

Strathclyde Fire and Rescue

2005/06 Report to Members

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Convener and Members of the Board of Strathclyde Fire and Rescue
Council Offices
Almada Street
HAMILTON

9 October 2006

Controller of Audit
EDINBURGH

Ladies and Gentlemen

Report on the Audit for the year ended 31 March 2006

I have now completed my audit of the Board's Accounts for the year ended 31 March 2006.

As part of my responsibilities as external auditor to the Board I am required to submit, at the conclusion of each year's audit, a report addressed both to Members of the Board and to the Controller of Audit. I have pleasure in attaching my report on the Board's audit for the year to 31 March 2006.

This report aims to summarise all significant matters which have arisen during the course of the audit and which I feel are worthy of Members' attention.

I should like to take this opportunity to thank those officers who have assisted my staff in the course of the audit.

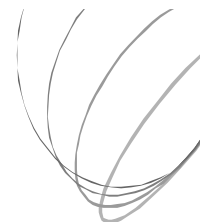
Yours faithfully

Asif A Haseeb
Senior Manager

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Executive summary

This report summarises the main issues arising from the 2005/06 audit. Overall, the financial stewardship of Strathclyde Fire & Rescue during the year was satisfactory. Our conclusions on key aspects of the Board's performance are highlighted in the table below:

Financial statements and financial position
<p>The financial statements present fairly the Board's financial position.</p> <p>The financial statements comply with the statement of recommended practice.</p> <p>The statement on the system of internal financial control complies with accounting requirements and is not inconsistent with audit findings.</p> <p>The 3% in year carried forward limit as stipulated by the 2001 Act was not relevant in 2005/06 as an in year deficit was incurred. The Board was within the 5% carried forward limit on cumulative fund balances permitted by the 2001 Act.</p> <p>Final accounts preparation procedures and working papers were generally good, although changes were made as a result of the audit.</p> <p>The Board's estimated unfunded pension liabilities for uniformed staff at 31 March 2006 total £919 million. This has a substantial impact on the net worth as recorded in the balance sheet, resulting in a negative balance of £797 million. However, statutory arrangements for funding the deficit mean it is appropriate to prepare the financial statements on a going concern basis.</p> <p>Balances held at 31 March 2006 were in line with the Board's reserves strategy and future financing requirements.</p>
Corporate governance and internal control
<p>Many aspects of a sound corporate governance framework are in place.</p> <p>Good progress has been made in implementing a strategic risk process and further developments are planned.</p> <p>The Performance and Audit Forum adopts most of the core functions and features contained in the <i>Audit Committee Principles in Local Government</i>.</p> <p>A corporate anti-fraud and corruption policy is in place.</p> <p>The Service is participating in the National Fraud Initiative and is currently reviewing and investigating different categories of data matches.</p> <p>Action has been taken to address the recommendations contained in previous years' audit reports.</p> <p>Internal Audit concluded that <i>'reasonable assurance can be placed upon the adequacy and effectiveness of the Board's internal control system in the year to 31 March 2006'</i>.</p>
Performance management and best value
<p>Progress continues to be made in developing performance management and public performance reporting arrangements.</p> <p>We are satisfied with the Board's arrangements for collecting performance indicators, and that these are accurate and complete.</p> <p>A national performance audit of Scottish fire and rescue services is currently underway and will be reporting in late autumn.</p>

Detailed action plans covering the issues raised during the audit have been discussed with management throughout the year. Key issues for the attention of members are outlined in the Action Plan included in this report.

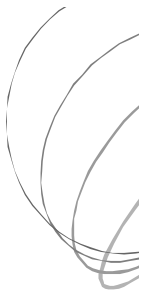


Introduction

1. The members and officers of the Board are responsible for the management and governance of the organisation. As external auditors, we review and report on the arrangements in place and seek to gain assurance that:
 - the financial statements have been prepared in accordance with statutory requirements and that proper accounting practices have been observed;
 - the Board's system of recording and processing transactions provides an adequate basis for the preparation of the financial statements and the effective management of assets and interests;
 - the Board has adequate corporate governance arrangements which reflect the three fundamental principles of openness, integrity and accountability;
 - the systems of internal control provide an appropriate means of preventing or detecting material mis-statement, error, fraud or corruption;
 - the Board has proper arrangements for securing Best Value in its use of resources and is complying with its community planning duties; and
 - arrangements have been made to collect, record and publish statutory performance information.

