

# Highland and Islands Fire Board

Report to Members and the Controller of Audit  
on the 2008/09 Audit

30 October 2009



 AUDIT SCOTLAND





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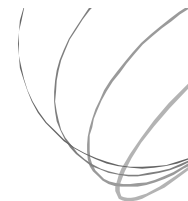
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# Introduction

1. This report summarises the findings from our 2008/09 audit of Highland and Islands Fire Board. The scope of the audit was set out in our annual audit plan issued on 24 March 2009.
2. The financial statements of the Joint Board are the means by which it accounts for its stewardship of the resources made available to it and its financial performance in the use of these resources. It is the responsibility of the Joint Board to prepare financial statements which give a true and fair view of the financial position at 31 March 2009 and income and expenditure for the year then ended.
3. The members and officers of the Joint 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 Joint 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 Joint Board has adequate 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 misstatement, error, fraud or corruption
  - the Joint Board has proper arrangements for securing best value in its use of resources.



# Financial statements

## Introduction

4. In this section we summarise key outcomes from our audit of the Joint Board's financial statements for 2008/09. We also summarise key aspects of the Joint Board's reported financial position and performance to 31 March 2009.
5. We audit the financial statements and give an opinion on:
  - whether they give a true and fair view of the financial position of the Joint Board and its expenditure and income for the year; and
  - whether they have been prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements.
6. We also review the Statement on the System of Internal Financial Control by considering the adequacy of the process put in place by the Joint Board to obtain assurances on systems of governance and internal financial control and assessing whether disclosures in the statement are consistent with our knowledge of the Joint Board.

## Overall conclusion

7. Our audit certificate is qualified due to a disagreement about the accounting treatment of FRS 17 (Retirement Benefits) pension costs. The Local Government Pension Reserve Fund (Scotland) Regulation 2003 (the 2003 Regulations), which provides the statutory basis for local authorities to replace FRS 17 based costs with the actual pension contributions / payments, does not apply to the new fire pension scheme introduced for firefighters joining after 6 April 2006. Although the Scottish Government intend amending the regulation to include this new scheme, there is currently no statutory basis for reversing the FRS 17 based costs from the General Fund in respect of this scheme.
8. As the financial statements have been prepared on the basis that all FRS 17 based costs can be reversed from the General Fund, the General Fund balance and Pensions Reserve are overstated by £2.642 million as at 31 March 2009. The Joint Board has decided not to amend the financial statements for this material misstatement and we have qualified our auditor's report as a result.
9. Except for the financial effect on the general fund of the matter referred to in the preceding paragraph, in my opinion the financial statements



- give a true and fair view, in accordance with relevant legal and regulatory requirements and the 2008 SORP, of the financial position of Highland and Islands Fire Board as at 31 March 2009 and its income and expenditure for the year then ended; and
  - have been properly prepared in accordance with the Local Government (Scotland) Act 1973.
10. There were a number of significant adjustments made to the figures included in the un-audited financial statements provided for public inspection. Details of the adjustments are summarised below in paragraph 17.

## **Financial position**

### **Going concern**

11. The Joint Board's balance sheet at 31 March 2009 shows net liabilities of £46.9 million. Auditing standards require auditors to consider an organisation's ability to continue as a going concern when forming an opinion on the financial statements. One of the indicators that may give rise to going concern considerations is an excess of liabilities over assets.
12. The net liability position is due to the requirements of Financial Reporting Standard 17 (retirement benefits) where there is an obligation to recognise the Joint Board's full pension obligations in the year they are earned. This technical accounting requirement has had no impact on the underlying basis for meeting current and ongoing pension liabilities which will be met, as they fall due, by contributions from constituent authorities in the normal way. In common with similar authorities, the Joint Board has considered it appropriate to adopt a going concern basis for the preparation of the financial statements.

