

Report to those charged with governance on the Tayside Fire and Rescue Board 2012/13 audit

Committee :	Audit Committee, Perth & Kinross Council
Date:	25 September 2013
Location:	Perth

Background

1. International Standard on Auditing (UK and Ireland) 260 (ISA 260) requires auditors to report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
2. The Police and Fire Reform (Scotland) Act 2012 wound up Tayside Fire and Rescue Board on 31 March 2013 and transferred the Board's functions to the new Scottish Fire and Rescue Service. Residual accounting and reporting obligations were transferred to Perth & Kinross Council and we are therefore reporting to its Audit Committee as those charged with governance.
3. This report sets out the matters arising from the audit of the financial statements for 2012/13 that require to be reported under ISA 260. We are drawing to your attention those matters we think are worthy of note, so that you can consider them before the financial statements are approved and certified. It should be noted that the audit opinion reflects recent discussions with management and is subject to satisfactory conclusion of any outstanding matters.
4. We also present for your consideration our draft annual report on the 2012/13 audit which identifies findings, where appropriate from the financial statements audit.

Status of the work

5. Our work on the financial statements is now substantially complete. The issues arising from the financial statements audit were included in a matters arising schedule issued to officers on 20 August and discussed at a meeting on 23 August.

Fraud

6. In presenting this report to the Audit Committee we seek confirmation from those charged with governance of any instances of fraud that have arisen that should be brought to our attention. A specific confirmation from management in relation to fraud has been included in the draft letter of representation.

Audit opinion and representations

7. We anticipate being able to issue an unqualified auditor's report on 25 September (the proposed report is attached at Appendix A). There are no anticipated modifications to the audit report.
8. There are no unadjusted misstatements to bring to your attention. A few presentational amendments were made to the unaudited accounts however these had no impact on either the comprehensive income & expenditure statement or the balance sheet.
9. As part of the completion of our audit we seek written assurances from the Accountable Officer on aspects of the financial statements and judgements and estimates made. A draft letter of representation under ISA580 is attached at Appendix B. This should be signed and returned by the Accountable Officer with the signed financial statements prior to the independent auditor's opinion being certified.

Matters arising

10. There are no outstanding matters. However in our view, the following issue requires to be brought to your attention regarding the appropriateness of accounting policies or accounting estimates and judgements, the timing of transactions, the existence of material unusual transactions or the potential effect on the financial statements of any uncertainties.
11. **Going Concern:** The Board's balance sheet as at 31 March 2013 discloses an excess of liabilities over assets of £207.9 million (2011/12: £186.7 million) due to the accrual of pension liabilities in accordance with International Accounting Standard 19 (Employee Benefits). The Explanatory Foreword by the Head of Finance on page 6 and Note 3 to the accounts confirms that the Board has adopted a 'going concern' basis for the preparation of the financial statements. The Scottish Government, under the Police and Fire Reform (Scotland) Act 2012 has a legal obligation to provide the service with the funding it needs in the future to meet all pension liabilities as and when they fall due. We are satisfied, therefore, that the process which the Board has undertaken to consider the organisation's ability to continue as a going concern is reasonable.
12. The attached draft annual report on the 2012/13 audit will be updated to reflect the impact of any unresolved matters prior to issue in final form e.g. audit opinion. This report is attached at Appendix C.

APPENDIX A: Proposed Independent Auditor's Report

Independent auditor's report to the members of Perth & Kinross Council and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Tayside Fire and Rescue Board for the year ended 31 March 2013 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, and Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (the 2012/13 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Responsible Financial Officer and auditor

As explained more fully in the Statement of the Board's and Responsible Officer's Responsibilities for the Statement of Accounts, the Head of Finance for Perth & Kinross Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Finance for Perth & Kinross Council; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the statement of accounts to identify material inconsistencies with the audited

financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2012/13 Code of the state of the affairs of Tayside Fire and Rescue Board as at 31 March 2013 and of the income and expenditure of Tayside Fire and Rescue Board for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2012/13 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 1985; and
- the information given in the Explanatory Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Statement on the System of Internal Financial Control does not comply with the 2012/13 Code; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Pearl Tate

Senior Audit Manager
Audit Scotland
18 George Street
Edinburgh
EH2 2QU

Xx September 2013

Appendix B: ISA 580 - Letter of Representation

Pearl Tate
Senior Audit Manager
Audit Scotland
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EH2 2QU

Dear Pearl

Tayside Fire and Rescue Board

Annual Accounts 2012/13

1. This representation letter is provided in connection with your audit of the financial statements of Tayside Fire and Rescue Board (the Board) for the year ended 31 March 2013 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the Board, as at 31 March 2013 and its income and expenditure for the year then ended.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Management Team and the Board, the following representations given to you in connection with your audit of the Board for the year ended 31 March 2013.

