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**PUBLIC MEETING - AUDIT AND RISK ASSURANCE COMMITTEE**

**WEDNESDAY 24 MARCH 2021 @ 1000 HRS**

**BY CONFERENCE FACILITIES**

**AGENDA**

- 1 CHAIR'S WELCOME**
- 2 APOLOGIES FOR ABSENCE**
- 3 CONSIDERATION OF AND DECISION ON ANY ITEMS TO BE TAKEN IN PRIVATE**
- 4 DECLARATION OF INTERESTS**  
*Members should declare any financial and non-financial interest they have in the items of business for consideration, identifying the relevant agenda item, and the nature of their interest.*
- 5 MINUTES OF PREVIOUS PUBLIC MEETING: 21 JANUARY 2021**  
*(attached)* *B Baverstock*  
*The Committee is asked to approve the minutes of this meeting.*
- 6 ACTION LOG** *(attached)* *A Cameron*  
*The Committee is asked to note the updated Action Log and approve the closed actions.*
- 7 INTERNAL AUDIT**
  - 7.1 Internal Audit Progress Report 2020/21 *(attached)* *Azets*
  - 7.2 Progress Update – Internal Audit Recommendations *(attached)* *Azets**The Committee is asked to scrutinise these reports.*
- 8 INTERNAL AUDIT PLAN 2021/22** *(attached)* *Azets*  
*The Committee is asked to recommend the report.*

Please note that this meeting will be recorded for the purposes of minute taking only.  
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- 9 EXTERNAL AUDIT – PLANNING REPORT ON 2020/21 AUDIT**  
(attached) *Deloitte*
- The Committee is asked to recommend the report.
- 10 INDEPENDENT AUDIT/INSPECTION ACTION PLAN UPDATE**  
(attached) *M McAteer*
- The Committee is asked to scrutinise this report.
- 11 PROCUREMENT STRATEGY** (attached) *S O'Donnell*
- The Committee is asked to scrutinise this report.
- 12 INTERNAL CONTROLS UPDATE**
- 12.1 Strategic Risk Register (attached) *S O'Donnell*
- 12.2. Spotlight Report – SPPC6 (Failure to ensure consultation and engagement process) (attached) *M Waters*
- 12.3 Anti-fraud and Whistleblowing (verbal) *S O'Donnell*
- The Committee is asked to scrutinise these reports.*
- 13 ARRANGEMENTS FOR PREPARING THE ANNUAL GOVERNANCE STATEMENT 2020/21** (attached) *M Blunden*
- This report is for information only.*
- 14 ACCOUNTING POLICIES** (attached) *J Thomson*
- This report is for information only.*
- 15 HMFSI ROUTINE REPORT** (attached) *HMFSI*
- The report is for information only*
- 16 REVIEW OF ACTIONS** *A Cameron*
- 17 FORWARD PLANNING** *B Baverstock*
- 17.1 Committee Forward Plan Review (attached)
- 17.2 Items for Consideration at Future Integrated Governance Forum, Board and Strategy Day meetings
- 18 DATE OF NEXT MEETING**  
Thursday 8 July 2021 @ 1000 hrs

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**PRIVATE SESSION**

- 19 MINUTES OF PREVIOUS PRIVATE MEETING: 21 JANUARY 2021**  
*(attached)* *B Baverstock*
- The Committee is asked to approve the minutes of this meeting.*
- 20 PRIVATE ACTION LOG** *(attached)* *A Cameron*
- The Committee is asked to note the updated Action Log and approve the closed actions.*
- 21 SFRS ICT AND DATA SECURITY UPDATE** *(attached)* *P Stewart/  
S Fox*
- The Committee is asked to scrutinise this report.

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## PUBLIC MEETING - AUDIT AND RISK ASSURANCE COMMITTEE

THURSDAY 21 JANUARY 2021 @ 1000 HRS

### BY CONFERENCE FACILITIES

#### PRESENT:

Brian Baverstock, Chair (BB)	L Bloomer, Deputy Chair (LBI)
Bill McQueen (BMcQ)	Mhairi Wylie (MW)
Tim Wright (TW)	

#### IN ATTENDANCE:

Ross Haggart (RH)	Deputy Chief Officer
Sarah O'Donnell (SO'D)	Director of Finance and Contractual Services
Mark McAteer (MMcA)	Director of Strategic Planning, Performance and Communications
Stuart Stevens (SS)	Assistant Chief Officer, Director of Service Delivery (Item 7.2 only)
John Thomson (JTh)	Head of Finance and Procurement
David Johnston (DJ)	Risk and Audit Manager
Gary Devlin (GD)	Internal Audit (Azets)
Matthew Swann (MS)	Internal Audit (Azets)
Mitchell Collins (MC)	Internal Audit (Azets)
Caroline Jamieson (CJ)	External Audit (Deloitte)
Simon Routh-Jones (SRJ)	HMFSI
Gregor Welsh (GW)	Data Team Leader (Item 12.2 only)
Hilary Sangster (HS)	Group Commander Business Support
Alasdair Cameron (AC)	Group Commander Board Support
Debbie Haddow (DH)	Board Support/Minutes

#### OBSERVERS:

Karen Horrocks, Assistant Verification and Risk Officer

#### 1 CHAIR'S WELCOME

1.1 The Chair opened the meeting and welcomed those participating via conference facilities.

#### 2 APOLOGIES

2.1 Martin Blunden, Chief Officer  
Richard Whetton, Head of Governance, Strategy and Performance  
Pat Kenny, External Audit (Deloitte)

#### 3 CONSIDERATION OF AND DECISION ON ANY ITEMS TO BE TAKEN IN PRIVATE

3.1 The Committee discussed and agreed that Final Report – ICT and Data Security would be heard in private session due to matters considered of a confidential nature in line with Standing Orders (Item 9G).

3.2 No further items were identified.

#### 4 DECLARATION OF INTERESTS

4.1 None.

#### 5 MINUTES OF LAST PUBLIC MEETING: 8 OCTOBER 2020

5.1 The minutes were agreed as an accurate record of the meeting.

#### 5.2 Matters Arising

5.2.1 There were no matters arising.

5.3 **The minutes of the public meeting held on 8 October 2020 were approved as a true record of the meeting.**

#### 6 ACTION LOG

6.1 The Committee considered the action log and noted the updates.

**Item 10.1.4 – Strategic Risk Register (08/10/20)** – DJ noted that the gathering of additional commentary for inclusion on the risk register was still being progressed. Further details would be provided under agenda item 12.1.

6.2 **The Committee noted the updated Action Log and approved the removal of completed actions.**

#### 7 INTERNAL AUDIT

##### 7.1 SFRS Internal Audit Progress Report 2020/21

7.1.1 MS presented a report to the Committee which summarised the progress on the delivery of the 2020/21 Internal Audit Plan and the following key points were highlighted:

- Inclusion of the new KPI status and any feedback would be welcomed.
- Progress for completion is on target.

7.1.2 In relation to the KPIs, the Committee noted that KPIs 1 to 4 were Azets measurement and KPI 5 was a joint measurement of Management in collaboration with Azets. MS confirmed that consideration would be given to review and include other meaningful KPIs.

7.1.3 In relation to the Expenses Policy audit report, MS noted that the review would take consideration of the policy design ie encourage active environmental/carbon reduction manner and whether this was being practically applied. JTh informed the Committee that the new policy, which was currently out for consultation, would direct staff towards reduced carbon emissions options and to consider more effective/efficient business travel.

7.1.4 The Committee commented on lack of narrative highlighting the changes within the Audit Plan since the previous meeting (October). MS briefly explained the changes and confirmed that this information would be included in future iterations of the report. MS to provide clarification on the allocated days for Audits C1 Estates Asset Management and C2 Operational Equipment.

**ACTION: MS**

7.1.5 SRJ informed the Committee that he was scheduled to meet with Azets regarding their audit of Operational Equipment and the upcoming HMFSI thematic review, in an effort to avoid any duplication/conflicting efforts.

##### 7.1.6 Final Report – Financial Controls

MS advised the Committee of the background and scope of the audit and reported that the financial systems procedures reflected good practice and were well designed. In relation to the periodic review on payroll processes and procedures, the outcomes of these reviews required to be recorded and fully documented to ensure the correct versions were being used. JTh confirmed that periodic reviews of payroll procedures

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were undertaken and measures would be introduced to incorporate version control/revision dates on documentation.

7.1.7 The Committee asked why HR payroll team procedures were not reviewed as part of the audit. MS noted that the narrative within the report could be misleading. He clarified that the HR payroll team procedures were not part of the periodic review process undertaken by management and this was highlighted and supported by the recommendation and management action.

7.1.8 **Final Report – Corporate Governance**

GD advised the Committee that the current corporate governance arrangements were working well, however, it was considered appropriate that the Service should reflect on whether the existing governance arrangements continued to be optimal or whether previously identified priorities were now deemed business as usual.

7.1.9 In relation to the recommendation to review the committee structure and remits, the Committee asked whether this was due to the tendency for the Committee's focus to become too operational or whether the current Committee structure was deemed inappropriate. GD noted that overall the current systems of governance worked well, however, due to the development of the Service's long term strategic vision, it would be appropriate for the Service to revisit the governance arrangements. The Committee discussed whether there were any gaps identified in the current governance arrangements, the options to review other blue light services governance arrangements, and the continuing increasing focus on financial issues in the public sector.

7.1.10 MMcA reminded the Committee that the Board regularly discussed committee structures and remits as well as the appropriateness of the scrutiny undertaken. He commented that this was an overall good report and noted that the issues raised would be addressed appropriately.

7.1.11 In relation to Committee's focus becoming too operational, which could be attributed to behaviour/culture from both the Executive and Non-Executive, it was noted that this was regularly discussed and would continue to be monitored or challenged as necessary.

7.1.12 Whilst the Committee welcomed the report, they commented on the potential additional benefits which could have been gained through engaging with the Chair of the Board and Chair of ARAC during the audit.

7.1.13 **The Committee noted the progress report and the final reports on Financial Controls and Corporate Governance.**

7.2 **Progress Update – Internal Audit Recommendations**

7.2.1 MS presented a report to the Committee outlining the current status of the recommendations raised by Internal Audit noting the inclusion of a comments section from Azets on previous outstanding recommendations. The following key areas were highlighted:

- Good progress on the implementation of recommendations.
- Majority of recommendations were made within the current or previous year.
- Due to the different grading system used by Scottish Government, these recommendations have been shown separately within the report.
- Details of individual updates relating to outstanding actions to close recommendations.
- Update on Recommendation 5B (Service Improvement Strategy) – Further evidence had now been received to allow the recommendation to be closed.

7.2.2

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The Committee were provided with clarification on the Azets comments “*Update noted and agreed*” and the process/evidence provided to support completion of the recommendations.

## 7.2.3

**Update on Progress with Service Level Agreement (SLA) with Scottish Water**

SS updated the Committee on the progress being made against the 4 recommendations within the action plan. He noted that 2 recommendations were reliant on ICT solutions which had been delayed by COVID. The 3<sup>rd</sup> recommendation relates to performance management arrangements which are reliant on ICT support. The 4<sup>th</sup> recommendation relates to the development of the SLA which had been impacted by numerous issues however, significant progress had been made in recent months. As of January 2021, SFRS and Scottish Water have reached an agreement relating to costs. It has been agreed that a state of the nation would be presented to both Executive groups in mid-February and thereafter the SLA would be developed.

## 7.2.4

**The Committee welcomed the update and the progress being made.**

*(S Stevens left at 1055 hrs)*

## 8

**EXTERNAL AUDIT**

## 8.1

**Annual Report to the Members and Auditor General for Scotland**

## 8.1.1

CJ presented the updated report following conclusion of areas previously outstanding and noted that their opinion was unmodified. The report would be published by Audit Scotland in due course.

## 8.1.2

JTh confirmed that this report had been laid before parliament.

## 8.1.3

**The Committee noted the update.**

## 8.2

**Update on 2020/21 Planning**

## 8.2.1

CJ informed the Committee the 2020/21 planning had commenced and the audit plan would be submitted to the next meeting (24 March 2021).

## 8.2.2

CJ updated the Committee on the change of approach relating to the wider scope work and noted the intention would be to bring the full conclusion on the wider scope to the June meeting, ahead of year end. Arrangements to ensure a standardised approach were being finalised and meetings would be scheduled with management and Board Members.

## 8.2.3

**The Committee noted the report.**

## 9

**AUDIT SCOTLAND/HMFSI INSPECTION ACTION PLAN UPDATE**

## 9.1

MMcA presented a report to the Committee outlining the arrangements for managing audits/inspection reports and associated action plans and provided an update on the progress relating to the Audit Scotland report.

## 9.2

MMcA confirmed that 27 actions, out of a total of 36 actions, have been completed. It was anticipated that all remaining actions, with one exception, would be completed by the end of March 2021.

## 9.3

In relation to Action 2.3, MMcA updated the Committee on the progress in developing local performance indicators to support local scrutiny and performance management.

## 9.4

In relation to Action 2.5, the development of training materials had been affected due to resourcing issues and may not be finalised within the original timescale.

## 9.5

Minor typographical error within the covering report was noted and corrected.

9.6 **The Committee noted the report.**

**10 HMICFRS: STATE OF FIRE AND RESCUES: THE ANNUAL ASSESSMENT OF FIRE AND RESCUE SERVICES IN ENGLAND 2019**

10.1 MMcA presented an overview to the Committee of Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) State of Fire and Rescue: Annual Assessment of Fire and Rescue Services in England (2019) report. The HMICFRS report was reviewed to identify any recommendations/issues that were relevant for SFRS and these had been shared with Scottish Government. It was noted that SFRS had already identified some of the issues and had made progress to address them.

10.2 In regard to an Ethnic Framework within fire services, MMcA advised that work has begun in this area with an Ethnic and Human Rights Group being convened, circa April 2021, and would report into the Good Governance Group. It was also noted that the ethnic element with the HMICFRS report focused on on both internal and external.

10.3 The Committee commented on the good progressive work being undertaken by the Service. MMcA reminded the Committee that the Service continued to attend NFCC working group and have extended offers to share any learning and experience with other fire and rescue services.

10.4 MMcA advised the Committee that the report provided an overview and summarised actions that were being scrutinised through existing forums.

10.5 SRJ provided the Committee with his assurance that the criticisms raised within the HMICFRS report did not apply to SFRS.

10.6 **The Committee noted the report.**

**11 GIFTS, HOSPITALITY AND INTERESTS POLICY REVIEW**

11.1 DJ presented the Committee with the revised Gifts, Hospitality and Interests (GHI) Policy noting that the general principles within the policy were still relevant and appropriate. The revised policy would provide further opportunity to enhance the awareness amongst staff of the policy and their individual responsibilities.

11.2 The Committee discussed the governance route noting that it was being presented for scrutiny following approval at Executive level. The Committee were informed of an annual report presented to the Staff Governance Committee confirming the governance routes of new/revised policies and the potential for a similar approach to be adopted by this forum. MMcA reminded the Committee of the current consultation on the Code of Conduct and noted the opportunity to communicate both the revised Code of Conduct and GHI Policy to raise awareness and individual's responsibilities.

11.3 The Committee requested that clarity be provided on general policy governance routes and the relationship to the Scheme of Delegations and for consideration to be provided at other Committees/Board.

**ACTION: MMcA/RW**

11.4 The Committee commented on the potential to extend the scope on declaring all interests, not just contracts/procurement, for all staff and suggested that comparisons with other organisation's policies be undertaken. BB undertook to provide some examples of policies from other organisations. DJ noted the comment stating other emergency services policies had been reviewed and that further consideration would be given to Section 5.6 Declaration of Interests (All Staff) within the revised policy. It was noted that the main issue remains that the level of awareness needs to be raised within the Service.



11.5

**The Committee noted the report.**

*(Meeting broke at 1137 hrs and returned at 1145 hrs)*

12.2

## **INTERNAL CONTROLS UPDATE**

12.1.1

### **a) Strategic Risk Register**

DJ presented the revised Strategic Risk Register (SRR) along with the aligned Directorate Risks to the Committee. The following key points were highlighted:

- Total number of Strategic Risks and Directorate Aligned Risks.
- Directorate Aligned Risk - work continues to incorporate comments on action and completion percentage.
- Details of changes including new risks, removed risks and changes to risk rating.
- Examples of how the risk registers were being used across directorates to align and address risks.

12.1.2

In relation to the SPPC8, the Committee were informed that the Sustainable Development Framework has been postponed due to COVID and resourcing issues, however, this continues to form part of the forward plan.

12.1.2

In relation to risk arising from resourcing (staff) issues, the Committee were informed that the Strategic Leadership Team were alive to this issue which was constantly monitored and managed as best of possible.

12.1.3

**The Committee noted the report.**

12.2

### **InPhase Risk Update**

12.2.1

DJ updated the Committee on the initial consultation work undertaken to develop a risk module within InPhase which was impacted by COVID and the subsequent progress in developing a separate in-house system. Initial data input, testing and interrogation of the system had been carried out. Next stage would be to progress the output data to ensure accuracy and consistency. It was still the intention that the data would be analysed by individuals through InPhase.

12.2.2

The Committee Chair noted the reasons for the delay in the risk module and, having been given a demonstration of the InPhase module, assured the Committee of the good progress being made. Once the system is fully populated, the next key stage for Committees was to consider the reporting format and content which can be applied across the whole organisation.

12.2.3

**The Committed noted the verbal update.**

12.3

### **Spotlight Risk Report SPPC11 Reform Collaboration Group (RCG)**

12.3.1

MMcA presented a risk spotlight report to the Committee, noting the following key points:

- RCG was one of several arenas for partnership working and was established post reform, initially as an informal setting for sharing of experience and learning.
- Recent years have seen formal arrangements established to minimise risks of failure in partnership work.
- Structure and frequency of meetings with Chairs, Chief Officers and Senior Responsible Officers. Rotation of Chair's role every 2 years (currently Police Scotland).
- Programme management arrangements developed to help monitor and provide progress updates to Chair/Chief Officer.
- Currently reviewing and refreshing the partnership strategy to identify the main opportunities of collaborations to ensure that it remains relevant and forward looking.

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- 12.3.2 The Committee asked whether the Service was pursuing as much as possible from their collaboration work. MMcA confirmed that the Service actively pursued opportunities for collaborative partnership working. He informed the Committee that the Evaluation Framework was being revisited to develop a corporate evaluation approach. This would enable evidence to be captured on the various partnership working activities and help to identify the impact on communities and how it supports the Service deliver against strategic objectives.
- 12.3.3 RH informed the Committee that the mid-year review report (which was previously circulated to the Board) contained a specific section on partnership working and provided tangible evidence and examples of same.
- 12.3.4 The Committee commented on the value and importance of partnership working going forward and the continuing essential role of the Service in delivering a wide range of public services.
- 12.3.5 **The Committee noted the report.**
- 12.4 b) Anti-fraud**
- 12.4.1 SO'D noted that there were no issues to report.
- 13 QUARTERLY UPDATE OF GIFTS, HOSPITALITY AND INTEREST REGISTER**
- 13.1 DJ presented the report to the Committee providing an update on the Gifts, Hospitality and Interests Register for Quarter 3 2020/21.
- 13.1.1
- 13.1.2 The Committee asked for clarification on how the Service addressed any potential matches which were identified by the National Fraud Initiative. DJ confirmed that the appropriate Senior Officer would be contacted, who then engaged with the individual to raise awareness of the policy and their responsibility to declare any interests.
- 13.1.3 **The Committee noted the report.**
- 14 HMFSI ROUTINE ANNUAL REPORT**
- 14.1 SRJ presented his report to the Committee and the following key areas were noted:
- Local Area Inspection (LAI) for Midlothian was nearing completion. Interim report for Argyle & Bute LAI to be finalised and when restrictions allow, visits would be arranged.
  - Follow up LAI Reviews – Good progress was being made on the actions arising from the Dumfries & Galloway and Edinburgh City LAIs.
  - Thematic review on Health, Safety and Welfare (Operational Focus) – Inspection outline developed and would be issued imminently for final agreements.
  - Thematic review on Assessing the Effectiveness of Inspection Activity – Fieldwork completed and draft report was being developed.
  - Thematic Review on Management of Operational and Protective Equipment – Inspection outline approved. Meeting to be arranged with Azets, Internal Audit, to identify any potential cross over with their audit.
  - Discussion with Chief Officer on how to progress inspection without overburdening areas/staff including increased initial research and data collection prior to practical elements.
  - Additional Fact Finding Inspection Activities – Preparedness for Existing the European Union final report presented to Scottish Government on 15 December 2020.
  - Review and refresh of the 3-year plan.
  - Recruitment ongoing for the post of HM Chief Inspector.
- 14.2 **The Committee noted the report.**
- 15 REVIEW OF ACTIONS**
- 15.1 AC confirmed the 3 actions arising during the meeting.