### **Financial performance 2008/09**

13. The Joint Board's net operating expenditure for 2008/09 amounted to £23.4million (after eliminating amounts which do not affect the General Fund Balance for the year) and was fully met by contributions from constituent authorities. In his report the Treasurer summarises performance against budget. The Board's net budgeted expenditure in 2008/09 was £23.6million giving a net underspend of £0.156 million. Staff costs saw an overspend against budget mainly due to additional commuted sum pension costs of £0.235 million which was subsequently paid by the Scottish Government through the constituent authorities and an additional £0.124 million backdated further to August 2006 which is yet to be paid and was shown as part of other income. There were favourable variances in administration costs as a result of efficiencies in the procurement of services and lower interest on long-term borrowing plus good return on investments.



14. The Joint Board holds a general fund reserve as a contingency for unexpected events or emergencies. The balance on the reserve was £1.137 million at both 31 March 2009 and 2008. An amount of £0.370 million was budgeted to be transferred from reserves for the Firelink project but this did not materialise in 2008/09 hence this amount is being carried forward into the next year. There was also no transfer to reserve during the year because the Joint Board had fully utilised the amounts it requisitioned from its constituent authorities. It is for the Joint Board to determine its strategy for managing such funds after taking account of local circumstances and carry forward limits set by the Police and Fire Services Finance (Scotland) Act 2001. An updated reserve strategy is planned to be presented to the next Board meeting in November 2009 for approval.

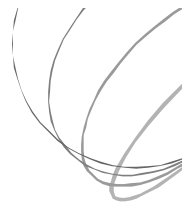
#### Key risk area 1

15. Capital expenditure totalled £3.052 million and was funded by government grant of £2.767 million, current revenue of £0.149 million, proceeds from sale of assets received in year of £0.120 million and a transfer from the capital receipts reserve of £0.016 million. The £2.767million capital grant included a £0.900 million top slice funding for new fire stations at Tongue and Rousay (£0.450 million each) which have slipped and were not completed in 2008/09. The Joint Board however had received consent from the Scottish Government to utilise the unused top sliced funding on urgent projects which would have been funded from the Board's formula allocation for 2009/10.

### Issues arising from the audit of the financial statements

16. The financial statements are an essential means by which the Joint Board accounts for its stewardship of the resources made available to it and its financial performance in the use of those resources. The Board's unaudited financial statements were submitted to the Controller of Audit by the deadline of 30 June.
17. Local authorities in Scotland are required to follow the *Code of Practice on Local Authority Accounting in the United Kingdom – a Statement of Recommended Practice* (the SORP). No major changes were introduced by the 2008 SORP. Details of significant accounting issues arising in the course of our audit are summarised below.
  - **Additional depreciation charge:** Our review of the reasonableness of the depreciation calculation revealed that depreciation charges for certain assets amounting to £0.148 million had been omitted. Depreciation charged to services was increased by this amount. This increased the deficit for the year but did not impact on the General Fund because depreciation charges are neutralised by a credit to the Capital Adjustment Account.



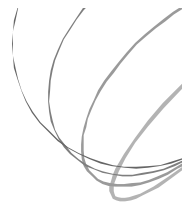


- **Impairment of assets transferred to operational assets in 2008/09:** Valuation of assets transferred to operational assets at 31 March 2009 by the Director of Housing & Property Services, Highland Council resulted in an impairment loss of £0.220 million for certain assets and a revaluation gain of £0.064 million for some. The net effect of these figures is £0.156 million and was initially reported as a separate line under Net Cost of Services in the Income and Expenditure Account. SORP requires impairment to be charged to the relevant services and the revaluation gain to be credited to the revaluation reserve. The accounts were adjusted by charging the impairment loss of £0.220 million to services and crediting the revaluation reserve with £0.064 million. These adjustments increased the deficit for the year by £0.064 million but did not impact on the General Fund because the adjustments were neutralised through the Capital Adjustment Account.

Authorities should apply the principles set out in Financial Reporting Standards 11 and 15 and not review assets for impairment on initial recognition unless there is some indication that impairment has occurred. This would mean that assets are brought into operational assets at historical cost, i.e. the expenditure that is directly attributable to bringing the asset into working condition, (as a reliable estimate of current value), unless there is evidence that the asset has been damaged or its planned usefulness to the authority has diminished, e.g. as a result of changes in demand.