2. This report summarises the most significant issues arising from our work during 2005/06. More detailed reports to management, including agreed action plans, have also been submitted to officers throughout the year.

Financial statements

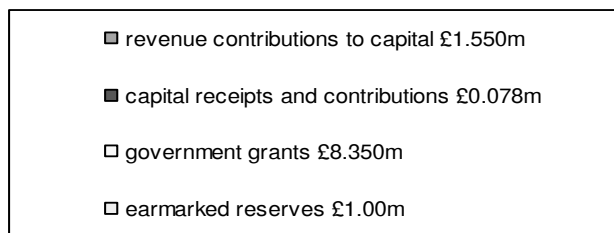
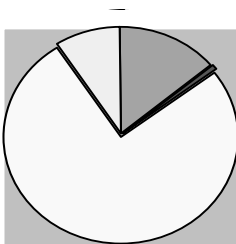


Auditor's report

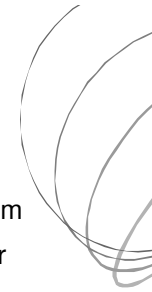
3. The financial statements present fairly the Board's financial position at 31 March 2006 and income and expenditure during the year.
4. The Board's balance sheet has an excess of liabilities over assets of £797 million due to the accrual of pension liabilities in accordance with accounting standards. Auditing standards require auditors to consider an organisation's ability to continue as a going concern when forming an opinion on financial statements. One of the indications that may give rise to going concern considerations is an excess of liabilities over assets.
5. The Foreword to the Statement of Accounts outlines the Treasurer's view that it has been considered appropriate to adopt a going concern basis for the preparation of the financial statements as the accounting requirements for pensions do not impact on the underlying basis for meeting the Board's current and ongoing liabilities. Future pension liabilities will be met, as they fall due, from contributions from constituent authorities in the normal way. We are satisfied with the process the Board has undertaken to consider going concern.

Financial position

6. The Board's net revenue expenditure amounted to £134.244 million in 2005/06 and was met by constituent authorities' contributions of £133.892 million, resulting in a deficit for the year of £0.352 million.
7. Capital expenditure totalled £10.979 million and was funded by:



8. The Board holds a general fund balance and other statutory funds set aside to support future years' expenditure and a contingency for unexpected events or emergencies. The Police and Fire Services (Scotland) Act 2001 makes provision for police and fire boards to carry forward unspent balances from one financial year to the next. The amount carried forward in any year must not exceed 3% of the contributions made by the constituent authorities for that year. As the Board made a deficit as planned in 2005/06 the 3% limitation does not apply. In addition the cumulative carried forward balance should



not exceed 5% of the constituent authorities' contributions for the year unless consent is obtained from the Scottish Ministers. As at 31 March 2006 the Board's cumulative fund balance is £6.6 million (after adjustment for commuted pensions of £4.7 million) and this equates to 4.9% of the contributions received from constituent authorities.

9. The Controller of Audit's *'Overview of the local authority audits 2004'* recognises that the appropriate level of balances is for local authorities to determine, taking account of local circumstances, but stresses the need for clear strategies for managing such funds which set out their purpose and intended use. In the absence of clear strategies, there are risks that funds are accumulated unnecessarily or that pressure to restrict rises in constituent authority contribution levels results in an inadequate cushion held to deal with emergencies.

10. At 31 March 2006 the Board had total statutory funds of £11.278 million:

Reserve	31/03/05 £'000	31/03/06 £'000
General Fund	8,163	7,811
Repairs & Renewal Fund	2,366	1,206
Capital Fund	2,156	1,752
Insurance Fund	1,720	509
Total	14,405	11,278

11. The Board's plans to date for the fund balances include:

- £1.000 million to be utilised from the general fund to offset increases in precepts from constituent authorities in 2006/07 with further amounts transferred from funds in 2007/08 as the transitional funding from the Scottish Executive decreases over the current spending review period;
- £1.000 million to be utilised from the repairs and renewal fund and the capital fund for the capital programme for 2006/07 with further contributions from these funds of £1.500 million to enhance the capital programme over the next two financial years; and
- £4.691 million set aside from the general fund to fund future payment of firefighters' pension commuted sums.