**16 FORWARD PLANNING****16.1 a) Committee Forward Plan Review**

The Committee considered and noted the Forward Plan. The following additional items were noted:

- Wider Scope Work (External Audit) – July 2021
- Gifts, Hospitality and Interests Policy (TBC)
- Clarification on Policy Governance Route (TBC)

**16.2 b) Items for Consideration at Future IGF, Board and Strategy Days Meetings**

No items were noted.

**17 DATE OF NEXT MEETING**

17.1 The next meeting is scheduled to take place on Thursday 24 March 2021 at 1000 hrs.

17.2 There being no further matters to discuss the public meeting closed at 1245 hrs.

**PRIVATE SESSION****18 MINUTES OF LAST PRIVATE MEETING: 8 OCTOBER 2020**

18.1 The minutes were agreed as an accurate record of the meeting.

**19 ACTION LOG**

19.1 The Committee considered the action log and noted the updates.

**7 INTERNAL AUDIT****Final Report – SFRS ICT & Data Security**

7.1.15 The Committee were presented with the Final Report on SFRS ICT and Data Security and discussed the recommendations made by Azets. It was agreed that a full written update would be brought back to the next Committee meeting (March 2021).

## AUDIT AND RISK ASSURANCE COMMITTEE ROLLING ACTION LOG



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### Background and Purpose

A rolling action log is maintained of all actions arising or pending from each of the previous meetings of the Committee. No actions will be removed from the log or completion dates extended until approval has been sought from the Committee.

The status of actions are categorised as follows:

- Task completed – to be removed from listing
- No identified risk, on target for completion date
- Target completion date extended to allow flexibility
- Target completion date unattainable, further explanation provided.

### Actions/recommendations

Currently the rolling action log contains 4 Actions. A total of 4 of these actions have been completed.

The Committee is therefore asked to approve the removal of the 4 actions noted as completed (Blue status), note the zero actions categorised as Green status and note zero actions categorised as Yellow status on the action log.

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## AUDIT AND RISK ASSURANCE COMMITTEE ROLLING ACTION LOG



Minute Ref	Action	Lead	Due Date	RAG Status	Completion Date	Position Statement
<b>Meeting Date: 8 October 2020</b>						
10.1.4	<b>Strategic Risk Register:</b> It was suggested that the narrative (action column) be expanded to include how the targets would be achievable.	SO'D/DJ	January 2021		March 2021	<b>Update (21/01/21):</b> Additional information on work still required to mitigate the risk will be requested from Directorates, expanding upon the action description. This additional assurance/comment will enhance information to Committee. <b>Completed (24/03/21):</b> A revised report will be presented to the Committee on 24 March incorporating a number of additional enhancements to the current report.

Minute Ref	Action	Lead	Due Date	RAG Status	Completion Date	Position Statement
<b>Meeting Date: 21 January 2021</b>						
7.1.4	<b>SFRS Internal Audit Progress Report 2020/21:</b> MS to provide clarification on the allocated days for Audits C1 Estates Asset Management and C2 Operational Equipment.	MS	March 2021		March 2021	<b>Complete (24/03/21):</b> Update provided within the Progress report, presented 24 March 2021.
11.3	<b>Gifts, Hospitality and Interests Policy Review:</b> Clarity be provided on general policy governance routes and the relationship to the Scheme of Delegations and for consideration to be provided at other Committees/Board.	MMc/RW	March 2021		March 2021	<b>Completed (24/03/21):</b> Governance of SFRS policies as detailed in Scheme of Delegations (section 3) are matters reserved for the Board where it has a major impact on personnel and also in specific relation to anti-fraud and

					<p>corruption policy. These are sub-delegated to the SGC and ARAC respectively as specifically detailed within Section 4.1 of the Committee ToR under their "Responsibilities". To provide further reassurance to the Committee, SFRS also have a robust records management system in place, that ensures all SFS Policies are review as set out within the agreed timescale and reported through the well-established governance routes. Further to this with the recent creation of the executive, Good Governance Board, this will provide another lay of checks and controls with a specific aspect of the Boards role being to monitor and ensure compliance of policy creation and review.</p>
<p>11.4</p>	<p><b>Gifts, Hospitality and Interests Policy Review:</b> Further consideration would be given to Section 5.6 Declaration of Interests (All Staff) within the revised policy (declaring all interests).</p>	<p>SO'D/DJ</p>	<p>March 2021</p>		<p><b>Completed (24/03/21):</b> Comments received from the Committee have been incorporated within the revised policy. Additional work has been undertaken to strengthen the Interests element of the policy with additional controls introduced in relation to the investigation and control of any interests identified. The revised policy will be forwarded to the Good Governance Board for final review and implementation.</p>

## SCOTTISH FIRE AND RESCUE SERVICE

## Audit and Risk Assurance Committee



Report No: C/ARAC/10-21

Agenda Item: 7.1

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:	24 MARCH 2021						
Report Title:	INTERNAL AUDIT PROGRESS REPORT 2020/21						
Report Classification:	For Scrutiny	<b>Board/Committee Meetings ONLY</b> For Reports to be held in Private Specify rationale below referring to <b><u>Board Standing Order 9</u></b>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
<b>1</b>	<b>Purpose</b>						
1.1	To provide a summary of progress in the delivery of the 2020/21 Internal Audit plan.						
<b>2</b>	<b>Background</b>						
2.1	This report is intended to enable Audit and Risk Assurance Committee (ARAC) to consider the progress to date in the delivery of the audit plan for 2020/21.						
<b>3</b>	<b>Main Report/Detail</b>						
3.1	Progress in the delivery of the audit plan is on track to deliver all audits as anticipated for 2020/21.						
<b>4</b>	<b>Recommendation</b>						
4.1	To note the report and consider any changes required to the plan for the year ahead in light of emerging risks.						
<b>5</b>	<b>Key Strategic Implications</b>						
5.1	<b>Financial</b>						
5.1.1	Not applicable.						
5.2	<b>Environmental &amp; Sustainability</b>						
5.2.1	Not applicable.						
5.3	<b>Workforce</b>						
5.3.1	Not applicable.						
5.4	<b>Health &amp; Safety</b>						
5.4.1	Not applicable.						
5.5	<b>Training</b>						
5.5.1	Not applicable.						
5.6	<b>Timing</b>						
5.6.1	The report notes progress in relation to audits undertaken in the 2020/21 financial year.						

5.7 5.7.1	<b>Performance</b> Internal audit is intended to support the service and where relevant identify areas where performance can be enhanced.	
5.8 5.8.1	<b>Communications &amp; Engagement</b> Not applicable.	
5.9 5.9.1	<b>Legal</b> Not applicable.	
5.10 5.10.1	<b>Information Governance</b> Not applicable.	
5.11 5.11.1	<b>Risk</b> The internal audit programme forms part of the Service's Assurance Framework.	
5.12 5.12.1	<b>Equalities</b> Not applicable.	
5.13 5.13.1	<b>Service Delivery</b> Not applicable.	
<b>6</b>	<b>Core Brief</b>	
6.1	Not applicable.	
<b>7</b>	<b>Appendices/Further Reading</b>	
7.1	Appendix A: Progress report	
<b>Prepared by:</b>	Matt Swann Associate Director, Azets	
<b>Sponsored by:</b>	Sarah O'Donnell, Director of Finance and Contractual Services	
<b>Presented by:</b>	Gary Devlin, Partner, Azets	
<b>Links to Strategy and Corporate Values</b>		
Working Together for a Safer Scotland		
<b>Governance Route for Report</b>	<b>Meeting Date</b>	<b>Report Classification/Comments</b>
<i>Audit and Risk Assurance Committee</i>	<i>24 March 2021</i>	<i>For scrutiny</i>







# Scottish Fire & Rescue Service

## Internal Audit Progress Report

March 2021





# Scottish Fire & Rescue Service

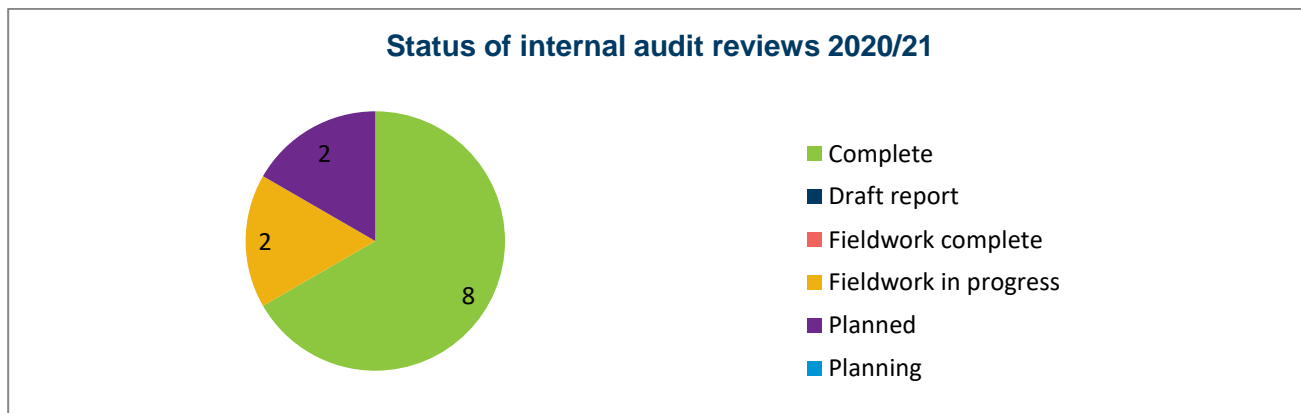
## Internal Audit Progress Report

Summary	1
2020/21 audit plan progress	2
KPI status	3



# Summary

This paper provides the Audit and Risk Assurance Committee with a summary of internal audit activity since its last meeting and confirms the reviews planned for the coming quarter, identifying any changes to the annual plan.



## Plan for next quarter

The following reports are due to be presented to the July 2021 Audit and Risk Assurance Committee:

- Procurement and Tendering;
- Expenses policy;
- Estates asset management and maintenance
- Operational equipment
- Internal audit follow up Q1
- Internal audit annual report 2020/21

## Action for Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee is asked to note the contents of this report and to approve the plan for the next quarter. We also invite any comments on the format or content of this report.

Gary Devlin, Audit Partner

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0131 473 3500

Matt Swann, Associate Director

[matthew.swann@azets.co.uk](mailto:matthew.swann@azets.co.uk)

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# 2020/21 audit plan progress

Ref and Name of report	Days	Current status	Planned ACC	Actual ACC
A1. Financial systems health check	15	Complete	Jan 21	Jan 21
A2. Procurement and tendering	12	Fieldwork in progress	Jul 21	
A3. Expenses policy	12	Fieldwork in progress	Jul 21	
B1. Implementation of SFRS Corporate Governance structure, Strategy and Reporting	15	Complete	Jan 21	Jan 21
B2. Risk management review	20	Complete	Oct 20	Oct 20
C1. Estates asset management and maintenance	10	Planned	Jul 21	
C2. Operational equipment <sup>1</sup>	10	Planned	Jul 21	
D1. ICT and data security	20	Complete	Oct 20	Jan 21
E1. Follow up of outstanding recommendations Q1	2.5	Complete	Jul 20	Jul 20
E1. Follow up of outstanding recommendations Q2	2.5	Complete	Oct 20	Oct 20
E1. Follow up of outstanding recommendations Q3	2.5	Complete	Jan 21	Jan 21
E1. Follow up of outstanding recommendations Q4	2.5	Complete	Mar 21	Mar 21
F3. Annual report	n/a	n/a	Jul 21	

Key:	Description
<b>Complete</b>	Audit work complete and report has been agreed and finalised
<b>Draft Report</b>	A draft report has been issued
<b>Fieldwork complete</b>	The audit work is complete but the draft report has not yet been issued.
<b>Fieldwork in progress</b>	The audit work is in progress.
<b>Planned</b>	The scope and timing of the audit has been agreed with management
<b>Planning</b>	The scope and/or timing of the audit has yet to be agreed with management

<sup>1</sup> In progress report presented in October 2020, the reviews of Estates and Operational equipment had been incorrectly combined. This was amended in January 2021 per agreed audit plan.

# KPI status

KPI description	Performance standard	Status	Comments
1. Actual v planned hours per audit	Audits completed within days approved by ARAC	GREEN	All audits completed within agreed allocated days
2. Cost of service by grade	Allocation of time per grade as agreed with management and provided for approval prior to invoicing	GREEN	All invoices have been approved prior to being issued by Azets
3. Cost per audit	Costs per audit based on allocated staff undertaking audits	GREEN	
4. Completion of customer feedback on each audit demonstrating satisfactory performance	Risk and Audit Manager to hold post audit discussion with key contacts	GREEN	Key matters to be fed back to Azets at quarterly contract management meetings, with agreed actions implemented to drive further improvement in service delivery.
5. Percentage of follow up recommendations completed on time	For recommendations raised by Azets 90+% of recommendations completed within agreed timescales	GREEN	To be assessed on completion of first full year. Discussion have been held with management to ensure completion dates are prompt but realistic.

## Key

<b>RED</b>	More than 15% away from target
<b>AMBER</b>	Within 15% of target
<b>GREEN</b>	Achieved



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of Chartered Accountants in England and Wales.

## SCOTTISH FIRE AND RESCUE SERVICE

## Audit and Risk Assurance Committee



Report No: C/ARAC/11-21

Agenda Item: 7.2

<b>Report to:</b>	<b>AUDIT AND RISK ASSURANCE COMMITTEE</b>						
<b>Meeting Date:</b>	<b>24 MARCH 2021</b>						
<b>Report Title:</b>	<b>SFRS PROGRESS UPDATE – INTERNAL AUDIT RECOMMENDATIONS</b>						
<b>Report Classification:</b>	<b>For Scrutiny</b>	<b>Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u></b>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
<b>1</b>	<b>Purpose</b>						
1.1	To provide Audit and Risk Assurance (ARAC) with the current status of recommendations raised by Internal Audit.						
<b>2</b>	<b>Background</b>						
2.1	This report maintains the previous format for updates with the addition of a conclusion of the current status from Azets.						
<b>3</b>	<b>Main Report/Detail</b>						
3.1	Thirty-three recommendations remain outstanding with the oldest related to 2018/19 audits. Internal Audit are working with management to assess progress and to consider the extent to which recommendations remain valid.						
<b>4</b>	<b>Recommendation</b>						
4.1	ARAC is asked to note the content of the report and consider the extended timelines noted for outstanding recommendations. The ability to close recommendations has been impacted by COVID-19 and the extent to which timelines remain realistic should be considered.						
<b>5</b>	<b>Key Strategic Implications</b>						
5.1	<b>Financial</b>						
5.1.1	Not applicable.						
5.2	<b>Environmental &amp; Sustainability</b>						
5.2.1	Not applicable.						
5.3	<b>Workforce</b>						
5.3.1	Not applicable.						
5.4	<b>Health &amp; Safety</b>						
5.4.1	Not applicable.						
5.5	<b>Training</b>						
5.5.1	Not applicable.						

5.6	<b>Timing</b>	
5.6.1	The report notes progress made in implementing audit actions from 2018/19 - 2020/21.	
5.7	<b>Performance</b>	
5.7.1	Internal audit is intended to support the service and where relevant identify areas where performance can be enhanced.	
5.8	<b>Communications &amp; Engagement</b>	
5.8.1	Not applicable.	
5.9	<b>Legal</b>	
5.9.1	Not applicable.	
5.10	<b>Information Governance</b>	
5.10.1	Not applicable.	
5.11	<b>Risk</b>	
5.11.1	The internal audit programme forms part of the Service's Assurance Framework.	
5.12	<b>Equalities</b>	
5.12.1	Not applicable.	
5.13	<b>Service Delivery</b>	
5.13.1	Not applicable.	
<b>6</b>	<b>Core Brief</b>	
6.1	Not applicable.	
<b>7</b>	<b>Appendices/Further Reading</b>	
7.1	Appendix A: Progress update on Internal Audit Recommendations	
<b>Prepared by:</b>	Matt Swann Associate Director, Azets	
<b>Sponsored by:</b>	Sarah O'Donnell, Director of Finance and Contractual Services	
<b>Presented by:</b>	Gary Devlin, Partner, Azets	
<b>Links to Strategy and Corporate Values</b>		
Working Together for a Safer Scotland		
<b>Governance Route for Report</b>	<b>Meeting Date</b>	<b>Report Classification/ Comments</b>
<i>Audit and Risk Assurance Committee</i>	<i>24 March 2021</i>	<i>For Scrutiny</i>

**APPENDIX A – Progress update on Internal Audit Recommendations**

**Dashboard – Internal Audit Recommendations Still to be Completed**

<p><b>Total number of actions closed since last ARAC meeting</b></p> <p style="font-size: 2em; text-align: center;"><b>10</b></p>	<p style="text-align: center;"><b>Previous Audit Years Outstanding actions</b></p> <table border="1"> <thead> <tr> <th rowspan="2">Audit Year</th> <th rowspan="2">Total No Actions</th> <th colspan="3">Outstanding Actions</th> <th rowspan="2">Complete Actions</th> </tr> <tr> <th>High</th> <th>Medium</th> <th>Low</th> </tr> </thead> <tbody> <tr> <td>2018/19</td> <td>41</td> <td>0</td> <td>1</td> <td>0</td> <td>98%</td> </tr> <tr> <td>2019/20</td> <td>41</td> <td>4</td> <td>11</td> <td>5</td> <td>51%</td> </tr> </tbody> </table>					Audit Year	Total No Actions	Outstanding Actions			Complete Actions	High	Medium	Low	2018/19	41	0	1	0	98%	2019/20	41	4	11	5	51%	<p style="text-align: center;"><b>Current Audit Year Audit Actions</b></p> <table border="1"> <thead> <tr> <th rowspan="2">Total No Actions</th> <th colspan="4">Total Still Outstanding</th> <th rowspan="2">% Complete Actions</th> </tr> <tr> <th>Grade 4</th> <th>Grade 3</th> <th>Grade 2</th> <th>Grade 1</th> </tr> </thead> <tbody> <tr> <td>23</td> <td>0</td> <td>3</td> <td>10</td> <td>2</td> <td>35%</td> </tr> </tbody> </table>					Total No Actions	Total Still Outstanding				% Complete Actions	Grade 4	Grade 3	Grade 2	Grade 1	23	0	3	10	2	35%					
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<p><b>No. of Actions still to be completed</b> <span style="font-size: 1.5em;"><b>33</b></span></p> <table border="1"> <tr> <td>Actions within Original Dates</td> <td style="text-align: right; font-size: 1.5em;"><b>12</b></td> </tr> <tr> <td>Actions within Revised Dates</td> <td style="text-align: right; font-size: 1.5em;"><b>18</b></td> </tr> <tr> <td>Actions outwith date</td> <td style="text-align: right; font-size: 1.5em;"><b>3</b></td> </tr> </table>	Actions within Original Dates	<b>12</b>	Actions within Revised Dates	<b>18</b>	Actions outwith date	<b>3</b>	<p style="text-align: center;"><b>Priority level of Previous Audit Years Outstanding Actions</b></p> <table border="1"> <caption>Priority level of Previous Audit Years Outstanding Actions</caption> <thead> <tr> <th>Priority</th> <th>Jan-21</th> <th>Feb-21</th> <th>Mar-21</th> </tr> </thead> <tbody> <tr> <td>High</td> <td>4</td> <td>4</td> <td>4</td> </tr> <tr> <td>Medium</td> <td>12</td> <td>11</td> <td>11</td> </tr> <tr> <td>Low</td> <td>5</td> <td>4</td> <td>4</td> </tr> </tbody> </table>					Priority	Jan-21	Feb-21	Mar-21	High	4	4	4	Medium	12	11	11	Low	5	4	4	<p style="text-align: center;"><b>Priority level of Current Year Outstanding Actions</b></p> <table border="1"> <caption>Priority level of Current Year Outstanding Actions</caption> <thead> <tr> <th>Grade</th> <th>Jan-21</th> <th>Feb-21</th> <th>Mar-21</th> </tr> </thead> <tbody> <tr> <td>Grade 4</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Grade 3</td> <td>8</td> <td>8</td> <td>3</td> </tr> <tr> <td>Grade 2</td> <td>13</td> <td>13</td> <td>10</td> </tr> <tr> <td>Grade 1</td> <td>2</td> <td>2</td> <td>2</td> </tr> </tbody> </table>					Grade	Jan-21	Feb-21	Mar-21	Grade 4	0	0	0	Grade 3	8	8	3	Grade 2	13	13	10	Grade 1	2	2	2
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**Outstanding Recommendations with Responsible Action Owners provided updates**

2018/19	Corporate Governance – External Engagement	Total No	No Due within 6 months	% Complete Actions	Fully Implemented			Part/In Progress			Not Implemented		
					High	Medium	Low	High	Medium	Low	High	Medium	Low
		4	4	75%	0	3	0	0	1	0	0	0	0
Rec No.	The Complaints, Comments and Compliments Policy and Procedure should be reviewed and updated where appropriate with emphasis that centralised recording of all complaints and outcomes is required to ensure that SFRS are dealing with these appropriately and within agree timescales.				Action Date Due	Agreed Revised Date	Priority	% Complete	Status				
2	Responsible Owner & Agreed Response <b>Head of Communications &amp; Engagement (previous owner - Head of Corporate Governance)</b>	<i>The Complaints, Comments and Compliments Policy will be updated</i>			31 December 2019	30 April 2021	MEDIUM	95%	AMBER				
Progress to Update		<p>The Policy has been updated with the additional guidance the Scottish Public Services Ombudsman (SPSO) have issued to date and currently following the governance process by being presented to CAB on 21<sup>st</sup> September. The Policy will then be updated accordingly as and when further guidance is released by the SPSO. Policy was agreed at CAB</p> <p>SFRS were already revising the existing Complaints Handling Procedure when the MCHP was launched and have begun adopting the new templates and have prepared parts, 1,3 and 5 as an interim measure to ensure our complaints process is fit for purpose. These parts which were approved by CAB.</p> <p>Parts 2 and 4 are being developed as part of an ongoing engagement process with Senior Managers throughout SFRS and with support/guidance provided from SPSO to date. Full MCHP will be published after Parts 2 and 4 are supported by IGG, approved by CAB, and formal consultation has been carried out.</p> <p>The MCHP will go live April 2021 as requested by SPSO.</p>											
Outstanding actions to close the recommendation		The Completion of the Policy is dependent of the issuing of the final guidance from the SPSO. There is no date has been provided by the SPSO for this.											
Azets Comments		Progress to completion is noted as being dependent on issue of guidance from SPSO.											