#### Key risk area 2

- **New Fort William fire station:** Additional capital expenditure of £0.152 million was incurred in 2008/09 on the Fort William fire station which became operational in 2007/08. When the asset was transferred to operational assets last year a valuation was carried out which resulted in a gain on valuation being included in the opening balance of the Revaluation Reserve. The additional expenditure incurred in 2008/09 was initially capitalised and added to the cost of the fixed asset but we were of the opinion that this is a non-enhancing cost and should therefore be charged against the revaluation gain held for this asset in the Revaluation Reserve. The accounts were amended to charge the Revaluation Reserve for the additional cost incurred in 2008/09 of £0.152 million and a credit was made to Fixed Assets – Land and Buildings. This had no impact on the deficit for the year or the General Fund.



- **Additional pension commuted sums backdated to 22 August 2006:** The Scottish Government had made a recent announcement that it will provide funding for additional pension lump sums backdated to 22 August 2006. The impact of this additional pension lump sum had not been taken into consideration in the draft accounts. An adjustment to accrue the additional pension lump sum back-dated to 22 August 2006 for affected employees amounting to £0.124 million was made to the amended accounts. This increased Debtors and Creditors included in the Balance Sheet for the same amount. There was no impact on the deficit for the year as funding is expected to come from the Scottish Government.
- **Single status/equal pay:** The Joint Board is in the early stages of its processes for ensuring that it is compliant with single status and equal pay legislation for its civilian staff. In light of the limited progress the Joint Board is unable at this time to arrive at a reasonable estimate of the impact of any possible equal pay liability or the timing of any outcome and is therefore unable to make a provision in the accounts. In the absence of a provision, the Joint Board has included a Note to the accounts, Note 21, setting out a brief narrative on the Joint Board's position in implementing the scheme and disclosure of a contingent liability arising from possible future obligations which cannot be reliably estimated at this time. This is to ensure openness and transparency in its reporting.

### Key risk area 3

- **Valuation of fixed assets:** The last formal valuation of land and building and non-operational properties by the Director of Housing & Property Services, Highland Council was on 01 April 2004 with the next one scheduled for 1 April 2009, the results of which would be effected in the 2009/10 accounts. The 2008 SORP states that where the authority is not aware of any material change in value and therefore the valuation(s) have not been updated, a statement to that effect is required by the SORP. Note 13 to the Accounts on Land and Buildings states that "A revaluation of land and buildings is currently underway and these revised values, which may be impacted by changes in the general economic climate since the last valuation, will be effected in the 2009/10 Accounts" to highlight the issue.

### Key risk area 4



- **Specialised properties:** The use of depreciated replacement cost (DRC) for valuing assets has been clarified in the 2008 SORP. The 2007 SORP stated that the DRC method should be used for valuing specialised operational properties. The 2008 SORP qualifies this at paragraph 3.124 by stating that DRC should be used only where there is insufficient market-based evidence of the existing use value (EUV); otherwise the EUV basis should be used. It also states that it should not be automatically assumed that evidence is not available simply because the property is specialised. The existing valuation policy of the Board for specialised properties is still DRC. A statement has been added to Statement of Accounting Policies No. 7 which states that “A revaluation is due at 1 April 2009 at which point this category of assets will be valued on an existing use value, in compliance with the SORP” to highlight the issue.

#### Key risk area 5

- **Fixed assets registers:** The figures for cost and accumulated depreciation for land and buildings and vehicles, plant and equipment per the fixed assets registers differ from the opening balances included in the accounts by £0.022 million and £0.238 million respectively. As the differences in the cost and the accumulated depreciation are the same, there is no impact on the net book value of the assets. The differences will be investigated further to ensure that they are resolved and required adjustments are made in the 2009/10 accounts.

#### Key risk area 6

### IFRS adoption

18. Local government will move from UK Generally Accepted Accounting Principles to International Financial Reporting Standards (IFRS) with effect from 2010/11. It is important that the Joint Board starts the transition period in 2009/10. A comparative balance sheet as at 1 April 2009 will be required and whole of government accounts will also be required on an IFRS basis from 2009/10.