12. In accordance with good practice, usable reserves/fund balances are held for a clear purpose. Although utilisation of the remaining balances within the funds is devolved to the Chief Officer in conjunction with the Treasurer and the Deputy Chief Officer, Board approval is also obtained for the reserves strategy.



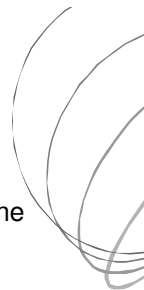
Issues arising

13. The Board's unaudited financial statements were submitted to the Controller of Audit prior to the deadline of 30 June. Final accounts preparation procedures and working papers were generally good and this enabled the audit to progress smoothly.
14. Some adjustments were made to the figures included in the unaudited accounts made available for public inspection. In particular:
 - Some liabilities were reclassified within the balance sheet; and
 - Correction of a journal which had been posted in error resulting in a decrease of the deficit of £0.046 million.
15. The net effect of the above amendments together with a few minor adjustments was a reduction in the deficit for the year from £0.398 million to £0.352 million. None of the adjustments made were of significant magnitude to require the financial statements to be re-dated.
16. During the year the insurance fund was utilised to create an insurance provision of £1.288 million. This has been determined to be an acceptable use of the insurance fund as any alternative accounting treatment would result in double counting.
17. Further matters arising from the audit of the financial statements also require to be brought to the attention of members and these are summarised below.

Pension liabilities

18. Accounting for the costs of pensions presents a difficult challenge. The amounts involved are large, the timescale is long, the estimation process is complex and involves many areas of uncertainty that are the subject of assumptions. Financial reporting standard (FRS) 17 (Retirement Benefits) is based on the principle that an organisation should account for retirement benefits at the point at which it commits to paying them, even if the actual payment will be made years into the future.
19. The Firefighters' Pension Scheme for uniformed staff is an unfunded scheme and, therefore, has no assets to be valued. Note 8 to the consolidated balance sheet highlights that the present value of scheme liabilities at 31 March 2006 is £919 million. The increase from a liability of £787 million at 31 March 2005 is, in large part, due to a change in the financial assumptions used to calculate scheme liabilities. These financial assumptions are the rate of inflation, rate of increase in salaries, rate of increase in pensions and discount rate.
20. The Board's estimated pension liabilities for control personnel and support staff at 31 March 2006 exceeded its share of assets in the Strathclyde Pension Fund by £8.594 million. The decrease from a net liability of £8.923 million at 31 March 2005 is largely due to the increase in the estimated value of assets in the scheme. The full actuarial valuation of the Strathclyde Pension Fund at 31 March 2002

recommended that the overall net liability be recouped through increased employers' contributions. The Board's contributions have increased from 220% of employees' contributions in 2002/03 to 250% in 2005/06.



Matters from previous year

21. The Board incurred capital expenditure of £9.89 million during 2004/05. Of this, only £5.87 million was determined as resulting in an increase in the value of fixed assets. The remaining £4.02 million was considered to be non-enhancing expenditure which did not add value to fixed assets and was incorporated within the revaluation adjustment. Management accepted that there was a requirement to provide more evidence to demonstrate that non-enhancing expenditure meets the requirements of FRS 15 (Tangible Fixed Assets). In 2005/06 it was determined that £1.314 million of the 2004/05 expenditure actually did add to the value of fixed assets and was capitalised. Only £0.909 million of the £ 10.979 million capital expenditure for 2005/06 was determined to be non-enhancing expenditure.
22. The exercise to locate all deeds for land and property owned by the Board has progressed considerably during the year but has not yet been completed. This issue was first raised by us in our report on the 2001/02 audit. There are 11 properties remaining for which the Board is unable to demonstrate that they hold the complete title deeds. For some of these properties partial title deeds are held. For others confirmation is being sought as to whether the title deeds held relate to the entire property or only a part of it, especially where the title was previously held by tenement flat owners and details of the number of flats on the property is not currently available. The Board should continue to progress the exercise in order to bring it to a conclusion.