2019/20	Water Planning Arrangements	Total No	No Due within 6 months	% Complete Actions	Fully Implemented			Part/In Progress			Not Implemented		
					High	Medium	Low	High	Medium	Low	High	Medium	Low
		7	7	43%	1	2	0	3	1	0	0	0	0
Rec No.	We recommend that the Service Level Agreement (SLA) with Scottish Water is established and agreed addressed issues around liability and costs.			Action Date Due	Agreed Revised Date	Priority	% Complete	Status					
1	Responsible Owner & Agreed Response <b>Response &amp; Resilience DACO</b>	<i>Agreement with Scottish Water and SFRS on terms and items to be carried forward for inclusion in future MOU and SLA. Draft, finalise &amp; Sign MOU &amp; SLA between Scottish Water &amp; SFRS.</i>			31 March 2020	31 March 2021	HIGH	75%	AMBER				
Progress to Update		SFRS and Scottish water have drafted the outline of the report that outlines the Hydrant situation for Scotland. Purpose of paper is to highlight to both SLTs analysis work planning / type, future financial investment and risk assessed approach for repairs. Understanding of the entirety of needs at organisational level will better inform the future SLA.											
Outstanding actions to close the recommendation		It has been agreed that a joint paper be written by SFRS and SW to be presented to both organisations SLT. Directors from SFRS and SW due to meet on 29 <sup>th</sup> March 2021 to agree on broad content before final draft is prepared. Outcome from this meeting would assist to establish the new requested revised date											
Azets Comments		Update noted											
Rec No.	It is recommended that SFRS ensures that the requirements as detailed within the GIN are implemented consistently with the support of the Deputy Chief Officer.			Action Date Due	Agreed Revised Date	Priority	% Complete	Status					
2	Responsible Owner & Agreed Response <b>Response &amp; Resilience DACO/ SM for Water Planning</b>	<i>Consider revision of GIN to include a standardised recording document. Discussions with DCO and SDA DACOs regarding inclusion of performance monitoring within SDC quarterly reports and HMS high end user requirements to cater for LSO reporting.</i>			31 December 2019	31 March 2021	HIGH	60%	AMBER				
Progress to Update		A draft of GIN being prepared ahead of ICT development (Rec 4) and can then be updated accordingly to meet the new requirements and coincide with the system rollout. Have also agreed that LCMS package for GETAC tablet use include hydrant app instructions once ICT completed											
Outstanding actions to close the recommendation		Awaiting completion of Rec 4 before publication New revised date request would be aligned with Rec 4.											
Azets Comments		Update noted											

Rec No.	It is recommended that the HMS system is developed as a matter of urgency to enable the hydrants information to be updated and system introduced that will enable new technologies to be considered.	Action Date Due	Agreed Revised Date	Priority	% Complete	Status	
4	Responsible Owner & Agreed Response <b>SM for Water Planning/ Water Planning Team</b>	Work with ICT to address system issues and develop system for SFRS to be rolled out across SDAs	30 June 2020	31 March 2021	HIGH	50%	AMBER
<b>Progress to Update</b>		Worked with ICT regarding the HMS system to resolve existing issues. Progress delay been caused by COVID 19 and various upload issues. Upload issue resolved for corporate Windows 10 operating platform and progress being made with upload for GETAC					
<b>Outstanding actions to close the recommendation</b>		Issues reported Initial shakedown testing and being worked on by External Developer. Proposed User Acceptance Testing to commence end of March. Feedback from the UAT group will be reviewed at the Project Board meeting end of April. Outcomes would help determine Go live completion date.					
<b>Azets Comment</b>		Update noted					
Rec No.	It is recommended that SFRS Water Planning introduce arrangements to oversee the inspection progress and ensure that it is effectively monitored with performance reported to SDC.	Action Date Due	Agreed Revised Date	Priority	% Complete	Status	
7	Responsible Owner & Agreed Response <b>Response &amp; Resilience DACO</b>	It was agreed to address this action in a staged approach by having discussions with DCO and SDA DACOs regarding inclusion of performance monitoring within SDC quarterly reports. And for guidance to be provided to LSO Management teams on future reporting function of HMS to monitor performance.	31 March 2020	31 March 2021	MEDIUM	75%	AMBER
<b>Progress to Update</b>		Initial discussions between former R&R DACO and SDA DACO's had taken place.					
<b>Outstanding actions to close the recommendation</b>		Guidance/process will be provided to meet the new requirements and coincide with system rollout. (Rec No. 4) New revised date request would be aligned with Rec 4.					
<b>Azets Comments</b>		Update noted					

2019/20	Performance Management Arrangements	Total No	No Due within 6 months	% Complete Actions	Fully Implemented			Part/In Progress			Not Implemented		
					High	Medium	Low	High	Medium	Low	High	Medium	Low
		4	4	50%	0	2	0	0	2	0	0	0	0
Rec No.	SFRS should develop a clear plan to ensure local performance reporting is effectively developed and implemented within a timescale consistent with its risk appetite.			Action Date Due	Agreed Revised Date	Priority	% Complete	Status					
1b	Responsible Owner Agreed Response <b>Head of Corporate Governance (Former owner DACO Strategic Planning, Performance &amp; Communications)</b>	Local performance reporting is already in place. New Local Senior Officer (LSO) dashboards are in development and will be available to LSO's by April 2021. This will provide detailed local data on a variety of metrics and where appropriate this will be down to locality and ward level.			31 March 2021	31 August 2021	MEDIUM	90%	AMBER				
Progress to Update		Local data is available to view in InPhase through filters in the corporate dashboards. Agreed list of PIs for LSOs have been set at 200. These are being rationalised. An additional piece of work focused on local and operational performance is at testing phase and has been presented to Service Delivery DMT. Design of performance dashboards now ongoing with Finance, POD, Health and Safety. Business Intelligence Action Plan for 21/22 has been agreed with specific objectives and timings related to this as on going work											
Outstanding actions to close the recommendation		Final development of local performance dashboard/s											
Azets Comments		Update noted											
Rec No.	SFRS should conduct a post-implementation review of InPhase within the first 12 months to inform the longer-term plans referred to above.			Action Date Due	Agreed Revised Date	Priority	% Complete	Status					
2b	Responsible Owner Agreed Response <b>Head of Corporate Governance (Former owner DACO Strategic Planning, Performance &amp; Communications)</b>	A Full evaluation of the implementation phase will be undertaken in 2021.			30 April 2021	n/a	MEDIUM	0%	GREEN				
Progress to Update		Not scheduled to start any review yet due to the delay of InPhase Implementation											
Outstanding actions to close the recommendation													
Azets Comments		Update noted											



2019/20	Risk Management	Total No	No Due within 6 months	% Complete Actions	Fully Implemented			Part/In Progress			Not Implemented		
					High	Medium	Low	High	Medium	Low	High	Medium	Low
	*3 actions have been superseded by the 20/21 Risk Management Review	6	6	83%	2	3*	0	0	0	1	0	0	0
Rec No. <b>3</b>	<b>We recommend that SFRS ensures that its associated strategies and documentation are updated to reflect the new outcomes format of the Strategic Risk Register.</b>				Action Date Due		Agreed Revised Date		Priority	% Complete	Status		
	Responsible Owner & Agreed Response <b>Head of Finance &amp; Procurement</b>	<i>The Risk Management Strategy will be updated to reflect recent changes to strategic document and the new template. This will be aligned to the introduction of the new risk register within InPhase. Where other strategies need to be realigned with the new risk framework this should be undertaken in line with their normal governance reviews and in line with the new risk management strategy.</i>			31 March 2020		31 July 2021		LOW	50%	AMBER		
Progress to Update		The strategy will be revised aligned to the Internal audit in May/June 2020 and the introduction of InPhase. Work on InPhase has been suspended due to Covid-19. Work on developing the new risk register had been started with initial information provided to SLT. A revised strategic risk register & aligned Directorate risks have been provided to ARAC and other Committees and Executive Boards. Development of a Risk Register within InPhase has been prioritised with initial information to be available in December 2020											
Outstanding actions to close the recommendation		Revised Risk Management Strategy to be developed and implemented in line with relevant governance and will be aligned to InPhase Risk Register Publication of Risk Management Strategy with allow alignment to associated strategies & documentation.											
Azets Comments		Update noted											

2019/20	Fraud Risk Management Arrangements	Total No	No Due within 6 months	% Complete Actions	Fully Implemented			Part/In Progress			Not Implemented		
					High	Medium	Low	High	Medium	Low	High	Medium	Low
					0	1	5	1	8	4	0	0	0
Rec No. <b>1</b>	<p><b><u>Risk Assessment</u></b>                      The specific fraud risk assessment should be undertaken in line with the SPFM, the Risk Management Policy and the Anti-Fraud &amp; Bribery Policy.                      The assessment should incorporate information from sources such as whistleblowing reports, investigations, internal audits, and board and committee meetings, alongside insights from Management and staff.                      Fraud risks should be reassessed every two years, this requirement should be added to the applicable policy.                      Risks in the current risk register should incorporate associated risks of fraud.</p>			Action Date Due	Agreed Revised Date	Priority	% Complete	Status					
	Responsible Owner & Agreed Response <b>Risk &amp; Audit Manager</b>	<p>A Fraud Risk Assessment (FRA) document has been produced outlining the requirement for FRA and providing the template through which Directorates will identify their risks. The SFRS Annual Assurance Framework requires senior officers to complete the Internal Control Checklist as provided through the SPFM by Scottish Government.                      The Fraud Section has been revised to incorporate the FRA process allowing FRA to be collected as part of the annual governance and assurance process.</p>			31 July 2020	30 June 2021	HGH	90%	AMBER				
Progress to Update		<p>The Fraud Risk Assessment document has been issued as part of the Assurance Framework and is now contained within the associated Internal Control Checklist for return early June 2020. From the returns received, it was identified that more engagement and guidance was required.                      The FRA has been submitted and approved by CAB with a private paper forwarded to ARAC on 8<sup>th</sup> October 2020 allowing scrutiny of the process.                      The Head of F&amp; P has engaged with Senior Officers to further embed the process.</p>											
Outstanding actions to close the recommendation		<p>This specific action is complete subject to incorporation within the applicable policy.                      The FRA guidance will be incorporated within the revised fraud policy and will be subject to related governance.</p>											
Azets Comments		Update noted											
Rec No. <b>2</b>	<p><b><u>Policies and standard setting – Anti Fraud &amp; Bribery Policy</u></b>                      Update the Policy to include specific examples relevant to SFRS, to specific roles within the organisation and its control environment. Ensure consistency between the Fraud Response Plan and the Anti-Fraud and Bribery Policy. Ensure appropriate signposting to other policies and resources in the main body of the policy to guide the reader and ensure the correct policy is referred to. Inclusion of a diagram showing the policies relevant to the anti-fraud framework could help. Following updates, finalise and formally adopt policy.                      Ensure the latest version of the Policy is published on the website.</p>			Action Date Due	Agreed Revised Date	Priority	% Complete	Status					
	Responsible Owner & Agreed Response <b>Risk &amp; Audit Manager</b>	<p>The Fraud Policy will be updated to reflect recommendations outlined within the EY Audit Report. The Fraud Policy and Fraud Response Plan will be combined within a single document incorporating the Fraud Risk Assessment.</p>			31 July 2020	30 June 2021	MEDIUM	50%	AMBER				
Progress to Update		Work has been undertaken & a draft policy has been developed for peer review by Risk & Audit Manager											
Outstanding actions to close the recommendation		Once reviewed, the policy requires to be put out for consultation prior to being formally reported to the SFRS Board.											
Azets Comments		Update noted											

Rec No. <b>3b</b>	<b><u>Policies and standard setting – Fraud Response Plan</u></b> Clearly define investigation officer and whistle blowing officer and the duties and responsibilities of each other. Clearly define what experience and position an investigating officer should have. Provide training to nominated investigative officers Ensure the means to identify and record conflicts of interest are clear and declared at the start of an investigation. Determine inn which instances an external investigator should be engaged. Factors such as value, severity and complexity should be considered. Examples should also be given. Ensure appropriate signposting to other polices and resources in the main body of the policy to guide the reader and ensure the correct policy is referred to. Inclusion of a diagram showing the policies relevant to the antifraud framework could help.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner & Agreed Response <b>Risk &amp; Audit Manager</b>	<i>Update Fraud Response Plan</i>	31 July 2020	30 June 2021	MEDIUM	50%	AMBER
Progress to Update	Please see recommendation 2 The Fraud Response Plan with be incorporated with the Anti-Fraud Policy. Revision work of the new policy has been undertaken & a draft policy has been developed for peer review by Risk & Audit Manager						
Outstanding actions to close the recommendation	Once reviewed, the policy requires to be put out for consultation prior to being formally reported to the SFRS Board.						
Azets Comments	Update noted						
Rec No. <b>3c</b>	<b><u>Policies and standard setting – Fraud Response Plan</u></b> Clearly define investigation officer and whistle blowing officer and the duties and responsibilities of each other. Clearly define what experience and position an investigating officer should have. Provide training to nominated investigative officers Ensure the means to identify and record conflicts of interest are clear and declared at the start of an investigation. Determine inn which instances an external investigator should be engaged. Factors such as value, severity and complexity should be considered. Examples should also be given. Ensure appropriate signposting to other polices and resources in the main body of the policy to guide the reader and ensure the correct policy is referred to. Inclusion of a diagram showing the policies relevant to the antifraud framework could help.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Risk &amp; Audit Manager</b>	<i>Risk &amp; Audit Team to complete fraud training to enable to provide guidance/training to investigation officers.</i>	31 March 2021	n/a	MEDIUM	60%	GREEN
Progress to Update	The definitions Investigation Officer & whistleblowing officers is covered within the relevant HR Polices. Information has been received regarding a possible fraud course that could be designed to meet requirements of SFRS. Fraud training through CIPFA has been provided to identify staff						
Outstanding actions to close the recommendation	Further Training Courses for more staff identified planned for March 2021. Training for SMB Members still to be held Development of a LCMS Course aligned to fraud training provided by CIPFA to be completed.						
Azets Comments	Update noted						

Rec No. <b>4</b>	<b><u>Policies and standard setting – Access to current policies</u></b> Improve the search function regarding key policies on the intranet, and group policies together more clearly to improve ease of navigation for employees. Use of diagrams to show the interaction of policies for each key area could help user understand how each interact and those that are relevant for the particular area they are looking for guidance on. The intranet could be updated with a “Frequently Asked Questions” (FAQ) section with signposting to key policies. For example, “What should I do if I think I have discovered a potential fraud?” with links to the relevant policies. Continue to review policies at regular intervals, ensure policies are also reviewed reactively following incidents, changes in risk profile or regulatory changes.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner & Agreed Response <b>Risk &amp; Audit Manager</b>	<i>The search functionality on I-hub returns relevant documentation based on search criteria but can be difficult to find exact requirement. Develop a specific Fraud Page on I-hub that includes a diagram of policy interactions and to bring together relevant guidance and include an FAQ. Policies have a review date and changes will be considered at that time. Where appropriate a procedural review is completed after any incidents. Timeline not required.</i>	30 September 2020	30 June 2021	MEDIUM	25%	AMBER
Progress to Update		This action will link to the new fraud policy document which will identify the relevant linkage with other policies and procedures.					
Outstanding actions to close the recommendation		Engagement with the Comms Team regarding development of the fraud page still to commence. The fraud page will be developed and aligned to the policy and other relevant information					
Azets Comments		Update noted					
Rec No. <b>5a</b>	<b><u>Management &amp; Control Processes – Manual Processes</u></b> Complete a full review following the pilot of the self-service system, including management review and employee focus groups or surveys. Rectify any issues before rolling out to the entire organisation. Consider sending an email to area managers the week before payroll is processed requiring confirmation of leavers.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner & Agreed Response <b>Head of Finance &amp; Procurement</b>	<i>Agreed an early review of the solution is desirable to ensure to ensure new controls via verification are effective. Review of ESS implementation to consider impacts.</i>	31 December 2020	31 March 2021	MEDIUM	50%	AMBER
Progress to Update		The ESS for Time & expenses has been implemented for Support Staff. Initial Lessons learned have been incorporated within current processes including engagement with Union Representatives. Pilot for wholetime uniform staff has commenced with positive feedback					
Outstanding actions to close the recommendation		Meet with Verification Team’s and discuss their initial findings and feedback. Meeting with Stakeholders is planned for next week to provide update and lessons learned. Discussion and approval of removal of paper process					
Azets Comments		Update noted					

Rec No. <b>6a</b>	<p><b><u>Management and Control processes – Approval of New Suppliers</u></b>                  Consider providing a coding on the Tech One system with key notes and risk factors to allow the Procurement Team to have visibility of the Audit &amp; Risk Teams conclusions when performing due diligence work.                  Understand the full population of third parties to carry out the risk assessment.                  Update process for due diligence of third parties on a risk assessed basis. Assign a “risk rating” to suppliers, which should be shown alongside the credit rating.                  Include requirement to documentation the risk classification, business rationale, value for money and approvals within procedures.                  Ongoing anti-money laundering and adverse media checks should be performed. This could include searches for outstanding court orders, and searches for adverse media on potential suppliers and related individuals.                  Where risks are identified, safeguards can be put in place to manage these, such as regular reviews or decisions not to use that specific supplier.                  Consider automating the signatory process (see approval process below)</p>		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner & Agreed Response <b>Finance Systems Manager</b>	<p><i>Information on setting up supplier will be added to supplier notes.</i></p>	31 July 2020	31 March 2021	MEDIUM	40%	AMBER
Progress to Update	<p>This is on the Systems Team workplan and progression has started.                  Contractual agreements with Tech One complete. continues workplan for 2020/21</p>						
Outstanding actions to close the recommendation	<p>Working with the system developer around the cloud areas to review workplan and agree dates.                  Schedule identified work and complete work.</p>						
Azets Comments	<p>Update noted</p>						
Rec No. <b>6b</b>	<p><b><u>Management and Control processes – Approval of New Suppliers</u></b>                  Consider providing a coding on the Tech One system with key notes and risk factors to allow the Procurement Team to have visibility of the Audit &amp; Risk Teams conclusions when performing due diligence work.                  Understand the full population of third parties to carry out the risk assessment.                  Update process for due diligence of third parties on a risk assessed basis. Assign a “risk rating” to suppliers, which should be shown alongside the credit rating.                  Include requirement to documentation the risk classification, business rationale, value for money and approvals within procedures.                  Ongoing anti-money laundering and adverse media checks should be performed. This could include searches for outstanding court orders, and searches for adverse media on potential suppliers and related individuals.                  Where risks are identified, safeguards can be put in place to manage these, such as regular reviews or decisions not to use that specific supplier.                  Consider automating the signatory process (see approval process below)</p>		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner & Agreed Response <b>Risk &amp; Audit Manager</b>	<p><i>A risk rating field has now been included in the finance system for suppliers. A method of evaluating risk levels will be developed in conjunction with procurement &amp; maintained on system.</i></p>	31 March 2021	n/a	MEDIUM	60%	GREEN
Progress to Update	<p>The compliance Officer &amp; Risk &amp; Audit Manager has met with the Procurement Manager on how best to develop this function.                  Compliance Team are now working on recoding suppliers where required on Tech One to enable KPI reporting by the Procurement Manager</p>						
Outstanding actions to close the recommendation	<p>Risk &amp; Audit are awaiting feedback from the Procurement Manager following work to better categorise supplier information.                  Procurement are reviewing work undertaken by Compliance with any agreed changes to be reported through Governance Structures.</p>						
Azets Comments	<p>Update noted</p>						