#### Key risk area 7

### Financial outlook – pension liabilities

19. Financial planning and accounting for the costs of pensions presents a difficult challenge. The amounts involved are large, the timescale is long and the estimation process is complex and involves many areas of uncertainty that are the subject of numerous assumptions.



20. In accounting for pensions, FRS 17 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. This requirement results in large future liabilities being recognised in the financial statements.
21. The firefighters' pension scheme is unfunded and, therefore, has no assets to be valued. Note 9 to the Balance Sheet highlights that the present value of scheme liabilities at 31 March 2009 is £59.905 million (£65.501 million at 31 March 2008). As the scheme is unfunded, the pension liability will fall to be met by serving firefighters' contributions and by taxpayers in the future (through constituent authorities' contributions).
22. The Board's estimated pension liabilities for support staff at 31 March 2009 exceeded its share of assets in the Highland Council Pension Fund by £1.830 million (£1.481 million at 31 March 2008).
23. The contribution paid by the Board into the The Highland Council Pension Fund in 2008/09 was 290% of employees' contributions (280% in 2007/08) which was in line with the recommendation made by the actuary as at their last full actuarial valuation at 31 March 2008. Contribution rate in the 2009/10 financial year is 275%.

## Legality

24. Each year we request written confirmation from the Treasurer that the Joint Board's financial transactions accord with relevant legislation and regulations. Significant legal requirements are also included in audit programmes. The Treasurer has confirmed that, to the best of his knowledge and belief and having made appropriate enquiries of other senior officers, the financial transactions of the Joint Board were in accordance with the relevant legislation and regulations governing its activities.
25. There are no additional legality issues arising from our audit which require to be brought to members' attention.



# Governance

## Introduction

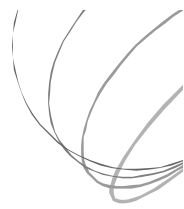
26. In this section we comment on key aspects of the Joint Board's governance arrangements during 2008/09.

## Overview of arrangements in 2008/09

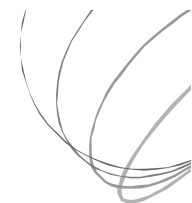
27. Corporate governance is concerned with structures and processes for decision making, accountability, control and behaviours at the upper levels of the organisation. The Joint Board has a responsibility to put in place arrangements for the conduct of its affairs, ensure the legality of activities and transactions and to monitor the adequacy and effectiveness of these arrangements in practice.
28. A Statement on the System of Internal Financial Control is included within the annual financial statements, and highlights the Treasurer's view that reasonable assurance can be placed upon the adequacy and effectiveness of the Joint Board's internal financial control system. The statement highlighted the absence of procedures regarding the signing of the forms used in the administration of and the stock control records relating to the home fire safety checks scheme and also the need to document the procedures for the budgetary control system.
29. The statement complies with accounting requirements and is consistent with the findings of our audit.

## Systems of internal control

30. The Joint Board's financial transactions are processed through Highland Council's financial systems. It is the responsibility of the Council's management to maintain adequate financial systems and associated internal controls. The auditor evaluates significant financial systems and associated internal controls both for the purpose of giving an opinion on the financial statements and as part of a review of the adequacy of governance arrangements.
31. Our review of these systems was conducted as part of the audit of Highland Council, supplemented by specific audit work on the Joint Board's financial statements. Overall there are no material issues of concern in relation to the operation of the council's main financial systems.
32. Internal audit plays a key role in the Joint Board's governance arrangements, providing an independent appraisal service to management by reviewing and evaluating the effectiveness of the internal control system. The Highland Council's internal audit section provided an internal audit service to the Joint Board during 2008/09.



33. As part of our audit of The Highland Council we conducted a formal review of the effectiveness of the Internal Audit function and overall we found the provision of internal audit at Highland Council meets appropriate professional standards, although we did identify areas for improvement. These include the need to make a more realistic provision for unplanned work, the need to manage time budgets and staff performance effectively and the need for the internal audit staffing establishment to be kept fully resourced.
  