Legality

23. Each year we request written confirmation from the Treasurer that the Board's financial transactions accord with relevant legislation and regulations. Significant legal requirements are also included in audit programmes and checklists. The Treasurer has confirmed that, to the best of his knowledge and belief and having made appropriate enquiries of the Clerk to the Board and Senior Management Team, the financial transactions of the Board were in accordance with the relevant legislation and regulations governing its activities.
24. The Freedom of Information (Scotland) Act 2002 came into force on 1 January 2005 and provides citizens with the right to obtain information and documents held by public authorities in Scotland. During 2005/06, the Board responded to 184 requests for information ranging from the straight-forward to the extremely complex and time-consuming of which 182 were responded to in the required 20 day timescale. The remaining two were 3 and 5 days late respectively.



25. A provision of £0.155 million is included in the accounts which relates to compensation payments for two individuals tragically killed on their way to/from work dating back to 1998. Their conditions of service include provision for compensation; however, no payment was made at the time as the conditions of service were found to be in conflict with the legal powers of the Board. On 1st July 2006, Statutory Instrument number 338 'The Firefighters Compensation Scheme (Scotland) Order 2006' came into force. This order contains provisions relating to compensation for death and serious injury on duty which was previously set out in firefighters' conditions of service. The Board should review the legislation in order to determine whether or not compensations payment can be made.
26. There are no additional legality issues arising from our audit which require to be brought to members' attention.

Statement on the system of internal financial control

27. The 2005/06 financial statements include a statement on the system of internal financial control which highlights the Treasurer's and the Clerk's view that reasonable assurance can be placed upon the adequacy and effectiveness of the Board's internal financial control system. No significant weaknesses were reported. The statement complies with accounting requirements and is not inconsistent with our audit findings.

Looking ahead

28. HM Treasury is in the process of introducing Whole of Government Accounts (WGA) covering the whole of the public sector and treating government as if it were a single entity by eliminating all significant transactions between public sector bodies. Local government (including police and fire boards) is being included in this process in a phased manner:
- an initial 'dry run' after finalisation of the 2004/05 financial statements focused on establishing the systems required for full participation;
 - a second dry run in 2005/06, involving fuller data collection and a requirement for the data to be subject to audit; and
 - production of audited WGA accounts in 2006/07, including prior year comparative figures.

Corporate governance



Overview

29. Corporate governance is concerned with structures and processes for decision-making, accountability, control and behaviours at the upper levels of the organisation. An overview of the Board's corporate governance arrangements was carried out using a standard checklist approach. Our review concluded that, amongst other things, the Board has adequate guidelines regarding the standards of conduct, and the prevention and detection of corruption. We also noted that most of the elements necessary to ensure that the Board applies the three fundamental principles of corporate governance (i.e. openness, integrity and accountability) are in place.

Risk management

30. During 2005/06 an integrated risk management action plan has been created prioritising actions, assigning them to departments and providing timescales for commencement and completion of actions. Risk mitigation actions have been identified within each department to address each risk identified for that department within the risk register. A business continuity plan has also been scoped.

31. A cross functional risk management team has been formed to assist directorates to identify and control risks. This team comprises specialist staff in the areas of equality, health and safety, finance, legal and best value and assists local decision makers by identifying areas of potential risk which, if not managed could have an adverse impact on the organisation as a whole.

32. The Board has a Performance and Audit Forum which meets quarterly. The remit of the Forum is to oversee and monitor the implementation and progress of the Board's best value plan and audit arrangements (both internal and external audit). The Board have also set up two further scrutiny forums to look at budgets and employee and equality issues. The Performance and Audit Forum comprises elected members and, whilst it does not meet in public, its arrangements are in line with the principles expected of an audit committee

Internal audit

33. Internal audit plays a key role in the Board's governance arrangements, providing an independent appraisal service to management by reviewing and evaluating the effectiveness of the internal control system. The Board's internal audit service is provided by South Lanarkshire Council under a service level agreement.

34. Internal audit performed a number of assignments during 2005/06 including E-targets, debtors, treasury management, Best Value Gap analysis and upgrade to 11i (Payroll). A number of recommendations resulted from these assignments and action plans were agreed with the Board management to address the issues raised. We were able to place reliance on internal audit's work.