Rec No. <b>7a</b>	<p><b><u>Management &amp; Control Processes – Approval Processes</u></b>                  Consider including approval and electronic signatory within the Tech One and iTrent systems, so that only the person with the correct system log in details can approve payments and process transactions. This would reduce the risk of forging and reduce administrative tasks, but also improve monitoring and provide a clear audit trail. Consider removing manual processes where possible, for example: -</p> <ul style="list-style-type: none"> <li>Expense claim forms as these could be subject to manipulation.</li> <li>Consider having a system which suppliers can access to update and confirm their own bank details (eg. a supplier portal)</li> </ul> <p>Utilise online banking processes which can facilitate approval electronically for high value payments using allocated user access privileges</p>		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner & Agreed Response <b>Finance Systems Manager</b>	<p><i>System users are given role based access to the finance and HR/Payroll system with appropriate segregation of duties. Financial authority embedded in system for approvals.</i>  <i>The process for granting access to systems is a manual authorised signatory process and is on this year's workplan to move to electronic where possible.</i></p>	31 December 2020	30 June 2021	MEDIUM	30%	AMBER
Progress to Update	Work is within the System Team's workplan. Contractual negotiation's ongoing with Developer						
Outstanding actions to close the recommendation	Dependable of outcome and agreement with developer. Build and testing required once purchase complete						
Azets Comments	Update noted						
Rec No. <b>7b</b>	<p><b><u>Management &amp; Control Processes – Approval Processes</u></b>                  Consider including approval and electronic signatory within the Tech One and iTrent systems, so that only the person with the correct system log in details can approve payments and process transactions. This would reduce the risk of forging and reduce administrative tasks, but also improve monitoring and provide a clear audit trail. Consider removing manual processes where possible, for example: -</p> <ul style="list-style-type: none"> <li>Expense claim forms as these could be subject to manipulation.</li> <li>Consider having a system which suppliers can access to update and confirm their own bank details (eg. a supplier portal)</li> </ul> <p>Utilise online banking processes which can facilitate approval electronically for high value payments using allocated user access privileges</p>		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner & Agreed Response <b>Finance Systems Manager</b>	<p><i>ESS project is currently being implemented which will remove manual forms.</i></p>	30 September 2020	30 June 2021	MEDIUM	50%	AMBER
Progress to Update	This has been fully rolled out to Support staff with the paper claim format still running. Pilot with Wholetime uniform progressing. From 1 <sup>st</sup> February All Control Staff are included within pilot and plan to bring in a pilot station from the North and East.						
Outstanding actions to close the recommendation	Gather & review feedback from pilot. Begin a structured roll out and give consideration across all areas. Discussion and approval of removal of paper process with Project Board. Have paper process as Business Continuity purposes only						
Azets Comments	Update noted						

Rec No. <b>7c</b>	<b>Management &amp; Control Processes – Approval Processes</b> Consider including approval and electronic signatory within the Tech One and iTrent systems, so that only the person with the correct system log in details can approve payments and process transactions. This would reduce the risk of forging and reduce administrative tasks, but also improve monitoring and provide a clear audit trail. Consider removing manual processes where possible, for example: - <ul style="list-style-type: none"> <li>Expense claim forms as these could be subject to manipulation.</li> <li>Consider having a system which suppliers can access to update and confirm their own bank details (eg. a supplier portal)</li> </ul> Utilise online banking processes which can facilitate approval electronically for high value payments using allocated user access privileges		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner & Agreed Response <b>Finance Systems Manager</b>	<i>A project was completed last year to move the finance system to the cloud. This work means we can now work remotely if required. This enables SFRS to consider new capabilities including supplier portal and this is on this year's workplan.</i>	31 March 2021	n/a	MEDIUM	40%	GREEN
<b>Progress to Update</b>		This is with System Team's workplan and discussions have started with developers regarding looking at the different areas of finance.					
<b>Outstanding actions to close the recommendation</b>		Contractual amendments in progress to allow purchase of the licences required, once this is complete, purchase areas to be agreed and implementation work to commence Jan 21 with aim for completion of phase 1 improvements still March 21.					
<b>Azets Comments</b>		Update noted					
Rec No. <b>9a</b>	<b>Monitoring &amp; Speaking Up Processes – Speaking Up Processes</b> Consider using an anonymous third-party whistleblowing hot-line, which enables employees and third parties to report malpractice, potential fraud or unethical behaviour. The hotline must be easily accessible, and the contact information and key details must be communicated to employees. Provide examples of situations when reporting to a line manager may not be appropriate, so that employees are able to consider the best course of action. Provide examples of situations when matters raised by an individual will not be treated confidentially, as this may encourage individuals to name themselves in a complaint where they understand clearly that the matter will be kept confidential. Re-word the policy in relation to anonymous reports to make it clear that the anonymous nature of the report is not a factor that may lead to the decision not to investigate. Ensure that employees are educated on the risks of "tipping off" suspected fraud perpetrators. Consider, instead of disabling full access of those suspected of fraud, to instead monitor the system, to avoid "tipping off".		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Head of People &amp; Organisational Development</b>	<i>The current Whistleblowing Policy is due for review by the end of the financial year. The review will consider recommendations from the audit as noted.</i>	31 March 2021	n/a	MEDIUM	0%	GREEN
<b>Progress to Update</b>		This will be considered as part of the policy review of the Whistleblowing policy. The Whistleblowing Policy is within POD Planner but has yet to be allocated to an owner. This is down to the last 8 months priority being responding to COVID. From feedback received, it has been recognised of the documents that go out for consultation. POD Meeting held to review allocation of work planner again to set out POD priorities for the next few months					
<b>Outstanding actions to close the recommendation</b>		POD will allocate Policy to action owner for work to progress and will request revised completion date at next Follow Up meeting being held 16 <sup>th</sup> March 2021.					
<b>Azets Comments</b>		Update noted					

Rec No.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
10b	<p><b><u>Reporting, communication &amp; improvement actions – Fraud Response Plan</u></b>                      Investigative officers, with support from internal audit, should prepare investigative reports, with attached evidence (such as interview notes and documentation). Consider preparing an investigation checklist and report template to assist with reporting.                      Update the Fraud Response Plan to state who is responsible for reporting to the Audit &amp; Risk Committee, Scottish Government and external audit under the “Reporting” section.                      Consider maintaining an “incident log” of control breaches and fraud incidents, so that patterns can be identified and lessons learned from them.</p>					
	<p>Responsible Owner Agreed Response  <b>Risk &amp; Audit Manager</b></p> <p><i>Fraud Response Plan will be updated to reflect and an incident log created.</i></p>	31 July 2020	30 June 2021	MEDIUM	50%	AMBER
Progress to Update	<p>Similar to recommendation 2                      Work has been undertaken &amp; a draft policy has been developed for peer review by Risk &amp; Audit Manager                      Incident Log is currently maintained but will be used more pro-actively to identify lessons learned</p>					
Outstanding actions to close the recommendation	<p>Once reviewed, the policy requires to be put out for consultation prior to being formally reported to the SFRS Board.</p>					
Azets Comments	<p>Update noted</p>					
Rec No.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
14	<p><b><u>Policies and standard setting – Gifts, Hospitality and Interests Policy</u></b>                      Update the policy to clearly state who a suspected breach should be reported to, to ensure appropriate reporting and avoid “tipping off”.                      Ensure appropriate signposting to other policies and resources in the main body of policy to guide the reader and ensure the correct policy is referred to. Inclusion of a diagram showing the policies relevant to the anti-fraud framework could help.</p>					
	<p>Responsible Owner Agreed Response  <b>Risk &amp; Audit Manager</b></p> <p><i>The Gifts, Hospitality and Interests Policy will be updated to include who a suspected breach should be reported to and a diagram/link to other policies</i></p>	30 June 2020	31 March 2021	LOW	95%	AMBER
Progress to Update	<p>The policy is being currently going through the consultation process                      The Policy has been out for consultation and is now finalised.                      A report presented &amp; agreed at CAB on 9<sup>th</sup> December 2020. A report was provided to ARAC on January 2021 for governance &amp; scrutiny</p>					
Outstanding actions to close the recommendation	<p>Following the report presentation to ARAC in January, the Risk &amp; Audit Manager will meet with the Chair of ARAC to review areas highlighted by ARAC.</p>					
Azets Comments	<p>Update noted</p>					



Rec No. <b>15</b>	<b><u>Training &amp; Guidance – Fraud Training</u></b> Incorporate fraud training into the mandatory training programme for staff most likely to be exposed to fraud, for example finance & procurement staff. Consider periodically releasing fraud training information to all staff, for example in the form of a video, graphic or article. Incorporate real examples into training and communication with employees to clearly highlight the risks and emphasise the possible consequences of not following the processes.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Risk &amp; Audit Manager</b>	<i>Risk &amp; Audit Team will complete fraud training to enable team to provide guidance/training and develop fraud awareness module on LCMS for all staff and make mandatory for Finance &amp; Procurement. Points raised will be considered as part of the training.</i>	31 March 2021	n/a	LOW	60%	GREEN
Progress to Update		Similar to recommendation 3c Fraud training through CIPFA has been provided to identify staff					
Outstanding actions to close the recommendation		Further Training Courses for more staff identified planned for March 2021. Training for SMB Members still to be held Development of a LCMS Course aligned to fraud training provided by CIPFA to be completed.					
Azets Comments		Update noted					
Rec No. <b>17</b>	<b><u>Management &amp; Control Processes – Misappropriation of Assets</u></b> If not already covered, update the relevant HR policies to ensure uniform and other assets held by individual firefighters are returned. Ensure that checks are performed on the leave date of any property held by the individual. For example, leavers should be asked to state (via email or signature) that all property has been returned and a reconciliation should be performed between property returned and property issued. Consider the removal of all petty cash from stations, and transition on to the purchase card system. Where petty cash is still used, ensure all cash boxes and keys are appropriated secured.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Head of People &amp; Organisational Development</b>	<i>A leavers process and flowchart has been developed and available on i-Hub. The process will be reviewed to include return of SFRS equipment and a checklist being provided that confirms all SFRS property returned in line with property issued records.</i>	30 September 2020	28 February 2021	LOW	80%	RED
Progress to Update		The leavers process for uniform has been set up to include a checklist as part of the Line Managers checks IA commented that in current climate of SFRS assets leaving SFRS premises, this is also an opportunity to update this process to include support staff POD Meeting held on to review allocation of work planner again to set out POD priorities for the next few months					
Outstanding actions to close the recommendation		Work is being progressed as a priority and hoping to have this completed and evidenced before the next Follow Up meeting being held 16 <sup>th</sup> March.					
Azets Comments		Update noted					

Rec No. <b>18</b>	<b>Management &amp; Control Processes – System Access Controls</b> Proceed with automated signatory implementation.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Finance Systems Manager</b>	<i>As previously noted on current workplan. As noted earlier, we are deploying data analytics for expenses and overtime and will consider wider use over time.</i>	31 March 2021	30 June 2021	LOW	70%	AMBER
Progress to Update		Verifications team working closely with Systems to establish full data analytics around ESS T&E. The Verification Team are Using Data Analytics for the creation of Dashboards					
Outstanding actions to close the recommendation		Automated signatory implementation is continuing through the role based authorisation and automation of levels of authorisation through the grading process.					
Azets Comments		Update noted					

2020/21	RISK MANAGEMENT	Total No Actions	No Due within 6 months	% Complete Actions	Fully Implemented Grade				Part/In Progress Grade				Not Implemented Grade			
					4	3	2	1	4	3	2	1	4	3	2	1
					9	7	0%	0	0	0	0	0	0	0	7	0

Rec No. <b>1a</b>	<b>Risk Maturity Plan</b> SFRS should identify where on the risk maturity scale they should aim to be put in place an implementation plan in order to achieve this. As risk culture can take time to embed, we would suggest that a phased approach is taken		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Risk &amp; Audit Manager</b>	<i>A discussion will be held with the SLT to review the IIA Risk Maturity Scale Model and determine the level of maturity the Service should work towards, with a recommendation that our ambition should be "Risk Managed"</i>	31 December 2020	28 February 2021	GRADE 2	20%	RED
Progress to Update		A report will be provided to SLT outlining the risk maturity scale model and recommending a level of risk maturity the Service should work towards.					
Outstanding actions to close the recommendation		Provide report to SLT and undertake any work arising. New revised date will be requested at next Follow Up meeting being held 16 <sup>th</sup> March.					
Azets Comments		Update noted					

Rec No.	Governance Arrangements for project risks The Risk Management Policy should be updated to include the governance arrangements for major projects and programmes.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
2	Responsible Owner Agreed Response <b>Risk &amp; Audit Manager</b>	<i>The Risk Management Policy will be updated to reflect current governance arrangements, including specific mention of major projects and programmes. The update of Policy will rely on the completion of work in relation of InPhase and Risk Appetite and will be subject to policy consultation and agreement, in line with governance requirements.</i>	31 July 2021	n/a	GRADE 2	10%	GREEN
Progress to Update		Work is being undertaken with InPhase and Power BI.					
Outstanding actions to close the recommendation		The Policy will be revised to reflect the work undertaken and then follow appropriate governance route					
Azets Comments		Update noted					
Rec No.	Risk Descriptions SFRS should further improve articulation of risks using the mindset of:- <ul style="list-style-type: none"> <li>• There is a risk of x</li> <li>• Because of y</li> <li>• Resulting in z</li> </ul> Using this approach allows controls to be better formed to deal with the underlying issue(s).		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
3	Responsible Owner Agreed Response <b>Risk &amp; Audit Manager</b>	<i>The Strategic Risk Register and aligned Directorate Risk Register descriptions will be reviewed to more clearly articulate each risk</i>	31 March 2021	n/a	GRADE 2	60%	GREEN
Progress to Update		All Directorate Risk Registers have been reviewed and aligned to the new description requirements. Initial work has been undertaken with SLT in relation to the review of current strategic risk wordings.					
Outstanding actions to close the recommendation		Review strategic risk description wording and report to SLT.					
Azets Comments		Update noted					

Rec No. <b>4a</b>	<b>Risk Management Training</b> Those with specific roles in the management of risk should be suitably trained in the core fundamentals of risk management and receive other appropriately tailored training to undertake their role.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Risk &amp; Audit Manager</b>	<i>A LCMS risk management training package will be developed allowing the core fundamentals of risk to be understood by relevant staff</i>	31 July 2021	n/a	GRADE 2	0%	GREEN
Progress to Update		Work still to be progressed.					
Outstanding actions to close the recommendation		Work will commence on completion of the revised policy.					
Azets Comments		Update noted					
Rec No. <b>5a</b>	<b>Risk Appetite</b> SFRS should agree on and clearly communicate its risk appetite. Appropriate training and guidance on risk appetite should be provided at Board level and guidance and/or training should be provided for risk managers on how risk appetite is practically applied. This action is linked to Actions 2 & 4 of the previous internal auditor's report.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Risk &amp; Audit Manager</b>	<i>A Risk Appetite was held on 30<sup>th</sup> July facilitated by Scott Moncrieff providing guidance and training on risk appetite and establishing a plan for development of the Services risk appetite. Further workshops will be held with SLT and the Board to identify and agree the Services initial risk appetite levels.</i>	30 April 2021	n/a	GRADE 2	50%	GREEN
Progress to Update		A number of sessions have been held with the SFRS Board and SLT to develop greater understanding of risk appetite and to consider how a risk appetite statement might look for SFRS.					
Outstanding actions to close the recommendation		Development of a formal risk appetite statement required.					
Azets Comments		Update noted					
Rec No. <b>5b</b>	<b>Risk Appetite</b> SFRS should agree on and clearly communicate its risk appetite. Appropriate training and guidance on risk appetite should be provided at Board level and guidance and/or training should be provided for risk managers on how risk appetite is practically applied. This action is linked to Actions 2 & 4 of the previous internal auditor's report.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Risk &amp; Audit Manager</b>	<i>The second element in relation to training to be aligned with Recommendation 3.2 – Risk Management Training. As the LCMS training package is developed, this will include elements in relation to Risk Appetite.</i>	31 July 2021	n/a	GRADE 2	0%	GREEN
Progress to Update		Work still to be progressed					
Outstanding actions to close the recommendation		Work will commence in completion of the revised policy					
Azets Comments		Update noted					

Rec No. <b>6</b>	<b>Monitoring the effectiveness of mitigating actions</b> SFRS should ensure the future reporting of strategic and directorate risk utilises the functionality held within InPhase, replacing the current use of the excel based risk register. Regular reporting to management on the progress of this work should be carried out to ensure that project resource requirements are met and that it is delivered within agreed timescales.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Risk &amp; Audit Manager &amp; Performance &amp; Strategic Planning Manager</b>	<i>Work to develop the risk management portal in InPhase, incorporating the SFRS Risk Register, will be completed with revised management reports produced for consideration by Committee.</i>	30 April 2021	n/a	GRADE 2	50%	GREEN
Progress to Update		Development work for a risk register within InPhase has been prioritised and initial work has been completed in December. Once initial development work completed & met with Chair of ARAC					
Outstanding actions to close the recommendation		Going forward lessons learned from these initial exercises can then be incorporated within InPhase					
Azets Comments		Update noted					

2020/21	ICT & DATA SECURITY	Total No	No Due within 6 months	% Complete Actions	Fully Implemented Grade				Part/In Progress Grade				Not Implemented Grade			
					4	3	2	1	4	3	2	1	4	3	2	1
					11	11	73%	0	5	3	0	0	3	0	0	0

Rec No. <b>1b</b> (1.1.2)	<b>Joiners &amp; Leavers</b> In addition, management should ensure that all accounts not logged into for a predefined period (e.g. 90 days) are automatically disabled unless the management are able to confirm that there is good reason for the account not being used e.g. sick leave, maternity, etc..		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner & Agreed Response <b>ICT Service Desk Manager</b>	<i>An automated process will be put in place to highlight to Service Desk when a user account has not been logged in for 90 days consecutively and a process established to disable such accounts following confirmation with HR.</i>	31 December 2020	28 February 2021	GRADE 3	90%	RED
Progress to Update		The automated process is now in place and is being monitored by the ICT Operations Manager. Further discussion with Finance Systems Team & POD Admin to investigate possible automation of the reports.					
Outstanding actions to close the recommendation		Function to provide evidence of process and resulting actions.					
Azets Comments		Update noted					

Rec No. <b>2b</b> (1.2.2)	<b>Privileged Users</b> To support access management, IT management may wish to consider development of an access matrix which defines access permissions according to specific roles within the IT Team e.g network administrators, service desk analysts, third line specialists, etc... Access profiles/roles could then be developed to ensure that access is effectively managed according to the needs of the role. Management should also establish formal processes to review active privileged accounts each quarter to confirm their validity and that users still require that level of access. This should include review of when the account was last used.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner & Agreed Response <b>ICT Technical Strategy Manager</b>	<i>A Role Based Access Control (RBAC) matrix will be developed to ensure appropriate access levels are allocated to named users. A documented process and procedure will be developed using the RBAC matrix to include quarterly review of access to ensure it remains appropriate.</i>	31 December 2020	31 March 2021	GRADE 3	60%	AMBER
Progress to Update		This work is complex due to the number of live systems under ICT management. Completion of development of RBAC and accompanying process and procedures. ICT Management Meeting met to discuss and agreed workplan going forward. RBAC being dealt with as a "Business As Usual" (BAU) activity					
Outstanding actions to close the recommendation		A new revised completion date will be requested at the Follow Up meeting held on 16 <sup>th</sup> March					
Azets Comments		Update noted					
Rec No. <b>4</b> (3.1.1)	<b>Disaster Recovery Plan</b> We recommend that an ICT DR plan is drafted and approved as soon as practical. This should take cognisance of resilience arrangements and set out references to relevant technical recovery documentation that will support the recovery and restoration of services. This should include references to work instructions and other procedural documentation to minimise the risk of recovery being reliant on knowledge and experience of individuals (who may not be available at the time of an incident). We also recommend that the IT DR Plan is subject to regular testing to confirm it can support an effective response to an incident. The Plan should be updated with any lessons learned from tests performed. Management should also ensure that there are formal processes in place for the maintenance on the ICT DR Plan. This should include alignment to change management processes.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner & Agreed Response <b>ICT Operations Manager</b>	<i>The Disaster Recovery Plan is currently in development and will be completed and in place by March 2021. This will include the development of a regular testing regime and a formal process to maintain the currency of the plan.</i>	31 March 2021	n/a	GRADE 3	80%	GREEN
Progress to Update		A high-level Business Continuity Plan has been in place since May 2020. The ICT Operations Manager is currently developing a full Disaster Recovery Plan in conjunction with the Civil Contingencies team.					
Outstanding actions to close the recommendation		A draft report going to the Digital Board on the 23 <sup>rd</sup> March for discussion and approval Evidence of Decision to be provided and draft report.					
Azets Comments		Update noted					