General

3. I acknowledge my responsibility and that of Perth & Kinross Council for the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by the Board have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.
4. The information given in the statement of accounts, including the Explanatory Foreword and Remuneration Report, presents a balanced picture of the Board and is consistent with the financial statements. I am not aware of any uncorrected misstatements.

Legality of Financial Transactions

5. The financial transactions of Tayside Fire and Rescue Board are in accordance with the relevant legislation and regulations governing its activities. All known or possible non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed to you, together with the actual or contingent consequences which may arise.

Financial Reporting Framework

6. The financial statements have been prepared in accordance with Code of Practice on Local Authority Accounting in the United Kingdom 2012/13, and in accordance with the requirements of

Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and the Local Authority Accounts (Scotland) Regulations 1985 including all relevant presentation and disclosure requirements.

7. Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and state of affairs of Tayside Fire and Rescue Board for the year ended 31 March 2013.

Accounting Policies & Estimates

8. All material accounting policies adopted are as shown in the Statement of Accounting Policies included in the financial statements. The continuing appropriateness of these policies has been reviewed since the introduction of IAS 8 and on a regular basis thereafter, and takes account of the requirements set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.
9. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

Going Concern

10. I have assessed the Board's ability to carry on as a going concern, as identified in the Statement of Accounting Policies, and have disclosed, in the financial statements, any material uncertainties that have arisen as a result. The functions of the Board have transferred to the new Scottish Fire and Rescue Service and a going concern basis has therefore been followed for the production of the accounts.

Related Party Transactions

11. All transactions with related parties have been disclosed in the financial statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of IAS24, as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Events Subsequent to the Balance Sheet Date

12. There have been no material events since the date of the Balance Sheet which necessitate revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.
13. However, it should be noted that under the Police and Fire Reform (Scotland) Act 2012 the Board was dissolved at midnight on 31 March 2013, at which point a single national service took over responsibility for fire and rescue service delivery throughout Scotland.
14. Since the date of the Balance Sheet no other events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice.

Corporate Governance

15. I acknowledge as Section 95 Officer my responsibility for the corporate governance arrangements. I confirm that I have disclosed to the auditor all deficiencies in internal control of which I am aware.
16. The corporate governance arrangements have been reviewed and the disclosures I have made are in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13. There have been no changes in the corporate governance arrangements or issues identified, since the 31 March 2013, which require disclosure.

Fraud

17. I have considered the risk that the financial statements may be materially misstated as a result of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

Assets

18. The assets shown in the Balance Sheet at 31 March 2013 were owned by the Board, other than assets which have been purchased under operating leases. Assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

Liabilities

19. All liabilities have been provided for in the books of account, including the liabilities for all purchases to which title has passed prior to 31 March 2013.

Carrying Value of Assets and Liabilities

20. The assets and liabilities have been recognised, measured, presented and disclosed in accordance with Code of Practice on Local Authority Accounting in the United Kingdom 2012/13. There are no plans or intentions that are likely to affect the carrying value or classification of the assets and liabilities within the financial statements.

Provisions

21. Provisions have been made in the financial statements for all material liabilities which have resulted or may be expected to result, by legal action or otherwise, from events which had occurred by 31 March 2013 and of which the Board could reasonably be expected to be aware. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the present obligation at 31 March 2013.

Other Matters

22. Except as disclosed in the financial statements, the results for the period were not materially affected by
 - transactions of a sort not usually undertaken by Tayside Fire and Rescue Board;
 - circumstances of an exceptional or non-recurrent nature;
 - charges or credits relating to prior periods;
 - any change in the basis of accounting.