34. The internal audit plan for 2008/09 assumed audits would be undertaken in three areas: home fire safety checks, budgetary control and procurement. All these audits were conducted in 2008/09 and reports issued with the exception of the formal report covering the audit of the procurement system which was being finalised at the time of our audit. Internal Audit had also completed a high level internal control checklist which was not included in their original plan. All reports prepared by internal audit are reviewed and considered as part of our audit. We placed reliance on the audit of the budgetary system in arriving at our opinion on the financial statements. The internal audit plan for 2009/10 incorporates the audit of payroll which we have specifically requested.



## Prevention and detection of fraud and irregularities

35. The Joint Board has appropriate arrangements for the prevention and detection of fraud and corruption. These arrangements include a strategy for the prevention and detection of fraud and corruption, written procedures for the investigation of suspected cases of fraud and corruption and a whistle blowing policy.

### NFI in Scotland

36. During 2008/09, we continued to monitor the Joint Board's participation in the National Fraud Initiative (NFI). NFI brings together data from councils, police and fire and rescue boards, health bodies and other agencies to help identify and prevent a wide range of frauds against the public sector. These include occupational pension fraud and payroll fraud.

37. The last NFI exercise (2006/07) has to date found overpayments and savings nation-wide totalling £13million including projected forward savings. Where fraud or overpayments are not identified in a body, assurances can usually be taken about internal arrangements for the prevention and detection of fraud.

38. The 2008/09 NFI exercise is currently underway with a National Report due to be published by Audit Scotland in May 2010. The NFI results (data matches) were made available to audited bodies on the 11 February 2009 with additional matches becoming available later in the year. Participating bodies follow up the matches, as appropriate, and record the outcomes of their investigations in a secure web-based application.

39. Whilst the Joint Board's investigations into data matches are still ongoing, the current position is as follows:

Category	Processed	In-progress	Fraud identified	Error identified	Overpayments and Savings (£)
Payroll	8	0	0	1	0
Creditors	6	1	0	1	1,000
Procurement	6	0	0	0	0
Total	20	1	0	2	1,000

40. There has been a relatively high number of payroll matches (143) however this is mainly due to the fact that most firefighters are retained fire fighters. As such they have other jobs, often in the public sector and as a result have shown up in these matches.



# Performance

## Introduction

41. In this section we summarise key aspects of the Joint Board's reported performance and provide an outlook on future performance.

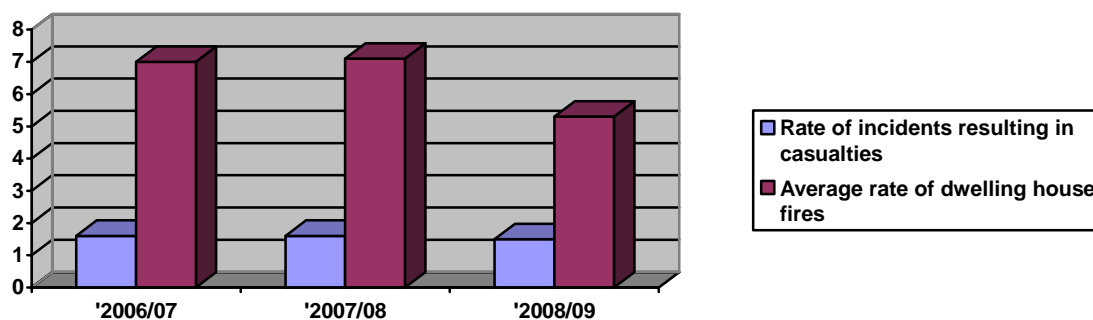
## Statutory performance indicators

42. The Joint 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 issues a Direction each year detailing the Statutory Performance Indicators (SPIs) that require to be published and external auditors review the Joint Board's arrangements and return details of the indicators, including an opinion on their reliability, to Audit Scotland headquarters to enable compilation of national reports on performance.

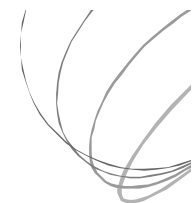
43. As a result of a systematic error relating to the location of casualty data in one particular table of the database as discovered by the Service, the data used for SPI No.1: rate of incidents resulting in casualties were under-reported by about 20% in previous years. This error was highlighted by the Service in its last SPI submission.