2020-21	Implementation of Corporate Governance Structure, Strategy & Reporting	Total No	No Due within 6 months	% Complete Actions	Fully Implemented				Part/In Progress				Not Implemented			
					4	3	2	1	4	3	2	1	4	3	2	1
					2	2	0%	0	0	0	0	0	0	2	0	0
Rec No. <b>1</b>	<b>Structure of Governance Arrangements</b> We recommend that the Board undertake a review of its committee structures and committee remits and explore potential options for alternative governance arrangements should these be deemed appropriate.			Action Date Due	Agreed Revised Date	Priority	% Complete	Status								
	Responsible Owner Agreed Response <b>Head of Governance, Strategy &amp; Performance</b>	<i>SFRS conduct an annual governance review which reviews all committee business, remits of committees and overall board governance structures. The findings of the review are agreed and implemented every year, this includes any changes. The 2021 review will include and report on this recommendation.</i>			30 April 2021	n/a	GRADE 2	50%	GREEN							
Progress to Update		Annual review on-going Workshops with board and all committees complete Draft changes to terms of reference, board and committee structure complete														
Outstanding actions to close the recommendation		Annual review report with changes will go before the SFRS Board in April 21														
Azets Comments		Update noted														
Rec No. <b>2</b>	<b>Communication of Impact of decisions</b> A regular communication process should be put in place to inform Committees and Board members on the impact of their decisions including consideration of the extent to which the work Committees is sufficiently strategic			Action Date Due	Agreed Revised Date	Priority	% Complete	Status								
	Responsible Owner Agreed Response <b>Head of Governance, Strategy &amp; Performance</b>	<i>SFRS will enhance the existing SFRS Board Decision Log to include an impact assessment of Board decisions. Impact assessment information about Board decisions will be added on a rolling basis throughout the year and reviewed on an annual basis as part of the annual governance review.</i>			30 April 2021	n/a	GRADE 1	50%	GREEN							
Progress to Update		Recommendation discussed with Board Chairs at Integrated Governance Forum. Additional recording of impact added to the decision log for the SFRS Board.														
Outstanding actions to close the recommendation		New format taken to and agreed by the SFRS Board as part of the annual governance review in April 21.														
Azets Comments		Update noted														

## SCOTTISH FIRE AND RESCUE SERVICE

## Audit and Risk Assurance Committee



Report No: C/ARAC/12-21

Agenda Item: 8

<b>Report to:</b>	<b>AUDIT AND RISK ASSURANCE COMMITTEE</b>						
<b>Meeting Date:</b>	<b>24 MARCH 2021</b>						
<b>Report Title:</b>	<b>INTERNAL AUDIT PLAN FOR 2021/22</b>						
<b>Report Classification:</b>	<b>For Recommendation</b>	<b>Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u></b>					
		<u><a href="#">A</a></u>	<u><a href="#">B</a></u>	<u><a href="#">C</a></u>	<u><a href="#">D</a></u>	<u><a href="#">E</a></u>	<u><a href="#">F</a></u>
<b>1</b>	<b>Purpose</b>						
1.1	To consider the proposed Internal Plan for 2021/22.						
<b>2</b>	<b>Background</b>						
2.1	We have developed a draft Internal Audit Plan and Charter for the 2021/22 year in consultation with Strategic Leadership Team (SLT). The Audit and Risk Assurance Committee (ARAC) are invited to comment on the content of the plan.						
<b>3</b>	<b>Main Report/Detail</b>						
3.1	The Internal Audit Plan outlines the main areas of proposed audit coverage for the 2021/22 year.						
<b>4</b>	<b>Recommendation</b>						
4.1	The Audit and Risk Assurance Committee is asked to review the draft Internal Audit Plan with a view to recommending it for Board approval.						
<b>5</b>	<b>Key Strategic Implications</b>						
5.1	<b>Financial</b>						
5.1.1	The cost of providing internal audit services is contained within the Resource Budget.						
5.2	<b>Environmental &amp; Sustainability</b>						
5.2.1	Not applicable.						
5.3	<b>Workforce</b>						
5.3.1	Not applicable.						
5.4	<b>Health &amp; Safety</b>						
5.4.1	Not applicable.						
5.5	<b>Training</b>						
5.5.1	Not applicable.						
5.6	<b>Timing</b>						
5.6.1	The Internal Audit Plan covers financial year 2021/22.						



5.7 5.7.1	<b>Performance</b> Internal Audit is intended to support the Service to identify improvements that will enhance performance.	
5.8 5.8.1	<b>Communications &amp; Engagement</b> Not applicable.	
5.9 5.9.1	<b>Legal</b> Not applicable.	
5.10 5.10.1	<b>Information Governance</b> Not applicable.	
5.11 5.11.1	<b>Risk</b> The internal audit programme forms a key part of the Service's Assurance Framework.	
5.12 5.12.1	<b>Equalities</b> Not applicable.	
5.13 5.13.1	<b>Service Delivery</b> Not applicable.	
<b>6</b>	<b>Core Brief</b>	
6.1	Not Applicable	
<b>7</b>	<b>Appendices/Further Reading</b>	
7.1	Appendix A: Draft Internal Audit Plan 2021/22	
<b>Prepared by:</b>	Matt Swann, Associate Director, Azets	
<b>Sponsored by:</b>	Sarah O'Donnell, Director of Finance and Contractual Services	
<b>Presented by:</b>	Gary Devlin, Partner, Azets	
<b>Links to Strategy and Corporate Values</b>		
Working Together for a Safer Scotland		
<b>Governance Route for Report</b>	<b>Meeting Date</b>	<b>Report Classification/ Comments</b>
<i>Strategic Leadership Team</i>	<i>26 February 2021</i>	<i>For Recommendation</i>
<i>Audit and Risk Assurance Committee</i>	<i>24 March 2021</i>	<i>For Recommendation</i>
<i>SFRS Board</i>	<i>29 April 2021</i>	<i>For Decision</i>



# Scottish Fire & Rescue Service Internal Audit Plan 2021/22

March 2021





# Scottish Fire & Rescue Service

## Internal Audit Plan 2021/22

Introduction	2
Internal audit approach	3
Delivering the internal audit plan	5
Proposed Internal Audit Plan	6
Appendix 1 – Internal Audit Plan 2021-22	7

# Introduction

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.

Section 3 – Definition of Internal Auditing, Public Sector Internal Audit Standards

Our internal audit plan is designed to provide the Scottish Fire & Rescue Services (SFRS), through the Audit & Risk Assurance Committee, with the assurance it needs to prepare an annual Governance Statement that complies with best practice in corporate governance. We also aim to contribute to the continuous improvement of governance, risk management and internal control processes through the implementation of this plan.

Azet's internal audit methodology complies fully with the Public Sector Internal Audit Standards (PSIAS), which cover the mandatory elements of the Chartered Institute of Internal Auditors' International Professional Practices Framework.

The PSIAS require the Chief Internal Auditor to produce a risk-based plan, which takes into account SFRS's risk management framework, its strategic objectives and priorities and the views of senior managers and the Audit & Risk Assurance Committee. The objective of audit planning is to direct audit resources in the most efficient manner to provide sufficient assurance that key risks are being managed effectively and value for money is being achieved.

This document addresses these requirements by setting out an internal audit plan for the year 2021/22.

## Audit & Risk Assurance Committee action

In order to develop the plan, we have held discussions with the Strategic Leadership Team (SLT) and have incorporated their feedback into this draft.

We now ask the Audit & Risk Assurance Committee to review and approve the proposed Internal Audit Plan for 2021/22.

# Internal audit approach

## Supporting the Governance Statement

Our Internal Audit Plan is designed to provide SFRS, through the Audit & Risk Assurance Committee, with the assurance it needs to prepare an annual Governance Statement that complies with best practice in corporate governance. We also aim to contribute to the improvement of governance, risk management and internal control processes by using a systematic and disciplined evaluation approach.

## Risk based internal auditing

Our methodology links internal audit activity to the organisation's risk management framework. The main benefit to SFRS is a strategic, targeted internal audit function that focuses on the key risk areas and provides maximum value for money.

By focussing on the key risk areas, internal audit should be able to conclude that:

- Management has identified, assessed and responded to SFRS's key risks;
- The responses to risks are effective but not excessive;
- Where residual risk is unacceptably high, further action is being taken;
- Risk management processes, including the effectiveness of responses, are being monitored by management to ensure they continue to operate effectively; and
- Risks, responses and actions are being properly classified and reported.

We have reviewed SFRS's risk management arrangements and have confirmed that they are sufficiently robust for us to place reliance on the risk register as one source of the information we use to inform our audit needs assessment.

## Audit needs assessment

Our internal audit plans are based on an assessment of audit need. "Audit need" represents the assurance required by the Audit & Risk Assurance Committee from internal audit that the control systems established to manage and mitigate the key inherent risks are adequate and operating effectively. The objective of the audit needs assessment is therefore to identify these key controls systems and determine the internal audit resource required to provide assurance on their effectiveness.

Our audit needs assessment involved the following activities:

- Reviewing SFRS's risk register,
- Reviewing SFRS's strategic and operational plans and objectives,
- Reviewing previous internal audit reports,
- Reviewing external audit reports and plans,
- Reviewing SFRS's website and internal policies and procedures,
- Utilising our experience at similar organisations, and
- Discussions with senior management and the Audit & Risk Assurance Committee.

## Best value

Our work helps SFRS to determine whether services are providing best value. Every report includes an assessment of value for money; i.e. whether the controls identified to mitigate risks are working efficiently and effectively. Where we identify opportunities for improving value for money, we raise these with management and include them in the report action plan.

## Liaison with external audit

We seek to complement the areas being covered by SFRS's external auditors, Deloitte. We welcome comments on the internal audit plan from Deloitte at any time and we will formally discuss the plan with Deloitte on at least an annual basis. This will help us to target our work in the most effective manner, avoiding duplication of effort and maximising the use of total audit resource.

# Delivering the internal audit plan

## Internal Audit team – indicative staff mix

Grade	2021/22 Input (days)	Grade mix (%)
Partner / Director	15	10%
Senior Manager	32	21%
Auditors	103	69%
<b>Total</b>	<b>150</b>	<b>100%</b>

## Internal Audit Team Contacts

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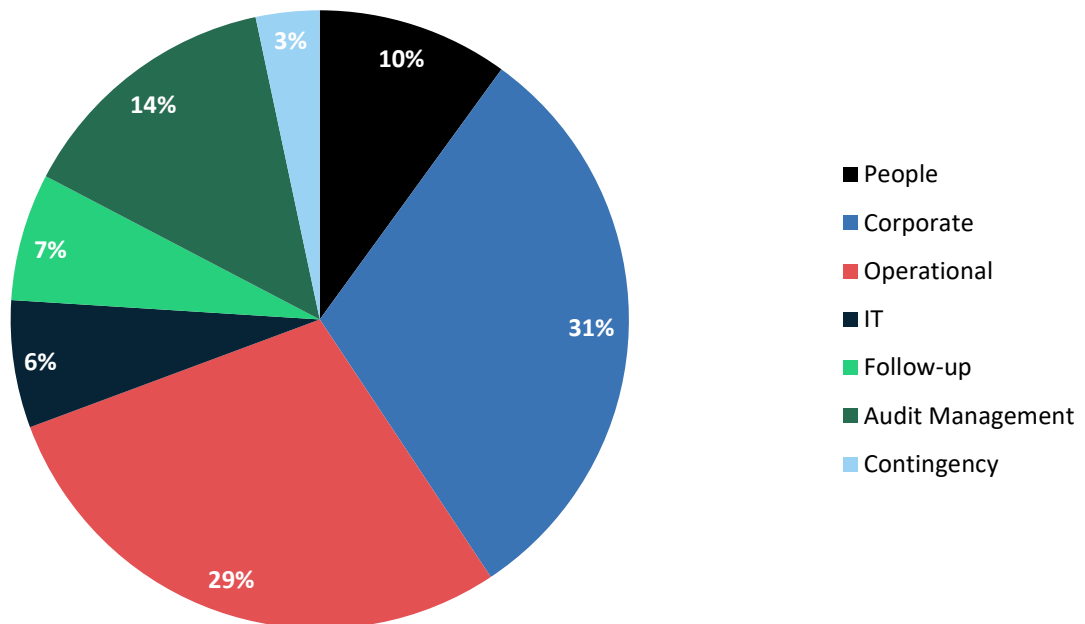
# Proposed Internal Audit Plan

Appendix 1 presents the internal audit plan for 2020/21 to 2021/22. The Internal Audit plan is based on our risk and audit needs assessment as at March 2021.

Internal audit is only one source of assurance for the Audit & Risk Assurance Committee. Assurance on the management of risk is provided from a number of other sources, including the senior management team, external audit and the risk management framework itself.

The table below demonstrates how the internal audit days for 2021/22 are allocated across each area of the audit universe.

## Allocation of audit days



# Appendix 1 – Internal Audit Plan 2020-21 to 2021-22

Audit area	2020/21	2021/22	Audit objectives
<b>A. Financial systems</b>			
A.1 Financial Systems Health Check	15		To ensure there are appropriate financial controls in place which ensure completeness and integrity, and that there are for effective arrangements for producing management information.
A.2 Procurement and Tendering	12		To ensure procedures in place at the SFRS for procuring good and services are effectively communicated, monitored and comply with best practice and the Procurement Reform (Scotland) Act 2014.
A.3 Expenses Policy	12		To ensure that all expenses are managed in an appropriate, effective and efficient manner.
<b>Subtotal A:</b>	<b>39</b>	<b>0</b>	
<b>B. People</b>			
B.1 Learning & Development		15	<p>To ensure that there are appropriate controls over leadership training. This will include:</p> <ul style="list-style-type: none"> <li>ensuring eligible staff are identified for the leadership programme so they are developed to their full potential;</li> <li>ensuring that there are effective and cost efficient methods of training delivery;</li> <li>ensuring feedback is obtained on the effectiveness of the training given; and</li> <li>that there are appropriate management information and reporting arrangements in place.</li> </ul>
<b>Subtotal B:</b>	<b>0</b>	<b>15</b>	

<b>C. Corporate</b>			
C.1 Implementation of SFRS Corporate Governance structure, Strategy and Reporting	15		To ensure the SFRS is aligning its corporate governance structure to facilitate monitoring and reporting of the achievements of strategic aims and implementing an integrated assurance plan.
C.2 Risk Management Review	20		To ensure overall understanding of risk management and effective arrangements for identification of risks, challenge, review and reporting.
C.3 Fire safety enforcement		14	To ensure SFRS has effective arrangements in place to deliver its statutory Fire Safety Enforcement duties under Part 3 of the Fire (Scotland) Act 2005. This should include national and local management arrangements, resource and performance management arrangements.
C.4 Programme Office		20	To ensure there are effective controls over the Change Portfolio and the programmes and projects are being effectively managed, in line with the Scottish Government's Programme and Project Management Principles. This will include: <ul style="list-style-type: none"> <li>• controls to ensure the approach to managing programmes and projects is proportionate, effective and consistent with recognised good practice;</li> <li>• that appropriate business cases have been developed;</li> <li>• that objectives are identified, recorded and evaluated;</li> <li>• that the programme secures and maintains management commitment to the selected approach; and</li> <li>• that the programme records and monitors the benefits it will deliver.</li> </ul>
C.5 Environmental Sustainability		12	To ensure there is an Environmental Strategy and Environmental Policy that has been communicated to all staff; that the Environmental Strategy is aligned to relevant Scottish Government legislation including the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019; and that progress against the strategy is being regularly monitored and reported to senior management.
<b>Subtotal C:</b>	<b>35</b>	<b>46</b>	

<b>D. Operational</b>			
D.1 Estates Asset Management and Maintenance	10		To ensure controls are in place to identify the requirements for capital expenditure and to monitor expenditure and the maintenance of assets under management.
D.2 Operational Equipment	10		To ensure there are effective controls in place to confirm equipment in operational use is fit for purpose e.g maintenance and inspection arrangements, user engagement.
D.3 Workforce Planning – RDS Firefighters		18	To ensure there are appropriate controls in place over workforce planning in relation to Retained Duty System (RDS) firefighters.
D.4 Remote Working		25	To ensure SFRS has appropriate arrangements in place to facilitate remote working including security controls over access to systems and records, management and authorisation controls, communication arrangements, ensuring staff have appropriate equipment and support to carry out their duties remotely and to ensure consideration is given to staff wellbeing i.e. staff working in isolation do not suffer from lack of inclusion.
<b>Subtotal D:</b>	<b>20</b>	<b>43</b>	
<b>E. I.T.</b>			
E.1 ICT and Data Security	20		To ensure there are robust controls over internal and external security of the SFRS network and for identifying and resolving threats to the network and cyber security.
E.2 ICT and Data Security Follow Up		10	To ensure that actions identified in the 2020/21 audit have been addressed in line with agreed timescales and that network access for privileged users and leavers is controlled, managed and supported by appropriate policies.
<b>Subtotal E:</b>	<b>20</b>	<b>10</b>	
<b>F. Compliance and regularity</b>			
F.1 Follow-up	10	10	To confirm that management actions have been implemented as agreed.
<b>Subtotal F:</b>	<b>10</b>	<b>10</b>	
<b>G. Management/Contingency</b>			

G.1 Audit needs assessment / annual plan preparation	-	5	In year one of our appointment audit needs assessment was undertaken in advance of commencement of audit activity.
G.2 Audit & Risk Assurance Committee planning and attendance	8	8	
G.3 Annual and internal audit progress reports, meetings with management	8	8	
G.4 Contingency	5	5	
<b>Subtotal G:</b>	<b>26</b>	<b>26</b>	
<b>TOTAL</b>	<b>145</b>	<b>150</b>	

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# Scottish Fire and Rescue Service

**Planning report to the Audit and Risk Assurance Committee on the 2020/21 audit**

Issued on 11 March 2021 for the meeting on 24 March 2021

## 01 Planning report

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Introduction	3
Responsibilities of the Audit and Risk Assurance Committee	5
Your control environment	6
Our audit explained	7
Continuous communication and reporting	8
Materiality	9
Scope of work and approach	10
Significant risks	11
Other areas of focus	14
Coronavirus (COVID-19) outbreak	15
Reporting hot topics	18
Revisions to auditing standards coming into effect	19
Audit quality	23
Wider scope requirements	24
Purpose of our report and responsibility statement	28

## 02 Technical update

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What does climate change mean for business?	30
Changes to accounting standards	31
Changes to the Government Financial Reporting Manual (FReM)	32
The State of the State 2020-21	33
Fast forward to the past	35

## 03 Appendices

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Prior year audit adjustments	37
Our other responsibilities explained	38
Independence and fees	40
Our approach to quality	41



# Introduction

## The key messages in this report

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A robust challenge of the key judgements taken in the preparation of annual report and accounts.
- A strong understanding of your internal control environment.
- A well planned and delivered audit that raises findings early with those charged with governance.

I have pleasure in presenting our planning report to the Audit and Risk Assurance Committee (“ARAC”) of Scottish Fire and Rescue Service (“SFRS”) for the 2020/21 audit. I would like to draw your attention to the key messages of this paper:

### **Audit plan**

We have updated our understanding of SFRS, including discussion with management and review of relevant documents. This has included consideration of the impact the COVID-19 pandemic has had on SFRS. Based on these procedures, we have developed this plan in collaboration with management to ensure that we provide an effective audit service that meets your expectation and focuses on the most significant areas of importance and risk to SFRS.

### **Key risks**

We have taken an initial view as to the significant audit risks SFRS faces. These are presented as a summary dashboard on page 11.

### **Audit dimensions**

The Code of Audit Practice sets out four audit dimensions which set a common framework for all public sector audits in Scotland.

In carrying out our annual risk assessment, we have considered the arrangements in place for each dimension, building on our findings and conclusions from previous years' audits as well as planning guidance published by Audit Scotland. Our significant risks are presented on pages 24 to 27.

As part of our work on the audit dimensions, we will consider the arrangements in place to secure Best Value (BV) as well as other wider scope requirements set out on pages 24 to 27.

# Introduction (continued)

## The key messages in this report (continued)

### **Regulatory change**

The implementation of the new standard on leases, IFRS 16, has been deferred again for another year, as a result of COVID-19, with a revised implementation date of 2022/23 and will require adjustments to recognise on balance sheet arrangements currently treated as operating leases. We have shared our recent research on IFRS 16 on page 31.