Yours sincerely

John Symon
Head of Finance
Perth & Kinross Council

Appendix C

Tayside Fire and Rescue Board

Draft Annual report on the 2012/13 audit



Prepared for Members of Perth & Kinross Council and the Controller of Audit for Scotland
September 2013

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

We have given an unqualified opinion that the financial statements of Tayside Fire and Rescue Board for 2012/13 give a true and fair view of the state of the body's affairs and of its net expenditure for the year.

The Police and Fire Reform (Scotland) Act 2012 wound up Tayside Fire and Rescue Board on 31 March 2013 and transferred the Board's functions to the Scottish Fire and Rescue Service. The Board therefore ceased to exist as a separate legal entity at midnight on 31 March 2013 and all assets, liabilities, interests and obligations transferred to the Scottish Fire and Rescue Service (classified as a machinery of government change).

The Board's Balance Sheet at 31 March 2013 had an excess of liabilities over assets largely due to pension commitments. However we are satisfied that the process which the Board has undertaken to consider the organisation's ability to continue as a going concern is reasonable as the Scottish Government has a legal obligation to provide the service with the funding it needs in the future to meet all pension liabilities as and when they fall due.

An annual report giving the Chief Internal Auditor's overall opinion on the systems of internal financial control was not considered by those charged with governance. Our 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.

On the basis of the audit testing undertaken, there were no issues of concern in relation to the operation of the Board's corporate governance arrangements.

An overview report on *Best Value in fire and rescue services in Scotland* was issued in July 2012 by the Accounts Commission. It focused on the opportunities and challenges facing fire and rescue in moving towards the new Scottish Fire and Rescue Service (SFRS), which came into operation on 1 April 2013. The new service will be subject to scrutiny by Her Majesty's Fire Service Inspectorate in Scotland (HMFSI) and the Auditor General for Scotland. Audit Scotland is working with HMFSI on an early inspection of SFRS.

Introduction

1. The Police and Fire Reform (Scotland) Act 2012 wound up Tayside Fire and Rescue Board on 31 March 2013 and transferred the Board's functions to the new Scottish Fire and Rescue Service (SFRS). Residual accounting and reporting obligations were transferred to Perth & Kinross Council which had previously been the lead authority for financial advice and support to the outgoing board.
2. This report is the summary of our findings arising from the 2012/13 audit of Tayside Fire and Rescue Board. The purpose of the report is to set out concisely the scope, nature and extent of the audit. It summarises our opinions (i.e. on the financial statements) and conclusions on significant issues arising.
3. The report also reflects our overall responsibility to carry out an audit in accordance with the public sector audit model which is based on the Code of Audit Practice prepared by Audit Scotland (May 2011). This sets out the wider dimensions of the public sector audit which involves not only the audit of the financial statements but also consideration of areas such as financial performance and corporate governance. An audit of the financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements prepared by management; however this does not relieve management of their responsibilities in this respect.
4. This report is also addressed to the Controller of Audit and will be published on our website after consideration by Perth & Kinross Council's Audit Committee.

Acknowledgements

5. We would like to express our thanks to the staff of the Board for their help and assistance during the audit of this year's financial statements which has enabled us to provide an audit report within the agreed timetable.

Financial statements

Conduct and scope of the audit

6. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in the Annual Audit Plan presented to the Board on 25 March, and follow the requirements of the Code of Audit Practice prepared by Audit Scotland in May 2011.
7. As part of the requirement to provide full and fair disclosure of matters relating to our independence we can confirm that we have not undertaken non-audit related services. The 2012/13 agreed fee for the audit was disclosed in the Annual Audit Plan and remains unchanged.

Audit opinion & accounting issues

8. We have given an unqualified opinion that the financial statements of Tayside Fire and Rescue Board for 2012/13 give a true and fair view of the state of the body's affairs and of its net expenditure for the year. The audit opinion was formally issued and signed on **25 September 2013**.
9. We received the unaudited financial statements on 25 June 2013 in accordance with the agreed timetable. The working papers were of a high standard and the staff provided good support to the audit team to enable us to complete our on-site fieldwork by early July. The Board is required to follow the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 and we can confirm that the financial statements have been properly prepared in accordance with these accounting requirements.