Anti-fraud and corruption arrangements

35. The Board has appropriate arrangements in place to prevent and detect fraud and corruption. There is a fraud prevention and detection policy which includes procedures for dealing with suspected or known defalcations, whistleblower policies, discipline regulations and financial regulations. For fraud response the Board has a finance procedure note for dealing with cases of suspected or known defalcation. No fraud was identified during the financial year and assurances can be taken about internal arrangements for preventing and detecting fraud.
36. During 2004/05 the National Fraud Initiative (NFI), which has operated for a number of years in England and Wales, was introduced in Scotland. This initiative involves the collection of a range of datasets, such as employees, pensioners and housing benefit recipients, from a number of bodies to compare them for inconsistencies and anomalies that may indicate error or fraud. These cases are then reported to individual bodies for investigation. By early February 2006 the overpayments and savings identified by all participating bodies in Scotland had reached almost £14 million.
37. The Board is committed to the NFI and are following the NFI guidelines and investigating all pre-determined data matches. We monitored the Board's involvement in the NFI during the course of the audit and we are satisfied that their approach is reasonable.

Single Status and Equal Pay

38. The Board employ approximately 400 support staff who will be subject to the single status arrangements. The Board have been undertaking a full job evaluation process in order to implement single status from 1 October 2006. The Board does not anticipate making any back dated payments as a result of the implementation of single status.
39. There were 15 equal pay claims outstanding against Strathclyde Fire and Rescue at 31 March 2006. Subsequently one of these claims was withdrawn and the remaining 14 were not upheld by the Board and have not progressed to Tribunal. We requested and received a specific representation from the Treasurer that having considered the requirements of the statement of Recommended Practice and Financial Reporting Standard 12 his view is that no provision or disclosure is required in 2005/06 for possible expenditure arising from these claims. Based on our review of the available evidence we are satisfied that this is a reasonable approach.

Systems of internal control

40. Reliance was placed on the work of internal audit in 2005/06 to evaluate a number of key systems in place within the Board. The Risk and Audit manager concluded that *'reasonable assurance can be placed on the adequacy and effectiveness of the Board's internal control systems in the year to 31 March 2006'*.



41. In addition to placing reliance on internal audit work, the 2005/06 audit involved a review of follow up progress on actions agreed in previous years. The main findings from the areas examined are summarised below.

Issues from previous years

42. Recommendations made in previous years' audit reports are monitored by management. The 2005/06 audit included specific follow up of progress in relation to 2003/04 audit reports on the main accounting system, the capital accounting system and a follow up audit report on a previous years' audit covering financial systems, financial management, capital finance and the management of early retirement.
43. Of the 15 original action points agreed with management from our audit work in 2003/04 nine had not been fully implemented when we conducted the 2004/05 audit. Our review this year concluded that five of these points have been fully implemented. These include implementing senior officer reviews of authorisation thresholds and E-financials role profiles, reconciling the asset management system and the asset register and using the asset register to inform investment decisions. There has been significant progress on three of the points which were completing financial procedures in line with current operational activity, performing comparisons of standing data in payroll records with employees' personnel records and linking the Board's corporate strategy documents to the budgetary process. The implementation date has not been reached in respect of the inclusion of the estimated remaining useful life of properties on valuation certificates.
44. The Report to members in 2004/05 indicated that additional work in relation to risk management was required. During 2005/06 a cross functional risk management team was formed, an initial risk register was created and circulated to departments to determine risk mitigation strategies and a business continuity plan was scoped. Further work is required and the Board should continue to monitor progress in this area.

Review of the creditors system in 2004/05

45. We carried out a follow up to the review of the creditors system performed in 2004/05. The original review concluded that the internal control system was largely satisfactory with the exception of a few matters. Our follow up audit has concluded that procedures have been implemented to ensure that all copy, faxed, and duplicate invoices are endorsed by the authorised signatory, supplier creation forms are authorised and new suppliers are required to submit their application, to be accepted as a recognised supplier, on company letterhead. The remaining point related to putting in place contingency plans for the recovery of hardware and systems software. Although this has not yet been implemented, initial plans are in place to determine how it could be achieved and it will be included in a wider review of IT which is about to take place.



Review of Business Continuity Planning for the IT department

46. As part of the 2005/06 audit we carried out an overview of the Board's arrangements for business continuity planning within the IT department. We concluded that the Board did not have a business continuity plan for their IT department although some work appears to have taken place to identify what arrangements are in place and where they need strengthening. Without a business continuity plan it is questionable whether they will be able to meet their statutory obligations under the Civil Contingencies Act 2004 and Data Protection Act 1998.