Our audit approach reflects changes to International Standards on Auditing (UK) on going concern (ISA (UK) 570) and management estimates (ISA (UK) 540), and Practice Note 10, effective for this year, which is detailed on pages 19-22.

### **Our commitment to quality**

We are committed to providing the highest quality audit, with input from our market leading specialists, sophisticated data analytics and our wealth of experience.

As part of our planning discussions with management, we have shared our *“Key Lessons from 2019/2020 Audits”* to help prepare for the 2020/21 audit, ensuring a focus on quality.

### **Added value**

Our aim is to add value to SFRS through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help SFRS promote improved standards of governance, better management and decision making and more effective use of resources.

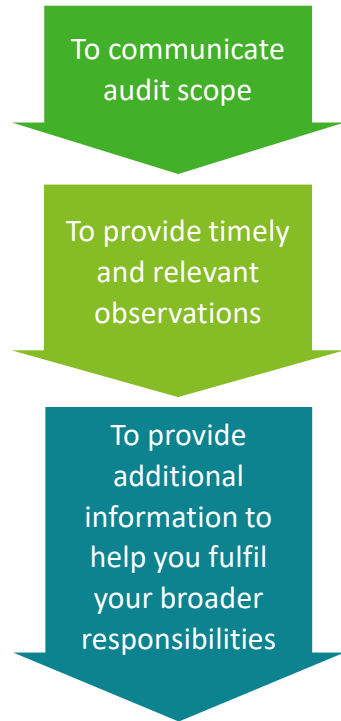
We have also shared our recent research, informed perspectives and best practice from our work across the wider public sector on pages 30 to 35 of this paper.

**Pat Kenny**  
**Audit Director**

# Responsibilities of the Audit and Risk Assurance Committee (ARAC)

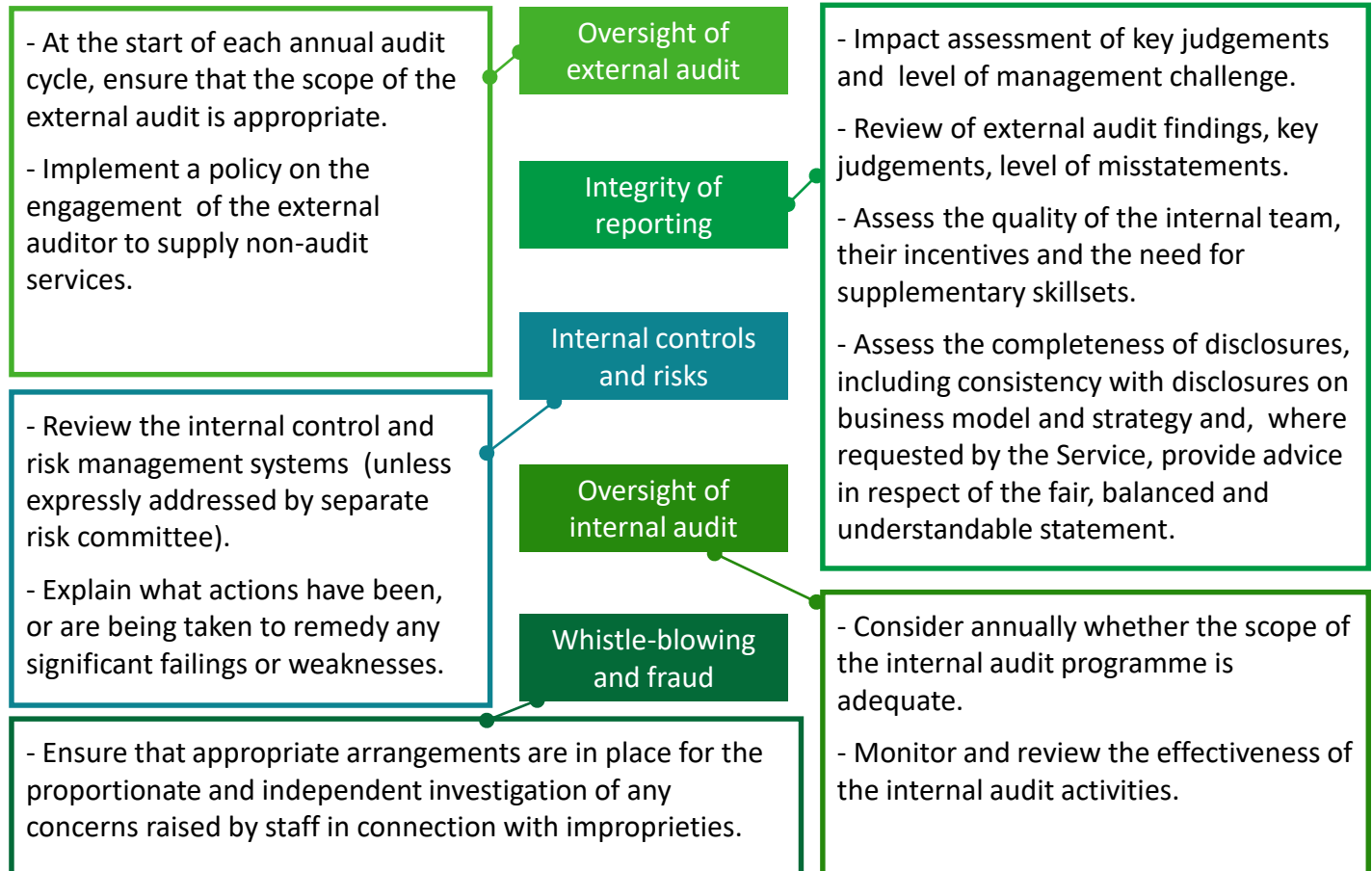
## Helping you fulfil your responsibilities

Why do we interact with the ARAC?



We use this symbol to highlight areas of our audit where the ARAC needs to focus attention.

As a result of regulatory change in recent years, the role of the ARAC has significantly expanded. We set out here a summary of the core areas of ARAC responsibility to provide a reference in respect of these broader responsibilities and highlight throughout the document where there is key information which helps the ARAC in fulfilling its remit.



# Your control environment

## What we consider when we plan the audit

We expect management and those charged with governance to recognise the importance of a strong control environment and take proactive steps to deal with deficiencies identified on a timely basis.

### Responsibilities of management

Auditing standards require us to only accept or continue with an audit engagement when the preconditions for an audit are present. These preconditions include obtaining the agreement of management and those charged with governance that they acknowledge and understand their responsibilities for, amongst other things, internal control as is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

As stakeholders tell us that they wish to understand how external audit challenges and responds to the quality of an entity's control environment, we are seeking to enhance how we plan and report on the results of the audit in response. We will be placing increased focus on how the control environment impacts the audit, from our initial risk assessment, to our testing approach and how we report on misstatements and control deficiencies.

### Responsibilities of the ARAC

As explained further in the Responsibilities of the Audit and Risk Assurance Committee slide on the previous page, the ARAC is responsible for:

- Reviewing the internal control and risk management systems (unless expressly addressed by a separate risk committee).
- Explaining what actions have been, or are being taken to remedy any significant failings or weaknesses.

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#### **Reliance on controls**

We will seek to undertake design and implementation testing on controls in respect of our identified significant risk areas. In accordance with forthcoming revisions to ISAs, we will assess inherent risk and control risk associated with accounting estimates.

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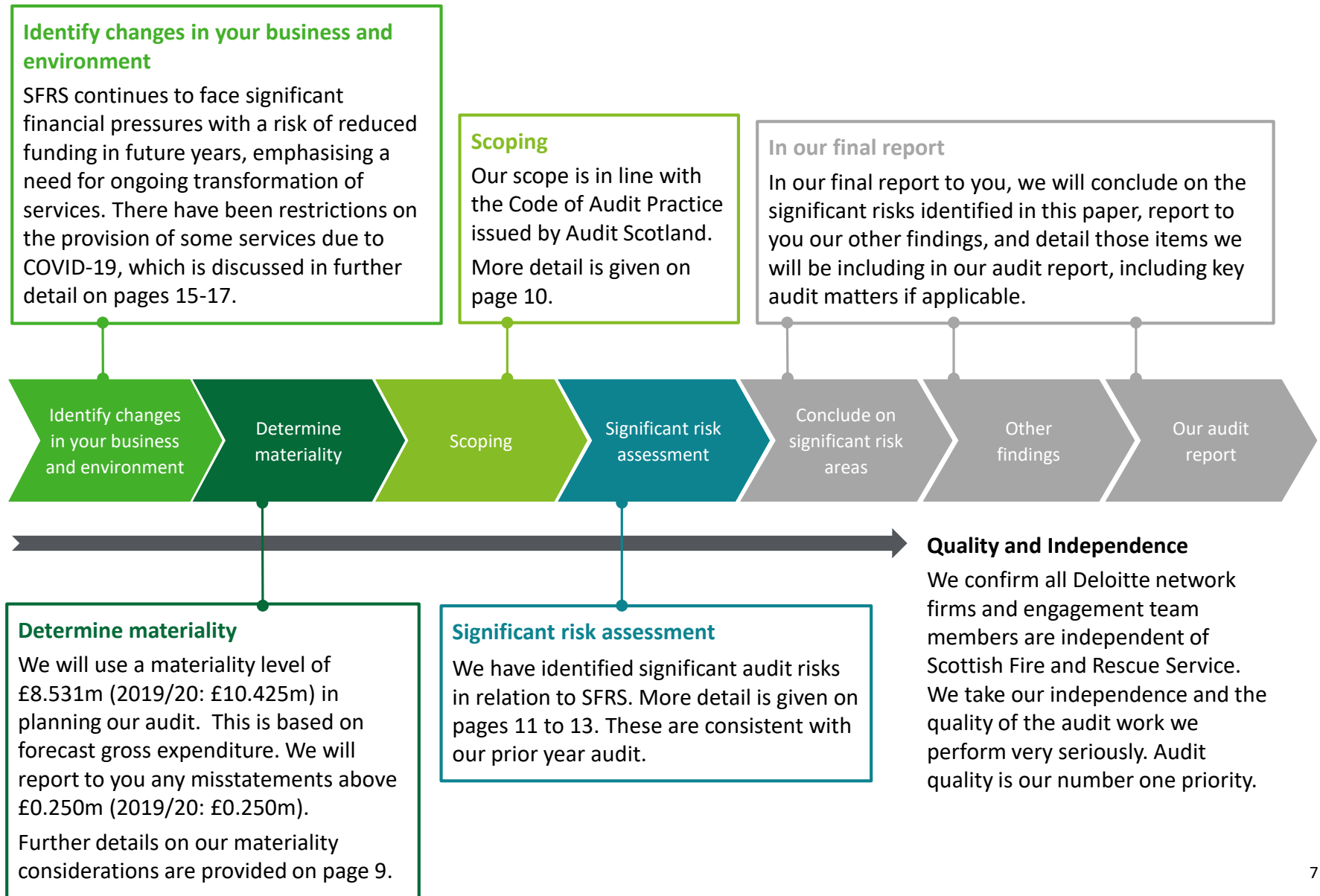
#### **Performance materiality**

We set performance materiality as a percentage of materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed materiality. We determine performance materiality, with reference to factors such as the quality of the control environment and the historical error rate. Where we are unable to rely on controls, we may use a lower level of performance materiality.

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# Our audit explained

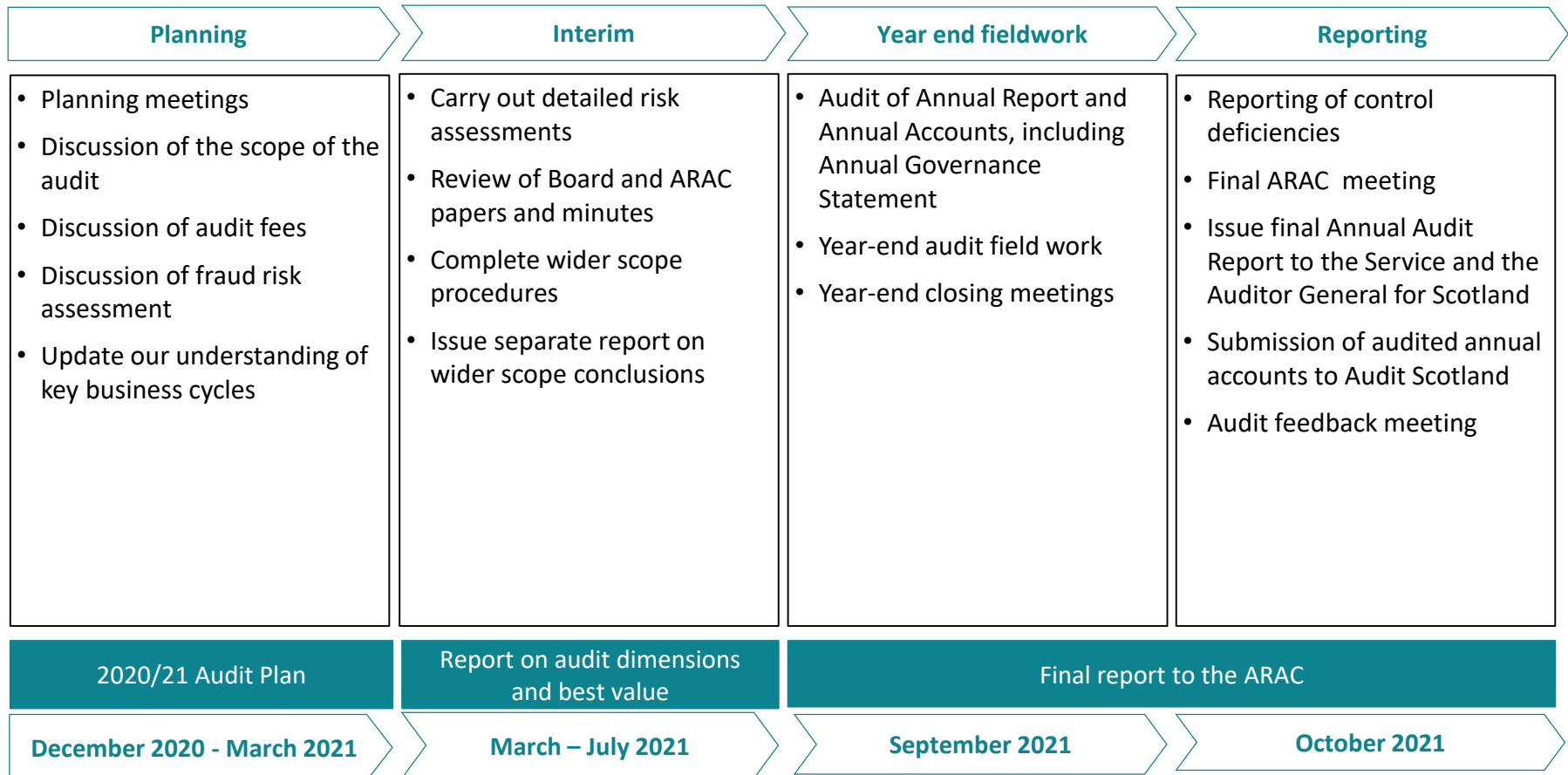
We tailor our audit to your business and your strategy



# Continuous communication and reporting

## Planned timing of the audit

As the audit plan is executed throughout the year, the results will be analysed continuously and conclusions (preliminary and otherwise) will be drawn. The following sets out the expected timing of our reporting to and communication with you.



Ongoing communication and feedback

# Materiality

## Our approach to materiality

### Basis of our materiality benchmark

- The Audit Director has determined materiality as £8.531m (2019/20: £10.425m) and performance materiality as £5.971m (2019/20: £8.340m), based on professional judgement, the requirements of auditing standards and the financial measures most relevant to users of the annual accounts.
- We have used 1.8% (2019/20: 2.0%) of forecast gross expenditure as the benchmark for determining materiality and applied 70% (2019/20: 80%) as performance materiality. We have judged expenditure to be the most relevant measure for the users of the accounts.
- The approach is consistent with previous years. However, the percentages applied have been revisited to take into account our knowledge of the Service and our understanding of the control environment, including the increased fraud risks as a result of the COVID-19 pandemic.
- In line with previous years, we will refresh our materiality calculations at the year-end to reflect the actual outturn for the year.

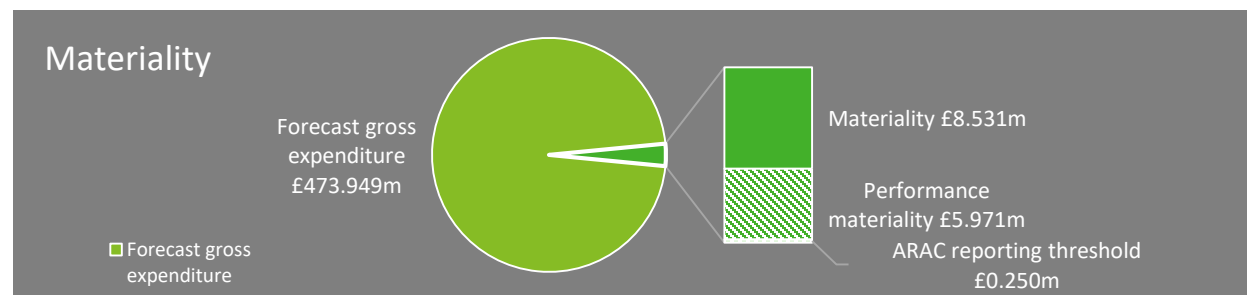
### Reporting to those charged with governance

- We will report to you all misstatements found in excess of £0.250m (2019/20: £0.250m).
- We will report to you misstatements below this threshold if we consider them to be material by nature.
- Our approach to determining the materiality benchmark is consistent with Audit Scotland guidance which states that the threshold for clearly trivial above which we should accumulate misstatements for reporting and correction to the ARAC must not exceed £0.250m.

### Our Annual Audit Report

We will:

- Report the materiality benchmark applied in the audit of the Service;
- Provide comparative data and explain any changes in materiality compared to prior year;
- Explain any normalised or adjusted benchmarks we use; and
- Explain the concept of performance materiality and state what percentage of materiality we used, with our rationale.



Although materiality is the judgement of the Audit Director, the ARAC must satisfy themselves that the level of materiality chosen is appropriate for the scope of the audit.

# Scope of work and approach

## Our key areas of responsibility under the Code of Audit Practice

Core audit work	Planned output	Timeline
1. Auditing the annual accounts	Annual Audit Plan	24 March 2021
	Independent auditor's report	28 October 2021
2. Audit dimensions	Annual Audit Plan	24 March 2021
	Report on audit dimensions	8 July 2021
	Annual Audit Report to the ARAC	7 October 2021
3. Other wider scope audit work	Assurance Statement on WGA return	TBC*
	Fraud Returns	Quarterly (30 November 2020, 28 February 2021, 31 May 2021 and 31 August 2021)

\* In previous years SFRS has been below the threshold for this return. It is our expectation that this will be the same in the current period and we will report to ARAC any changes to this when final guidance is issued.



# Significant risks

## Significant risk dashboard

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Risk	Fraud risk	Planned approach to controls	Level of management judgement	Page no
Operating within the expenditure resource limits				12
Management override of controls				13



**Level of management judgement**

High degree of management judgement



Some degree of management judgement



Limited management judgement



**Controls approach adopted**

Assess design and implementation

# Significant risks (continued)

## Operating within the expenditure resource limits

### Risk identified and key judgements

Under Auditing Standards there is a rebuttable presumption that the fraud risk from revenue recognition is a significant risk. In line with previous years, we do not consider this to be a significant risk for SFRS as there is little incentive to manipulate revenue recognition with the majority of revenue being from the Scottish Government which can be agreed to confirmations supplied.

We therefore consider the fraud risk to be focused on how management operate within the expenditure resource limits set by the Scottish Government. There is a risk that SFRS could materially misstate expenditure in relation to year end transactions, in an attempt to align with its tolerance target or achieve a breakeven position.

The significant risk is therefore pinpointed to the completeness of accruals made by management at the year end and invoices processed around the year end as this is the area where there is scope to manipulate the final results. Given the financial pressures across the whole of the public sector, there is an inherent fraud risk associated with the recording of accruals around year end.

### Deloitte response and challenge

We will evaluate the results of our audit testing in the context of the achievement of the limits set by the Scottish Government. Our work in this area will include the following:

- Evaluating the design and implementation of controls around monthly monitoring of financial performance;
- Obtain independent confirmation of the resource limits allocated to SFRS by the Scottish Government;
- Perform focused testing of accruals made at the year end; and
- Performing focused cut-off testing of invoices received and paid around the year end.

# Significant risks (continued)

## Management override of controls

### Risk identified

Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent annual accounts by overriding controls that otherwise appear to be operating effectively.

