Fire Officers who had attended a recent tragic incident at Brae.

The meeting ended at 1.40 p.m.