Overview of web site

47. As part of the 2005/06 audit we carried out an overview of the Board's web site. Overall we found that the web site was informative although the presentation of materials improved. Although the web site contained a range of information on the service, our review has identified several areas where improvements could be made including developing a web strategy, regularly checking web site compliance against suitable accessibility standards, improving the search facility and keeping the information current.

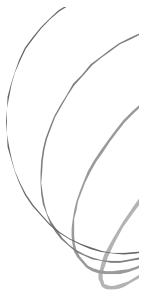
48. The web site will be undergoing a major redevelopment in 2007 which will address several of the recommendations and officers have agreed to implement the others. The Board should ensure that the recommendations made are implemented as agreed.

Looking ahead

49. In the coming years the Board faces significant challenges which include:

- implementation of single status;
- responding to equal pay claims;
- specific cost pressures which may arise from the need to fund increased pension costs especially in 2008/09 when a larger number of firefighters will be eligible for retirement;
- development of a robust asset management planning process, linked to capital expenditure strategies and plans, to ensure best value in the use of the Board's assets and that spending plans are affordable, prudent and sustainable; and
- responding to cost pressures arising from the modernising agenda.

Performance management



Best value

50. The Local Government in Scotland Act 2003 established Best Value and community planning as statutory duties for local authorities and Boards. The Board has a Performance and Audit Forum. The remit of the Forum is to oversee and monitor the implementation and progress of the best value plan and audit arrangements. As the Forum comprises elected members this facilitates their involvement in setting the strategic direction of Best Value. This Forum also provides a mechanism for internal scrutiny of performance and service outcomes. The full Board also considers national guidance on Best Value. Although the Board was not subject to a formal audit in this area we carried out some transitional work to review some broad aspects of best value requirements in 2005/06.
51. A new internet page has been developed to improve accessibility and expand the range of information available, and consultation work with service users, elected members and members of the public is ongoing to ensure that information provided is meaningful and useful. A Performance Review Group has been formed to ensure that performance in achieving the objectives stated in the Integrated Risk Management Planning process is routinely reviewed. The group is made up of heads of service and meets quarterly and prepares a progress report for submission to the Performance and Audit Forum. Performance against statutory and local performance indicators is monitored on a monthly basis.
52. A review of the Race Equality Scheme was undertaken at the end of 2005 and the majority of the areas for improvement have now been addressed. Working collaboratively, the FSCA (Fire Services Consultation Association), CFOA (Chief /Fire Officers Association) and Scottish Fire Service Inspectorate developed and conducted a national cultural audit of employees. The results will allow evidence based development of action plans to address identified areas for improvement.
53. Our review of the Board's arrangements to secure best value confirmed that the Board is making progress in the areas reviewed.

Performance indicators

54. The Board has a statutory duty to collect record and publish specified performance indicators and, so far as is practicable, ensure they are accurate and complete. The Accounts Commission issue a Direction each year detailing the indicators that require to be published and external auditors review the arrangements and return details of the indicators, including an opinion on their reliability, to Audit Scotland to enable compilation of national reports on performance.
55. We are satisfied with the arrangements for collecting performance indicators, and that these are accurate and complete. The Board reports performance indicators in the annual Statement of Accounts.



Performance audit of the Scottish Fire and Rescue authorities

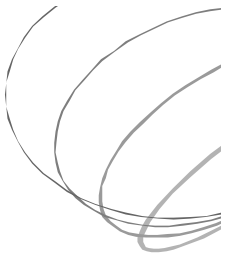
56. The overall aim of the project is to review the performance of the fire and rescue services in Scotland and to promote improvement in the service. The study will review, as far as possible, the outcomes and impacts of the modernisation agenda on service performance to date and make recommendations to support continuous improvement in the fire and rescue authorities.
57. The Fire and Rescue Framework for Scotland (2005) set out a number of areas of priority for fire and rescue authorities. This study will review the extent to which fire and rescue authorities are effectively changing to address these areas. In particular, the study will review performance in strategic management, prevention and risk management, financial management, workforce management, management of operational business and communications. This study is due to report in late autumn 2006.

Issues from previous years

58. Recommendations made in previous years' performance audit reports are monitored by management. In 2003/04 we carried out an audit of *Fire service pay and conditions agreement: Local verification report phase 2*. Our 2005/06 audit included a specific follow up of progress on this report. Overall we are satisfied that steps have been taken by management to implement the recommendations made in the 2003/04 report. We are also satisfied that progress has been made in implementing aspects of Best Value.