### *Community fire safety*

44. SPIs show that the rate of incidents per 10,000 of the population resulting in casualties (using revised figures as discussed above) is slightly better at 1.5 in 2008/09 from 1.6 in 2007/08 (and 2006/07). The rate of accidental dwelling fires per 10,000 of the population had also shown a significant improvement from 7.1 in 2007/08 and 7 in 2006/07 to 5.3 in 2008/09.

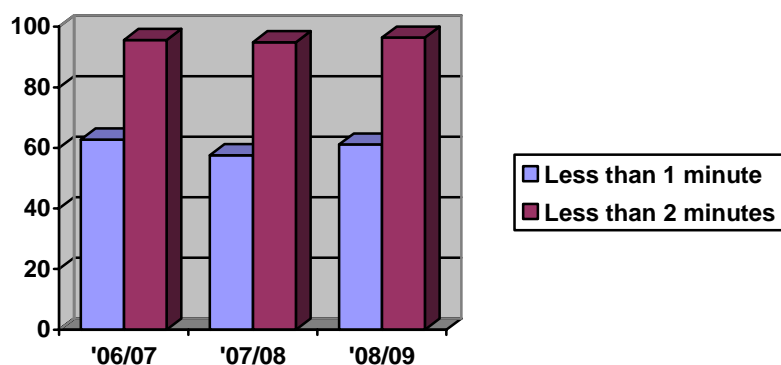






### *Call response time*

45. In 2008/09 the Joint Board was able to answer 61.1% and 96.4% of all calls within one and two minutes respectively compared to previous years' figures of 57.6% and 94.9% in 2007/08 and 62.7% and 95.6% in 2006/07.

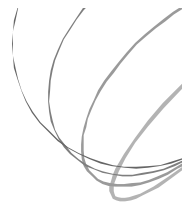


### *Sickness absence*

46. The above indicator has changed from previous years hence the Service was not required to present comparative figures. The percentage of rider shifts lost during the year for fire officers due to sickness and light duties was 7.3 and the percentage of working time lost for all other staff directly employed by the brigade was 5.7.

## **Asset Management Planning**

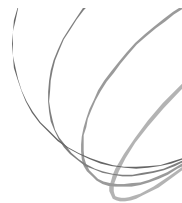
47. The Joint Board through its Integrated Risk Management and Planning (IRMP) Working Group recognises the financial and possible legal challenges the Service faces with respect to the sustainability and affordability of its capital requirements. The Board commissioned the use of a consultant to validate the robustness of the datasets and methodology used by the Service for its IRMP Risk Review Phase I Capital Build Programme to ensure it is transparent and forms a suitable and sound basis for strategic decisions. In its last meeting the Board also considered a report called IRMP Risk Review Phase 2 which detailed stations with serious sustainability issues with recommendations for each case. The working group also emphasised the importance of sharing the information with stations, the local communities and the constituent authorities. We commend the members and officers in its pro-active role in pursuing an informed, evidence-based and sustainable capital programme for the Service.



## Public performance reporting

48. Guidance suggests the content of public performance reporting should be easy to understand, concise and include:
- information that allows the public to see the body is achieving value for money on behalf of its communities
  - trend information, comparative information, and performance against targets or benchmarks to help stakeholders assess how performance is changing
  - information on what the body is doing to improve its performance and impact, what targets it has for improvement, and what improvements have been achieved since it last reported.
49. We reviewed Highlands and Islands Fire and Rescue Service's Public Performance Report 2007/08 against the above criteria and concluded the public performance report meets many of the good practice criteria for public performance reporting. However, there is scope to provide further contextual information to inform stakeholders of how initiatives have improved or will improve the service's performance in the longer term. The Chief Fire Officer indicated the public performance report will change in 2008/09 to reflect the single outcome agreement recently agreed with the Scottish Government and other partners in Highland. He also indicated he will consider the possibility of including more contextual information in the report.

**Key risk area 8**



# Final remarks

50. Attached to this report is an action plan setting out the key risks identified by the audit which we are highlighting for the attention of the Joint Board. The action plan sets out management's response to the identified risks.
51. The members of Highland and Islands Fire Board are invited to note this report. We would be pleased to provide any additional information that members may require.
52. The co-operation and assistance given to us by officers of the Joint Board and the finance staff at The Highland Council is gratefully acknowledged.