Although management is responsible for safeguarding the assets of the entity, we planned our audit so that we had a reasonable expectation of detecting material misstatements to the annual accounts and accounting records.

### Deloitte response and challenge

In considering the risk of management override, we plan to perform the following audit procedures that directly address this risk:

**Test the appropriateness of journal entries** recorded in the general ledger and other adjustments made in the preparation of the annual accounts. In designing and performing audit procedures for such tests, we plan to:

- Test the design and implementation of controls over journal entry processing;
- Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;
- Select journal entries and other adjustments made at the end of a reporting period; and
- Consider the need to test journal entries and other adjustments throughout the period.

**Review accounting estimates for biases** and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud. In performing this review, we plan to:

- Evaluate whether the judgments and decisions made by management in making the accounting estimates included in the annual accounts, even if they are individually reasonable, indicate a possible bias on the part of the entity's management that may represent a risk of material misstatement due to fraud. If so, we will re-evaluate the accounting estimates taken as a whole; and
- Perform a retrospective review of management judgements and assumptions related to significant accounting estimates reflected in the annual accounts of the prior year.

**For significant transactions that are outside the normal course of business** for the entity, or that otherwise appear to be unusual given our understanding of the entity and its environment and other information obtained during the audit, we shall evaluate whether the business rationale (or the lack thereof) of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

# Other areas of focus

## Pension liability



### Risk identified and key judgements

SFRS participates in two types of defined benefits schemes:

- Local Government Pension Schemes (LGPS); and
- Firefighters Pension Schemes (FFPS).

The net pension liability has increased from £3,881m in 2018/19 to £4,471m in 2019/20. The increase was as a result of changes in assumptions resulting in an actuarial loss of £477m in 2019/20 compared to an actuarial gain of £164m in 2018/19; this was due to a change in assumptions, including a reduction in the discount rate which dropped from 2.9% to 1.8%. The liability also continues to be affected by the McCloud and Goodwin legal cases, as well as Guaranteed Minimum Pension (GMP) indexation.

SFRS uses a number of actuaries for the 8 LGPS (Hymans Robertson LLP, Barnett Waddingham LLP and Mercer) and the FFPS (the Government's Actuary Department, GAD). They all produce detailed reports outlining the estimated liability at the year-end along with the associated disclosure requirements.

The pension liability valuation is an area of audit focus due to the material value and significant assumptions used in the calculation of the liability. The valuations are prepared by a reputable actuary using standard methodologies which have been considered as appropriate in previous years and no significant changes in the membership of the scheme or accrued benefits are expected in the current year. As a result, we have not identified this as a significant risk.



### Deloitte response and challenge

We will perform the following procedures to address the risk:

- Assess the independence and expertise of the actuaries supporting the basis of reliance upon their work;
- Review and challenge the assumptions made by actuaries;
- Obtain assurance from the auditor of the pension funds over the controls for providing accurate data to the actuaries;
- Consider the impact of the Triennial Review of the LGPS pension funds and the Quadrennial Review of the FFPS;
- Assess the reasonableness of SFRS's share of the total assets of the scheme with the Pension Fund financial statements;
- Review and challenge the calculation of the impact of the McCloud, Goodwin, and GMP cases on pension liabilities; and
- Review the disclosures within the accounts against the FReM.

# Coronavirus (COVID-19) outbreak

## Impact on our audit

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The COVID-19 pandemic had a significant impact on the 2019/20 audit process, despite impacting relatively late in the year. We would expect there to be guidance as we approach year-end on accounting and disclosure requirements for 2020/21, where the impact has been much more extensive on all organisations.

### Requirements

A key element of this will be communicating risks and governance impacts in narrative reporting, consistent with the Financial Reporting Council's guidance to organisations on the importance of communicating the impact of COVID-19 and related uncertainties, including their impact on resilience and going concern assessments.

Entity-specific explanations of the current and expected effects of COVID-19 and SFRS's plans to mitigate those effects should be included in the narrative reporting (including where relevant the Annual Governance Statement), including in the discussion on Principal Risks and Uncertainties impacting an organisation.

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### Actions

While there may be greater clarity as we approach year-end, we would expect organisations as part of their reporting to conduct a thorough assessment of the current and potential future effects of the COVID-19 pandemic including:

- Consideration of the impact across SFRS's operations, including on its supply chains and cost base, and the consequent impacts on financial position;
  - The scenarios assumed in making forecasts and on the sensitivities arising should other potential scenarios materialise (including different funding scenarios); and
  - The effect of events after the reporting date, including the nature of non-adjusting events and an estimate of their financial effect, where possible.
-

# Coronavirus (COVID-19) outbreak (continued)

## Impact on our audit (continued)

Impact on the Service and management actions	Impact on annual report and annual accounts	Impact on our audit
<p>We will consider the key impacts on SFRS such as:</p> <ul style="list-style-type: none"> <li>• Interruptions to service provision</li> <li>• Supply chain disruptions</li> <li>• Unavailability of personnel</li> </ul>	<p>We have considered the impact of the outbreak on the annual report and annual accounts, discussed further on the next slide including:</p> <ul style="list-style-type: none"> <li>• Narrative reporting, including disclosures on financial sustainability</li> <li>• Principal risk disclosures</li> <li>• Impact on property, plant and equipment valuations</li> <li>• Impairment of non-current assets</li> <li>• Events after the reporting period and relevant disclosure</li> </ul>	<p>We will continue to assess the impact on the audit including:</p> <ul style="list-style-type: none"> <li>• Resource planning</li> <li>• Timetable of the audit</li> <li>• Impact on our risk assessment</li> <li>• Logistics including meetings with entity personnel</li> </ul>

### Impact on annual report and annual accounts

#### Impact on Property, Plant and Equipment

The Royal Institute of Chartered Surveyors issued a practice alert, as a result of which valuers identified a material valuation uncertainty at 31 March 2020 for most types of property valuation. This practice alert was withdrawn in September 2020. Valuation reports at March 2020 typically identified a need to consider potential impairments in future periods, and this year's valuations may reflect more significant movements.

SFRS will need to consider the approach to its valuation, including any changes as a result of the pandemic and consequent service and organisational changes. Boards will also need to consider whether there are any indications of impairment of assets requiring adjustment at 31 March 2021.

# Coronavirus (COVID-19) outbreak (continued)

## Impact on our audit (continued)

### Impact on annual report and annual accounts

<b>Expected credit losses</b>	While most debtors are with public sector entities (where significant changes in recoverability are not expected), for non-public sector debtors, SFRS will need to consider the level of provision required for expected credit losses under IFRS 9 Financial Instruments.
<b>Narrative and other reporting issues</b>	<p>The following areas will need to be considered by SFRS:</p> <ul style="list-style-type: none"> <li>• Narrative reporting as well as the usual reporting requirements will need to cover the effects of the pandemic on services, operations, performance, strategic direction, resources and financial sustainability.</li> <li>• Reporting judgements and estimation uncertainty, SFRS will need to report the impact on material transactions including decisions made on the measurements of assets and liabilities.</li> </ul>
<b>Going concern assessment</b>	<p>The annual accounts should include disclosure on the basis of SFRS's going concern assessment, including related uncertainties.</p> <p>SFRS also needs to report on the impact of financial pressures and its financial sustainability in the narrative report, as well as any relevant liquidity reporting requirements under IFRS 7 Financial Instruments: Disclosures.</p>
<b>Events after the reporting period and relevant disclosures</b>	Events are likely to continue to move swiftly, and SFRS will need to consider the events after the reporting period and whether these events will be adjusting or non-adjusting and make decisions on a transaction by transaction basis.

# Reporting hot topics

## Increased focus on quality reporting

### Deloitte view

The expectations of corporate reporting, reflected in the Financial Reporting Council's ('the FRC') monitoring and enforcement priorities, are increasing. While the focus is primarily on corporate entities, we highlight these areas where improved disclosures would help meet stakeholder expectations.



### The potential impacts of Brexit

Depending upon events, organisations may be preparing annual reports against the backdrop of continued uncertainty around the UK's future relationship with the EU. Even with a deal agreed, the future basis of UK-EU trade will affect the longer-term viability period of 3-5 years and a longer consideration of prospects.

**ACTION:** Depending upon events through to the date of signing, we would expect to see annual reports reflecting at least:

- relevant risks and uncertainties, and actions taken to manage those risks; and
- consideration of whether there is any impact on critical accounting judgements and areas of estimation uncertainty.

We will discuss with SFRS closer to the time areas where disclosures may be appropriate.



### Climate-related risks

The report by the Intergovernmental Panel on Climate Change (IPCC) has made it clear that prompt and decisive action on climate change is required from governments, businesses and individuals alike.

The recommendations of the Taskforce on Climate-related Financial Disclosure (TCFD) are gaining momentum. The government has proposed mandatory TCFD disclosures by 2022, and the FRC is undertaking a major review of how organisations assess and report the impact of climate change. The FRC expects organisations to disclose how they have taken climate change into account in assessing the resilience of the business model, its risks, uncertainties and viability both in the immediate and longer term.

Investors are challenging companies that are not factoring the effects of the Paris Climate Agreement into their critical accounting judgements and are not disclosing comprehensively these judgements, assumptions, sensitivities and uncertainties.

**ACTION:** Clearly articulate how your organisation is addressing climate change e.g.

- whether this is a principal risk and how it is being managed; and
- its impact on the business model, the viability statement and the key assumptions and projections in impairment reviews and valuations (including in assessing remaining asset lives).



# Revisions to auditing standards coming into effect

## ISA (UK) 570 – Going concern

The FRC issued a revised going concern standard in September 2019, that takes effect for periods commencing on or after 15 December 2019. For public sector bodies, this will be March 2021 year ends and later.

The revision was made in response to recent enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after.

We have summarised below the key areas of change in the standard – however, the Public Audit Forum is also consulting on changes to Practice Note 10, with the intention of reflecting public sector considerations in the approach to going concern, and so the ultimate impact of ISA (UK) 570 changes will be affected by this.

The key changes affect:

- Risk assessment procedures and related activities, increasing consideration of the entity's business model, operations and financing;
- The auditor's evaluation of management's assessment of the going concern assumption (which therefore requires a clearly documented assessment to be prepared by management);
- Enhanced professional scepticism requirements, including around the evaluation of the sufficiency and appropriateness of audit evidence;
- Considering the appropriateness of disclosures; and
- Reporting in enhanced audit reports.

*"The revised standard means UK auditors will follow significantly stronger requirements than those required by current international standards."*

FRC's press release, 30 September 2019

# Revisions to auditing standards coming into effect (continued)

## ISA (UK) 540 – Auditing Accounting Estimates and Related Disclosures

Since 2015, the International Auditing and Assurance Standards Board (IAASB) has sought to identify audit issues relating to accounting estimates for financial institutions and other entities. Initially, this focused on the impact of IFRS 9 *Financial Instruments*, because it would fundamentally change the way that banks and other entities account for loan assets and other credit exposures.

However, the IAASB concluded that most, if not all, issues identified for expected credit losses would be equally relevant when auditing other complex accounting estimates. Accordingly, a holistic revision of ISA 540 was undertaken and the new standard takes effect for periods commencing on or after 1 January 2020. For public sector bodies, this will be March 2021 year ends and later.

We summarise on the next few slides how this will impact our audit.

*“There is a clear need to update ISA 540 to support better quality audits of increasingly complex accounting estimates”*

FRC letter to the IAASB, July 2017

Area of change	Impact on our audit	Impact on SFRS
Assessment of oversight and governance relating to estimates.	In connection with our planning work to understand the entity and its environment, including internal control, we will specifically enquire regarding management’s processes, and the oversight and governance of those processes relating to accounting estimates.	You will need to consider the adequacy of your processes and controls over estimates, and documentation thereof.

# Revisions to auditing standards coming into effect (continued)

## ISA (UK) 540 – Auditing Accounting Estimates and Related Disclosures (continued)

Area of change	Impact on our audit	Impact on SFRS
<p>Identification of inherent risk factors; separate assessment of inherent risk and control risk.</p>	<p>Recognising a spectrum of inherent risk, we will assess risks of material misstatement in estimates with reference not only to estimation uncertainty, but also complexity, subjectivity or other inherent risk factors, and the interrelationship among them.</p>	<p>You will need to provide clear documented rationale for (a) the selection and application of the method, assumptions and data in making the accounting estimate, including any changes in the current year, and controls relating to those aspects; and/or (b) the selection of a point estimate and related disclosures for inclusion in the annual accounts.</p>
<p>Objectives-based work effort requirements.</p>	<p>We will specifically assess control risk relating to estimates, which may require us to evaluate the design and determine implementation of an increased number of internal controls. Our subsequent audit procedures will be responsive to this assessment, and designed to obtain evidence around the methods, significant assumptions, data and (where applicable) the selection of a point estimate and related disclosures about estimation uncertainty.</p>	<p>You should expect more challenge of the evidence provided in support of accounting estimates, use of external data sources and your consideration of contradictory evidence.</p>
<p>Enhanced “stand back” requirement, to evaluate the audit evidence obtained.</p>	<p>We will specifically design our procedures, to enhance our application of professional scepticism, so that they are not biased towards finding corroborative evidence; our overall evaluation of the evidence obtained will weigh both corroborative and contradictory evidence.</p>	<p>You should expect more challenge of the evidence provided in support of accounting estimates, use of external data sources and your consideration of contradictory evidence.</p>

# Revisions to auditing standards coming into effect (continued)

## ISA (UK) 540 – Auditing Accounting Estimates and Related Disclosures (continued)

Area of change	Impact on our audit	Impact on SFRS
Enhanced requirements about whether disclosures are “reasonable”.	The extant ISA 540 required us to evaluate whether disclosures were “adequate”. The change to “reasonable” will involve greater consideration of the overall meaning conveyed through disclosures. For example, where estimation uncertainty associated with an estimate is multiple times materiality, we will consider whether the disclosures appropriately convey the high degree of estimation uncertainty and the range of possible outcomes.	You should expect more challenge on disclosures relating to estimates, particularly for where you have selected a point estimate from a range and those with high estimation uncertainty.
New requirements when communicating with those charged with governance.	In accordance with ISA (UK) 260 and ISA (UK) 265, our communications from the audit have included significant qualitative aspects of your accounting practices and significant deficiencies in internal control. With the revised ISA (UK) 540, these communications will specifically include matters regarding accounting estimates and take into account whether the reasons for our risk assessment relate to estimation uncertainty, or the effects of complexity, subjectivity or other inherent risk factors.	You should expect increased reporting in relation to accounting estimates which may be mirrored in our Annual Audit Report.

### Areas where we consider the impact to be greatest:

Key areas impacted will include property valuations and pension liability valuations:

- Property valuations are based on valuation reports provided by qualified valuers. We expect to receive reports setting out the basis for the valuations, including the assumptions and valuation methodologies.
- As detailed on page 14, the pension liability valuations are provided by SFRS’s appointed actuaries, who produce detailed reports outlining the estimated liability at the year-end and key assumptions applied. Management should ensure that the information provided by the actuaries is available in advance of the 2020/21 audit fieldwork.

# Audit Quality

## Our commitment to audit quality



Our objective is to deliver a distinctive, quality audit to you. Every member of the engagement team will contribute, to achieve the highest standard of professional excellence.

In particular, for your audit, we consider that the following steps will contribute to the overall quality:

We will apply professional scepticism on material issues and significant judgements by using our expertise in the central government sector and elsewhere to provide robust challenge to management.

We have obtained a deep understanding of your business, its environment and of your processes in income and expenditure recognition, payroll expenditure and capital expenditure enabling us to develop a risk-focused approach tailored to SFRS.

Our engagement team is selected to ensure that we have the right subject matter expertise and industry knowledge. We will involve pensions specialists to support the audit team in our work on the pension fund liabilities.

In order to deliver a quality audit to you, each member of the core audit team has received tailored learning to develop their expertise in audit skills, delivered by Pat Kenny (Audit Director) and other sector experts. This includes sector specific matters and audit methodology updates.



### **Engagement Quality Control Review**

We have developed a tailored Engagement Quality Control approach. Our dedicated Professional Standards Review (PSR) function will provide a 'hot' review before any audit or other opinion is signed. PSR is operationally independent of the audit team, and supports our high standards of professional scepticism and audit quality by providing a rigorous independent challenge.

# Wider scope requirements

## Overview

The Code of Audit Practice sets out four audit dimensions that frame the wider scope of the audit of the accounts. The audit dimensions provide a common framework for all the audit work conducted for the Auditor General and for the Accounts Commission.

In carrying out our annual risk assessment, we have considered the arrangements in place, building on our findings and conclusions from previous years' audits as well as planning guidance published by Audit Scotland, and as part of our work will consider work that has been completed by other review bodies. The following pages summarise the significant risks identified and our planned audit response.

The risk profile of public bodies for the 2020/21 audits is significantly affected by the COVID-19 pandemic. The pandemic has highlighted the importance of many long-standing issues that auditors across the public sector have previously reported on, such as the need for good governance, openness and transparency and effective longer-term planning to deliver better outcomes. The risks and challenges associated with these issues have become greater due to the pandemic. Audit Scotland's COVID-19 Guide for Audit and Risk Committees [https://www.audit-scotland.gov.uk/uploads/docs/report/2020/as\\_200825\\_covid19\\_guide\\_audit\\_risk\\_comm.pdf](https://www.audit-scotland.gov.uk/uploads/docs/report/2020/as_200825_covid19_guide_audit_risk_comm.pdf) sets out the key short term risks and challenges facing public bodies. They are heightened further because of the uncertainty around the UK's exit from the European Union and increasing budget pressures.

In accordance with Audit Scotland planning guidance, in assessing risks in 2020/21, and in order to deliver a high quality audit, we have focussed on risks related to governance and transparency, financial sustainability, and counter-fraud arrangements.

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### Considering Best Value arrangements

The Scottish Public Finance Manual (SPFM) explains that accountable officers have a specific responsibility to ensure that arrangements have been made to secure BV.

We will consider these arrangements when planning and reporting on the audit dimensions, discussed on pages 25 to 27.

### Other areas

We are required to also carry out the following areas of work:

- Preliminary enquiries on all correspondence received
  - Submission of fraud returns
-

# Wider scope requirements (continued)

## Audit dimensions

Audit dimension	Significant risks identified	Planned audit response
Financial sustainability	<p>The financial impact of the pandemic includes a number of different areas of forecast underspend relating to services that have been reduced or ceased, for example:</p> <ul style="list-style-type: none"> <li>Employee costs £1.128m forecast underspend – due to recruitment of trainees slowing down and not keeping pace with retirements; and</li> <li>Transport £0.437m forecast underspend – relating to drop in fuel prices and fewer Automatic Fire Alarms.</li> </ul> <p>SFRS has historically achieved short-term financial balance. Given that the latest budget monitoring report is forecasting a year-end underspend of £1.548m, we do not foresee any challenges in the short-term. However, the reason for these short-term underspends is due to both a slow down in recruitment, as well as reduced travel, subsistence and fuel due to the pandemic. The ability to recruit at a sufficient pace to keep up with retirements and demand for services therefore poses a risk for future service delivery. There is therefore a risk that the Service is not financially sustainable in the medium to longer term.</p> <p>There is a risk that the workforce strategy is not supported by a detailed workforce plan and is not clearly linked to the long term financial strategy.</p>	<p>We will review progress being made by SFRS in refreshing its long term financial strategy during 2020/21, particularly in terms of reflecting the impact of COVID-19 and other demand pressures.</p> <p>We will also review workforce planning and linkages with the long term financial strategy.</p>

# Wider scope requirements (continued)

## Audit dimensions

Audit dimension	Significant risks identified	Planned audit response
Financial management	<p>We have not identified any significant risks in relation to financial management during our planning.</p> <p>Since the start of the pandemic, the risk of fraud and error has increased as the control environment and internal control change. In accordance with Audit Scotland planning guidance, we will consider fraud as a particular focus area in 2020/21.</p>	<p>We will continue to review the financial management arrangements.</p> <p>Using Audit Scotland’s publication “COVID-19 Emerging Fraud Risks”, we will assess what action SFRS has taken to minimise risk to its control environment and internal controls.</p>



# Wider scope requirements (continued)

## Audit dimensions (continued)

Audit dimension	Significant risks identified	Planned audit response
Governance and transparency	<p>Following the changes made to the governance arrangements in response to the pandemic, there is a risk that revised arrangements are not appropriate or operating effectively. SFRS and its Committees have continued to meet virtually since the start of the pandemic.</p> <p>While risk management processes continue to be in place, the likelihood and impact of existing risks and the emergence of new risks will need to be monitored carefully. There is a risk that officers and the ARAC members have not considered how sustainable any changes to the risk appetite will be in the longer term.</p>	<p>We will review the work of SFRS and ARAC to assess whether the arrangements are operating effectively, including assessing whether there is effective scrutiny, challenge and informed decision making.</p> <p>We will review the work undertaken in relation to risk management including updates to the policies in place as a result of COVID-19 and whether these are appropriate for the longer-term.</p>
Value for money	<p>The pandemic is expected to have had a substantial impact on performance measures, particularly for services which have been temporarily suspended, are at a reduced level, or have had to adapt to new ways of working. There is a risk that performance reporting has not been timely, reliable, balanced, transparent and appropriate to users' needs.</p> <p>SFRS has had a high level transformation plan in place since 2019. There is a risk that continuous improvement is not achieved without proper direction.</p>	<p>We will review the performance reports presented to SFRS to assess the extent of openness and transparency during the year.</p> <p>We will also review what work has been done to progress service transformation to establish how continuous improvement is demonstrated.</p>

# Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

## What we report

Our report is designed to establish our respective responsibilities in relation to the annual accounts audit, to agree our audit plan and to take the opportunity to ask you questions at the planning stage of our audit. Our report includes:

- Our audit plan, including key audit judgements and the planned scope; and
- Key regulatory and corporate governance updates, relevant to you

## Use of this report

This report has been prepared for the ARAC, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. Except where required by law or regulation, it should not be made available to any other parties without our prior written consent.