Looking ahead

59. Particular challenges facing the Board in the coming years include:
- responding to the Efficient Government agenda;
 - improving the approach to performance management and public performance reporting to support continuous improvement;
 - developing community planning and other partnerships to achieve demonstrable improvements in outcome and services to the community; and
 - continuing to progress the modernising agenda in accordance with national guidance and within Best Value principles.



Action plan

No/Para	Issue, risk & recommendation	Responsible officer	Response & agreed action	Action date
1/8	<p>Carried Forward Balances: The Police and Fire Services (Scotland) Act 2001 makes provision for police and fire boards to carry forward unspent balances from one financial year to the next. The cumulative carried forward balance should not exceed 5% of the constituent authorities' contributions for the year unless consent is obtained from Scottish Ministers. The Board's cumulative carried forward balance equated to 4.9%.</p> <p><i>Risk: the 5% limitation may be exceeded and it is not certain that Ministerial consent would be obtained to carry forward a cumulative balance in excess of 5%.</i></p> <p><i>Recommendation: the Board should continue to have a financial strategy in place to ensure that they do not have a cumulative fund balance exceeding 5% in 2006/07 or future years.</i></p>	Deputy Chief Officer	Agreed—Medium Term Financial Strategy being presented to the Board in October that recommends an appropriate level of reserves.	October 2006
2/22	<p>Title Deeds: The exercise to locate all deeds for land and property owned by the Board has made significant progress during the year. There are currently 11 properties for which possession of full title deeds cannot be demonstrated.</p> <p><i>Risk: the Board is unable to demonstrate ownership of all land and property and the Board may be unable to include the relevant assets in the consolidated balance sheet.</i></p> <p><i>Recommendation: the exercise to locate all title deeds for land and property owned by the Board should be completed as soon as possible.</i></p>	Head of Legal Services	Considerable work has been carried out to complete this task. All councils have been written to in order to resolve the issue. We are awaiting replies on a number of deeds and will progress when these are received.	Ongoing

No/Para	Issue, risk & recommendation	Responsible officer	Response & agreed action	Action date
3/25	<p>Death on Duty provision: Compensation payments for two firefighters killed on their way to/from work have not previously been paid as the Board was not been legally empowered to pay this amount. A change in legislation in 2006 may remedy this situation and allow decisions on payment to be made.</p> <p><i>Risk: Any payments made are ultra vires.</i></p> <p><i>Recommendation:</i> the Board should review the current legislation in order to determine whether or not compensation payments can be made.</p>	Deputy Chief Officer	Agreed.	31 March 2007
4/31	<p>Risk Management: The Board commenced work on a strategic risk process in 2004/05 and good progress has been made to date. Further work requires to be carried out to complete the action plan for identified risks and implement a business continuity plan and business recovery plan.</p> <p><i>Risk: the Board are exposed to increased risks until the strategic risk process is fully implemented and embedded</i></p> <p><i>Recommendation:</i> the Board should continue with its planned work to fully implement a non-operational strategic risk process.</p>	Assistant Chief Officer (Strategic Planning)	A specification has been prepared for a consultant to complete the business continuity model for SFR. Expect Invitation to Tender to be advertised imminently.	31 December 2007
5/47	<p>Business continuity planning: the Board does not have a business continuity plan for the IT department.</p> <p><i>Risk: Without business continuity plan the Board may be unable to meet their statutory obligations under the civil contingencies act 2004 and Data Protection Act 1998.</i></p> <p><i>Recommendation:</i> The Board should develop a business continuity plan as a matter of urgency.</p>	Head of ICT	Work has commenced and it is expected to have a plan in place for the end of the calendar year. Thereafter, the plan will require to be fully tested.	31 December 2006

No/Para	Issue, risk & recommendation	Responsible officer	Response & agreed action	Action date
6/50	<p>Best Value: Best Value is an area in which ongoing work is required to ensure that the Board is complying with its statutory duties.</p> <p><i>Risk: The Board is unable to demonstrate compliance with the Local Government in Scotland Act 2003.</i></p> <p><i>Recommendation:</i> The Board should continue to examine its activities to ensure compliance with the 2003 Act, in particular in relation to its duties to provide Best Value.</p>	Assistant Chief Officer (Strategic Planning)	Agreed.	Ongoing