Significant findings

10. During the course of the audit we identified a few issues regarding the appropriateness of accounting policies or accounting estimates and judgements, the timing of transactions, the existence of material unusual transactions or the potential effect on the financial statements of any uncertainties.

Going concern

11. The Board's balance sheet as at 31 March 2013 discloses an excess of liabilities over assets of £207.9 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 Scottish Government, under the Police and Fire Reform (Scotland) Act 2012, has a legal obligation to provide the service with the funding it needs in the future to meet all pension liabilities as and when they fall due.

12. The accounts detail the Police and Fire Reform (Scotland) Act 2012 as an event taking place after the balance sheet date whereby all existing Fire and Rescue Joint Boards in Scotland ceased to exist as separate legal entities at midnight on 31 March 2013 and all assets, liabilities, interests and obligations transferred to the SFRS. Note 5 to the accounts highlight that it is still appropriate to adopt a going concern basis for the preparation of the Board's financial statements as the changes being implemented are a transfer from one public body to another, which is classified as a machinery of government change.
13. 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.

Statement on the system of internal financial control

14. 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. 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. The Chief Internal Auditor's opinion has not been formally reported in an annual assessment but it is detailed in the SSIFC that *"on the basis of a review of policies and procedures in place and the work completed during 2012/13, including a review of the Board's implementation of agreed actions from previous years' audits, reasonable reliance can be placed on the Board's system of overall internal financial control"*.

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 2012/13 financial statements include all eligible remuneration for the relevant officers and Board members.
16. The exit packages disclosed in the Remuneration Report relate to severance agreements reached with ten individuals. A voluntary severance scheme had been agreed which identified nine posts surplus to the requirements of the Scottish Fire and Rescue Service (SFRS) when it took over its full range of powers on 1 April 2013. The Scottish Government funded the costs (£0.348 million) associated with redundancy and additional cost of paying pensions early for these posts. The other voluntary severance agreement related to efficiencies identified by the Board during the year. The £0.672 million expenditure detailed in the remuneration report relates to the costs of these ten exit packages evaluated on an actuarial basis in accordance with International Accounting Standard 19 (Employee Benefits).

Legality

17. Through our planned audit work we consider the legality of the Board's financial transactions. The Head of Finance has confirmed that, to the best of his knowledge and belief, and having

made appropriate enquiries that 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.

Financial position

Financial results

18. The Board's net expenditure before receipt of requisitions in 2012/13 was £23.513 million compared to the net budgeted expenditure of £23.584 million giving a net underspend of £0.071 million. In the Explanatory Foreword, the Head of Finance outlines the key variances against budgeted expenditure including:
 - additional income to reimburse salary costs for employees seconded to assist with the national fire reform
 - voluntary severance costs of £0.348 million funded through the Scottish Government's scheme
 - additional spend to purchase or maintain equipment to ensure there was no negative impact on operational activities
19. The net expenditure differs from the Net Cost of Services in the Comprehensive Income and Expenditure Statement of £22.872 million by £0.641 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.
20. Capital expenditure in 2012/13 totalled £1.649 million financed by capital grants of £1.354 million, disposal proceeds of £0.041 million with the balance of £0.254 million being funded from revenue.

Financial position

21. In 2012/13 the usable reserve balance was adjusted to nil in the accounts to reflect the agreement for the repayment of the £0.6 million uncommitted reserves to the constituent councils.
22. The Board's balance sheet at 31 March 2013 had net liabilities of £207.9 million due largely to the requirements of IAS 19 (employee benefits) which requires the full pension obligations to be recognised in the year they are earned. The pension liabilities of the Board at 31 March 2013 were £230.9 million. In addition to the pension liability there was a £4.2 million liability for the IAS 19 adjustments for injury benefits. These technical accounting requirements have no impact on the underlying basis for meeting current and on-going pension/injury benefit liabilities which will be met, as they fall due, by the SFRS from 1 April 2013.
23. As at 31 March 2013 the Board had significant cash & cash equivalent balances. These balances had been accumulated to allow the Board to pay its short term borrowing prior to

transfer of functions to SFRS. However the repayment of borrowing was subsequently not required prior to 31 March 2013. This resulted in the Board having a significant level of short term borrowing (£8.8 million) and cash & cash equivalents (£5.5 million) as at 31 March 2013.