# Appendix A: Action Plan

## Key Risk Areas and Planned Management Action

Key Risk Area	Refer Para. No	Risk Identified	Planned Action	Responsible Officer	Target Date
1	14	<p><b>Reserve strategy</b></p> <p>The Joint Board's reserve strategy needs to be updated to take account of local circumstances and relevant legislation on carry forward limits.</p> <p><b><i>Risk: the reserve strategy may not comply with the relevant legislation and may not reflect the current intention of the Board for its use.</i></b></p>	<p>The existing reserve strategy will be updated and will go up to the November 2009 Board meeting for approval.</p>	<p>Head of Corporate Services</p>	<p>November 2009</p>
2	17	<p><b>Impairment of assets</b></p> <p>Assets are revalued when they are brought into operation even if there is no evidence to suggest that impairment has occurred.</p> <p><b><i>Risk: failure to comply with proper accounting practices more specifically FRS 11 and 15.</i></b></p>	<p>A new certified valuation of fixed assets transferred to operational assets will not be obtained in future years unless there is reason to believe that impairment has occurred.</p>	<p>Treasurer's office</p>	<p>March 2010</p>
3	17	<p><b>Single status/equal pay</b></p> <p>The Joint Board is still in its early stages in implementing single status and equal pay and was therefore unable to quantify possible unequal pay liability at 31 March 2009 as a result.</p> <p><b><i>Risk: the financial statements and budget monitoring reports do not give and true and fair view of the Board's finances and staff morale maybe compromised.</i></b></p>	<p>A review is being undertaken to agree a common structure for all job descriptions. The Service is undergoing an exercise of asking all relevant employees to review and agree the content of their job descriptions. A progress report and update will be given to the Fire Board in November 2009.</p>	<p>Head of People Services</p>	<p>March 2010</p>



Key Risk Area	Refer Para. No	Risk Identified	Planned Action	Responsible Officer	Target Date
4 & 5	17	<p><b>Valuation of fixed assets</b></p> <p>The last 5-year rolling valuation of fixed assets was on 01 April 2004 and used depreciated replacement cost for in valuing its specialised properties. SORP 2008 explains that DRC should only be used where there is insufficient market based evidence of the use of Existing Use Value.</p> <p><b><i>Risk: the existing valuation of assets may not reflect the current economic climate and may not comply with SORP.</i></b></p>	A valuation of land and building is currently underway and revised values using proper valuation method in line with SORP will be effected in the 2009/10 accounts.	Treasurer's office	March 2010
6	17	<p><b>Fixed assets registers</b></p> <p>The totals in the registers for land and buildings and vehicles do not agree with the figures in the ledger.</p> <p><b><i>Risk: management of assets may be ineffective and information on fixed assets included in the financial statements may be incomplete and inaccurate.</i></b></p>	The differences will be investigated to ensure that they are eliminated and required adjustments are made in the 2009/10 accounts.	Treasurer's office	Mar 2010
7	18	<p><b>IFRS adoption</b></p> <p>Local authorities will use IFRS with effect from 2010/11 with a requirement to prepare shadow IFRS accounts and WGA pack in 2009/10.</p> <p><b><i>Risk: the Joint Board staff and the Finance Service of The Highland Council who prepare the year-end financial statements of the Joint Board may not be adequately trained and prepared to implement IFRS accounting.</i></b></p>	Preparatory work has started. Restated opening balances planned for Feb 2010.	Treasurer's office	Mar 2010



Key Risk Area	Refer Para. No	Risk Identified	Planned Action	Responsible Officer	Target Date
8	49	<b>Public performance reporting</b> There is scope to provide contextual information in the public performance report to inform stakeholders of how initiatives have improved or will improve the service's performance in the longer term. <b><i>Risk: stakeholders may be unaware of how initiatives have improved or will improve the service in the longer term.</i></b>	In compiling the 2008/09 public performance the service has considered the need for and possibility of including more contextual information in the report.	Head of Corporate Services	Completed