Corporate governance and systems of internal control

Overall governance arrangements

24. The Code of Audit Practice gives auditors a responsibility to review and report on audited bodies' corporate governance arrangements and overall we found the Board had sound governance arrangements in place.

Accounting and internal control systems

25. 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.
26. No material weaknesses in the accounting and internal control systems were identified during the audit which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.
27. Internal audit is an important element of the Board's governance structure. Our review established that the work of internal audit is satisfactory. Our Annual Audit Plan indicated that we intended to place formal reliance on internal audit's review of payroll for our assurances for the financial statements. However due to the timing of internal audit's work 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.

NFI in Scotland

28. 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 January 2013 but is not due to report until May 2014.
29. 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. With regard to the Board there were a number of matches identified. All the Board matches have been investigated and cleared with no fraud or irregularities highlighted.

Standards of conduct and arrangements for the prevention and detection of fraud and irregularity

30. 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. In our opinion the overall arrangements in place are satisfactory, although it should be noted that no system can eliminate the risk of fraud entirely.

Performance

Best value

31. In July 2012, the Accounts Commission published its overview report on *Best Value in fire and rescue services in Scotland*. This report drew on the findings of Best Value audits of Scotland's eight fire and rescue services published between January and March 2012. It focused on the opportunities and challenges facing fire and rescue in moving towards the SFRS, which came into operation on 1 April 2013. The SFRS will be subject to scrutiny by Her Majesty's Fire Service Inspectorate in Scotland (HMFSI) and the Auditor General for Scotland. Audit Scotland is working with HMFSI on an early inspection of the SFRS during 2013.
32. The report on Tayside Fire and Rescue was published in February 2012 and highlighted that it provided a highly effective emergency response service but identified several areas in an improvement agenda including how the Board carried out its governance and scrutiny roles.

Performance management

33. The Board prepared an annual performance report in *Towards a Safer Tayside 2012-13*. This detailed the performance of the Board against 8 strategic objectives under four headings: prevention, intervention, people and performance. The service's performance was considered during 2012/13 by the Board through quarterly activity reports.
34. The prescribed Statutory Performance Indicators (SPIs) contained in the Accounts Commission's 2008 Direction were submitted to Audit Scotland by the 31 August 2013 deadline. The information and arrangements in place for the collation and checking of data for fire service specific indicators were adequate. However the sickness absence information contained in its public performance report *Towards a Safer Tayside 2012-13* was significantly different from the audited information. This information is gathered through a UK-wide performance management system called IRS (Incident Reporting System).

Overview of performance in 2012/13

Strategic outcomes

35. Overall the Board's performance outcomes against its strategic objectives have been detailed in *Towards a Safer Tayside 2012/13* and are fairly positive. The statutory performance indicators are included within the strategic objectives. Some of the measures of performance in the year include:
 - the target of 15,000 home fire safety visits was exceeded
 - the number of incidents resulting in fire casualties increased (89 to 93) although the number of fire casualties fell (128 to 103)

- downward trends in the number of fires and other emergencies attended although road traffic collision incidents have increased (164 to 211)
- a continued decrease in the number of malicious calls to 1% (2011/12 2%) of total calls received although there has been an increase in the number of unwanted fire signals from automatic fire alarms over the past 5 years
- the days lost due to sickness and light duties per uniformed staff has increased to 8.6 days in 2012/13 (2011/12 - 6 days). There has also been an increase in overall sickness days from 3.5 to 4.7 days. The national averages were 7.2 and 6.8 respectively in 2011/12

36. *Towards a Safer Tayside 2012/13* highlights the progress against actions relating to the strategic objectives. Due to the reform process and the formation of the SFRS, some actions were considered no longer applicable or superseded by the reform agenda.

National performance reports

37. Audit Scotland carries out a national performance audit programme on behalf of the Auditor General and Accounts Commission. The Board has not been directly involved in any reviews during the year however *Improving community planning in Scotland* issued in March 2013 notes that a fresh drive to realise community planning's full potential, particularly in the light of severe budget pressures on all public services, has been outlined in a Statement of Ambition from the Scottish Government and the Convention of Scottish Local Authorities. Any action arising from this review should be considered by the SFRS.