We welcome the opportunity to discuss our report with you and receive your feedback.

## What we don't report

As you will be aware, our audit is not designed to identify all matters that may be relevant to SFRS.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, the views on internal controls and business risk assessment in our final report should not be taken as comprehensive or as an opinion on effectiveness since they will be based solely on the audit procedures performed in the audit of the annual accounts and the other procedures performed in fulfilling our audit plan.

## Other relevant communications

We will update you if there are any significant changes to the audit plan.

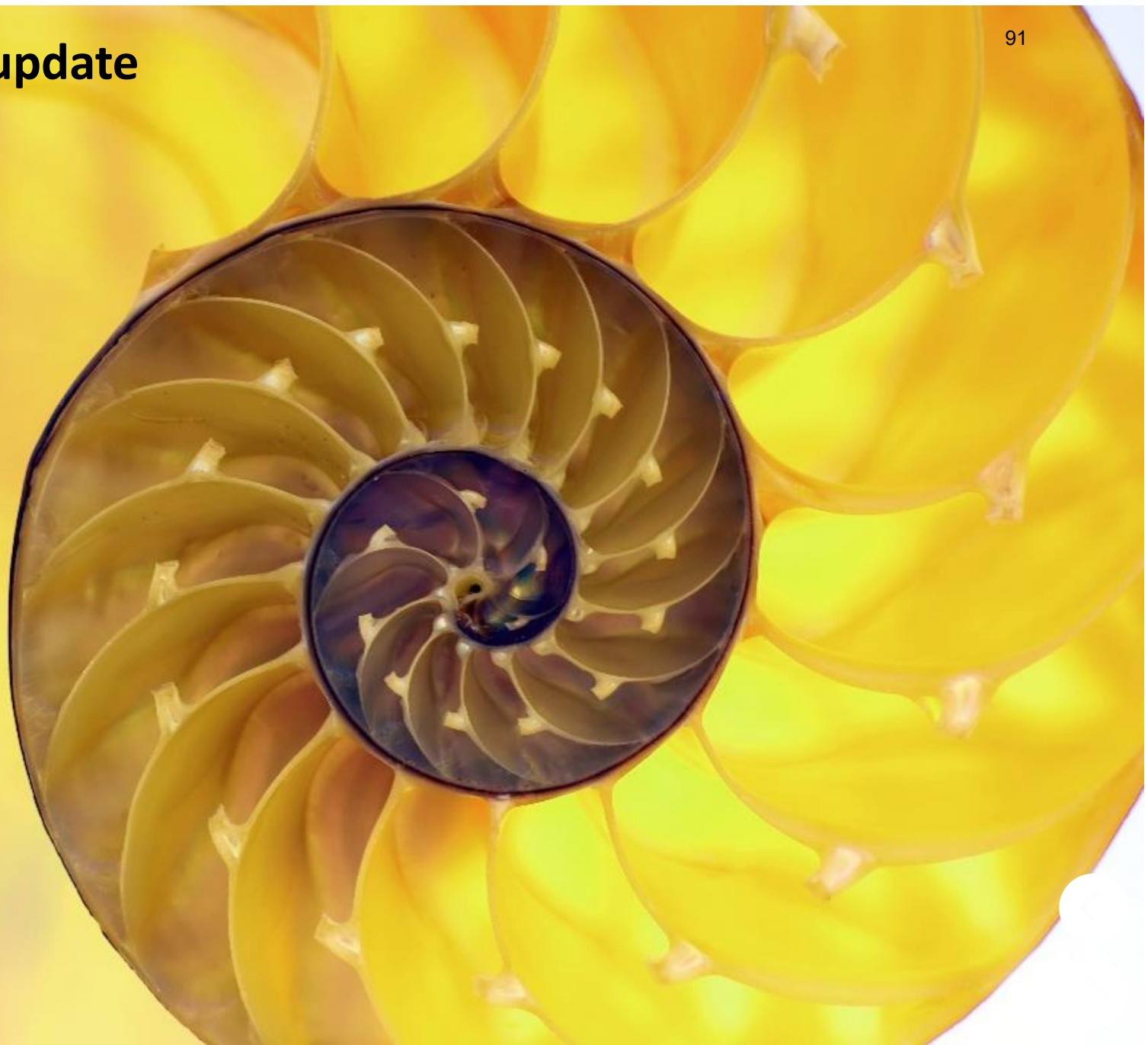


**Pat Kenny**

**for and on behalf of Deloitte LLP**

Glasgow | March 2021

# Technical update



# What does climate change mean for business?

New website – learning, interviews and resources

Climate change is likely to drive some of the most profound changes to businesses in our lifetimes.

Impacts on products and services, supply chains, loss of asset values and market dislocation are already being caused by more frequent and severe climate-related events.

Discover how to think through the challenges and futureproof your business.

**The time to act is now!**

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## What does climate change mean for business?

Understanding the role of finance professionals

Climate change is likely to drive some of the most profound changes to businesses in our lifetimes.

Impacts on products and services, supply chains, loss of asset values and market dislocation are already being caused by more frequent and severe climate-related events. These effects are now compounded by the accelerating pace of policy and regulatory change as humanity recognises the challenge we face and the drastic and rapid actions we all must take in order to protect our planet and our own livelihoods.

Discover how to think through the challenges and futureproof your business through [learning](#), [interviews](#) and [resources](#).

The time to act is now!

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# Changes to accounting standards

## IFRS 16 - Leases

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### Background

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The implementation of the new standard has been deferred again for another year, with a revised implementation date of 2022/23 and will require adjustments to recognise on balance sheet arrangements currently treated as operating leases.

For 2021/22, SFRS will need to include disclosures on the expected impact of the standard, but not make any adjustments in the financial statements in respect of IFRS 16. However, many organisations have identified previously unidentified leases (or arrangements that contain a lease, such as service contracts) as part of their transition project, and so there may be some 2021/22 impact.

Separate to the financial reporting impact, but potentially more critical, budgets for 2022/23, particularly capital budgets, will need to reflect the impact of the new standard (and require submissions well ahead of year-end).

In the central government context relatively small effects from standards can have a significant impact against performance metrics and targets, and so it is important to clearly understand the impact of the standards.

While the deferral of implementation means there is no direct impact on the 2020/21 annual accounts, finance teams should use this additional time to continue their preparation for implementation.

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### Next steps

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We recommend that the ARAC review the impact of IFRS 16, including calculating any adjustments that will be required as at 31 March 2022 for transition. We would suggest that the ARAC receive reporting from management on the implementation of the new standard, and we will report specifically on the findings from our audit work in this area.

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# Changes to the Government Financial Reporting Manual (FReM)

## 2020/21 Edition

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### Background

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HM Treasury has issued a revised version of the FReM for the financial year 2020/21. The FReM is the technical accounting guide to the preparation of financial statement and complements guidance on the handling of public funds published by the Scottish Government.

The 2020-21 edition has a revised structure and is now separated into four sections:

- Part A: Principles, purpose and best practice.
- Part B: The form and content of government annual report and accounts.
- Part C: Application of accounting standards to government annual report and accounts.
- Part D: Further guidance for government annual report and accounts.

Other changes include:

- A new chapter addressing best practice in narrative reporting.
- Clearer guidance on the performance report, including specific mandatory requirements.
- Introduction of 'comply or explain' requirements in certain areas including the structure of the organisation, risks faced, unit cost data and relevant trend data.

A full amendments log has been published which explains the changes from 2019/20 and the reason for the change [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/853244/2020-21\\_Amendment\\_Record.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/853244/2020-21_Amendment_Record.pdf)

In response to the continuing impact of COVID-19, HM Treasury has issued an addendum setting out minimum requirements for 2020/21. The addendum permits, but does not require, bodies to omit the performance analysis section of the Performance Report. Where relevant performance information has already been published elsewhere, bodies are encouraged to refer to the relevant publications. In addition, where unaudited information otherwise required to be included in the Accountability Report is already published elsewhere, bodies are permitted to refer to the relevant publication rather than including the information in their Accountability Report.

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### Next steps

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We recommend that management review the changes to the FReM at the earliest opportunity, including the addendum. In particular the new chapter on narrative reporting best practice and the guidance on the performance report should be reviewed to understand the mandatory requirements and those which require to 'comply or explain'. This can then be compared with the published 2019/20 annual report and accounts to identify any amendments required. We are happy to have early discussion on this to agree proposed amendments.

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# The State of the State 2020-21

## Government in the pandemic and beyond

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### Background and overview

Now in its ninth year, this report brings together Deloitte and Reform to reflect on new research into the issues facing government and public sector across the UK. This year, that research focuses on the impact of the coronavirus pandemic both on the public sector and the public it services. It comes as all nations of the UK face new lockdown measures designed to reduce transmission, manage demand on health services and ultimately saving lives.

At the heart of the report is our exclusive citizen survey, which offers insight into perceptions of public services and public spending beyond COVID-19, as well as a public perspective on the government's 'levelling up' agenda.

That survey is complemented by our interviews with public sector leaders. This year, we spoke to 40 senior figures in government and public services, producing the most extensive qualitative research of its kind.

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### Next steps

A summary of the key conclusions are provided on the next page. The full report is available at <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/public-sector/deloitte-uk-state-of-the-state-2020.pdf>

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# The State of the State 2020-21 (continued)

## Government in the pandemic and beyond (continued)

### The state according to the public

A survey of more than 5,000 members of the public shows how people feel about tax, spending and public service priorities amid the COVID-19 pandemic. We also explore attitudes towards data sharing with and across government, and unpick what the public across each nation and region wants to see levelled up.

**58%** of the public believe opportunities for young people will be worse as a result of coronavirus.

**42%** of the public believe that community spirit will have improved after the pandemic.



### The state according to the people who run it

Over 40 senior public sector figures in England, Scotland, Wales and Northern Ireland talked with us about the issues that matter to them. We explore their views on the legacy of COVID-19, levelling up, EU Exit and creating a data-driven government.

Our interviews of **40** senior public sector figures found that many want to retain the agility of new ways of working; however, many sense a gravitational pull back to normality.



# Fast forward to the past

## Is automation making organisations less diverse?

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### Background and overview

Robotics and intelligent automation are in the process of transforming the nature of work and the skills required to do it. Whilst there is a clear risk of reinforcing structural inequalities there is also an opportunity to address diversity issues within automation programmes to ensure public sector organisations can capitalise on the benefits that both automation and diversity bring to business outcomes.

**For many public sector organisations, implementing automation whilst considering diversity, is new and uncharted territory. We would like to encourage our public sector clients to consider and discuss this crucial issue.**

Based on exclusive client interviews, insight from public sector projects and extensive desk research, our report explores the potential risks of not considering the implications of automation on workforce diversity and inequality. It also identifies the barriers to embedding diversity in automation programmes.

The report provides a practical four stage framework to integrate diverse groups to not only survive but thrive in a new automated and digital world.

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### Next steps

The full report is available at <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/public-sector/deloitte-uk-diversity-and-automation-brochure-landscape.pdf>

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# Appendices



# Prior year audit adjustments

## Uncorrected misstatements

The following uncorrected misstatements were identified during the course of our prior year audit. The net impact of these was an increase of £2.715m in the net expenditure for the period.

		Debit/ (Credit) SOCNE £m	Debit/ (Credit) SOCITE £m	Debit/ (Credit) Net Assets £m	Debit/ (Credit) Reserves £m
<b>Misstatements identified in prior year</b>					
Pension liability understatement	[1]	2.715	(2.715)	(2.715)	2.715
<b>Total</b>		<b>2.715</b>	<b>(2.715)</b>	<b>(2.715)</b>	<b>2.715</b>

(1) Judgemental understatement of pension liability due to post year-end developments relating to the Goodwin Judgement, Guaranteed Minimum Pension (GMP), and errors in the Local Government Pension Scheme (LGPS) net investment assets identified by the pension fund auditors.

We obtained written representations from SFRS confirming that after considering all these uncorrected items, both individually and in aggregate, in the context of the annual accounts taken as a whole, no adjustments were required.

# Our other responsibilities explained

## Fraud responsibilities

### Your Responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

### Our responsibilities:

- We are required to obtain representations from your management regarding internal controls, assessment of risk and any known or suspected fraud or misstatement.
- As auditors, we obtain reasonable, but not absolute, assurance that the annual accounts as a whole are free from material misstatement, whether caused by fraud or error.
- As set out in the significant risks section of this document, we have identified risks of material misstatement due to fraud in relation to operating within the expenditure resource limit, and management override of controls.
- We will explain in our audit report how we considered the audit capable of detecting irregularities, including fraud. In doing so, we will describe the procedures we performed in understanding the legal and regulatory framework and assessing compliance with relevant laws and regulations.

Whilst this requirement has been in place for a few years for public interest entities (as defined by the EU Audit Regulation), recent changes to ISAs (UK) mean it will apply to **all** entities for periods **commencing on or after 15 December 2019**.

### Fraud Characteristics:

- Misstatements in the annual accounts can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in the misstatement of the annual accounts is intentional or unintentional.
- Two types of intentional misstatements are relevant to us as auditors – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets.

# Our other responsibilities explained (continued)

## Fraud responsibilities (continued)

We will make the following inquiries regarding fraud and non-compliance with laws and regulations:

### **Management:**

- Management's assessment of the risk that the annual accounts may be materially misstated due to fraud, including the nature, extent and frequency of such assessments.
- Management's process for identifying and responding to risks of fraud.
- Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud.
- Management's communication, if any, to employees regarding its views on business practices and ethical behaviour.
- Whether management has knowledge of any actual, suspected or alleged fraud affecting the entity.
- We plan to involve management from outside the finance function in our inquiries, in particular Legal Services.

### **Internal audit**

- Whether internal audit has knowledge of any actual, suspected or alleged fraud affecting the entity, and to obtain its views about the risks of fraud.

### **Those charged with governance**

- How those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud in the entity and the internal control that management has established to mitigate these risks.
- Whether those charged with governance have knowledge of any actual, suspected or alleged fraud affecting the entity.
- The views of those charged with governance on the most significant fraud risk factors affecting the entity.

# Independence and fees

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

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**Independence confirmation** We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of SFRS and will reconfirm our independence and objectivity to the ARAC for the year ending 31 March 2021 in our final report to the ARAC.

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**Fees** The proposed audit fee for 2020/21, in line with the fee range provided by Audit Scotland is £106,070, as analysed below.

	£
Auditor remuneration	82,790
Audit Scotland fixed charges:	
Pooled costs	19,060
Audit support costs	4,220
<b>Total proposed fee</b>	<b>106,070*</b>

There are no non-audit services fees proposed for the period.

\*Deloitte are currently discussing the utilization of Deloitte Connect with management and any fee impact that this might have.

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**Non-audit services** In our opinion there are no inconsistencies between the FRC's Ethical Standard and the company's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.

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**Relationships** We have no other relationships with SFRS, its directors, senior managers and affiliates, and have not supplied any services to other known connected parties.

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# Our approach to quality

## AQR team report and findings

Audit quality remains our number one priority and we have a relentless commitment to it. We continue to invest in and enhance our Audit Quality Monitoring and Measuring programme.

In July 2020 the Financial Reporting Council (“FRC”) issued individual reports on each of the seven largest firms, including Deloitte, on Audit Quality Inspections providing a summary of the findings of its Audit Quality Review (“AQR”) team for the 2019/20 cycle of reviews.

We greatly value the FRC reviews of our audit engagements and firm wide quality control systems, a key aspect of evaluating our audit quality.

We are pleased with our results for the inspections of FTSE 350 entities achieving 90% assessed as good or needing limited improvement, which included some of our highest risk audits. Our objective is for 100% of our audits to be assessed as good or needing limited improvement and we know we still have work to do in order to meet this standard. We are however, extremely disappointed one engagement received a rating of significant improvements required during the period. This is

viewed very seriously within Deloitte and we have worked with the AQR to agree a comprehensive set of swift and significant firm wide actions.

We are also pleased to see the impact of our previous actions on prior year adjustments reflected in the results of current year inspections with no findings in these areas. In addition the FRC identified good practice examples including in: risk assessment, group oversight, our comprehensive IFRS9 expected credit loss audit programme and our audit committee reporting.

Embedding a culture of challenge in our audit practice underpins the key pillars of our audit strategy. We invest continually in our firm wide processes and controls, which we seek to develop globally, to underpin consistency in delivering high quality audits whilst ensuring engagement teams exercise professional scepticism through robust challenge.

All the AQR public reports are available on its website.

<https://www.frc.org.uk/auditors/audit-quality-review/audit-firm-specific-reports>

# Our approach to quality (continued)

## AQR team report and findings (continued)

### The AQR's 2019/20 Audit Quality Inspection Report on Deloitte LLP

"We reviewed 17 individual audits this year and assessed 13 (76%) as requiring no more than limited improvements. Of the ten FTSE 350 audits we reviewed this year, we assessed nine (90%) as achieving this standard."

"We have highlighted in this report aspects of firm-wide procedures which should be improved, including strengthening the monitoring of the firm's audit quality initiatives."

#### **"Our key findings related principally to the need to:**

- Improve the extent of challenge over cash flow forecasts in relation to the impairment of goodwill and other assets.
- Enhance the effectiveness of substantive analytical review and other testing for revenue.
- Improve the assessment and extent of challenge regarding management's estimates, particularly for model testing."

**"The firm has taken steps to address the key findings in our 2019 public reports, with actions that included focused training and standardising the firm's audit work programs.** We have identified improvements, for example in the audit of potential prior year adjustments and related disclosures, a key finding last year. We also identified good practice in a number of areas of the audits we reviewed (including effective group oversight and robust risk assessment) and in the firm-wide procedures (including the firm's milestone program, with expected dates for the phasing of the audit monitored by the firm)."



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## SCOTTISH FIRE AND RESCUE SERVICE

## Audit and Risk Assurance Committee



Report No: C/ARAC/13-21

Agenda Item: 10

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:	24 MARCH 2021						
Report Title:	INDEPENDENT AUDIT/INSPECTION ACTION PLAN UPDATE						
Report Classification:	For Scrutiny	<b>Board/Committee Meetings ONLY</b> <b>For Reports to be held in Private</b> <b>Specify rationale below referring to</b> <b><u>Board Standing Order 9</u></b>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
<b>1</b>	<b>Purpose</b>						
1.1	The purpose of the report is to present Audit and Risk Assurance Committee (ARAC) with an update on the progress of the action plan relating to the Audit Scotland Report published in May 2018.						
<b>2</b>	<b>Background</b>						
2.1	The Auditor General reports to the Scottish Government on our performance. Following the publication of the reports, action plans were prepared to address the issues or recommendations that are highlighted within the report.						
2.2	Progress of existing action plans were monitored by the Performance Improvement Forum (PIF) on a 6-monthly basis. Highlight reports were presented to the Corporate Assurance Board (CAB) and Service Delivery Committee (SDC) on a 6-monthly cycle.						
2.3	Following a review of the PIF activities, it was agreed by the Strategic Leadership Team (SLT) in March 2020, to disband the Forum. A revised management and scrutiny process for audit and inspections outcomes was also agreed at that time.						
2.4	In line with the new thematic process agreed in May 2020 once approved, action plans will be presented to ARAC on a quarterly basis to scrutinise progress.						
<b>3</b>	<b>Main Report/Detail</b>						
3.1	ARAC is presented with the current Audit and Inspection overview dashboard, attached as <b>Appendix A</b> for noting. This provides high level details of all action plans (HMFSI Actions Plans and Auditor General Action Plans).						
3.2	<b>Audit Scotland Action Plan</b> The Audit Scotland Report was published in May 2018. The action plan, previously approved by the Performance Improvement Forum, contains a total of 36 actions to address the issues raised. The action plan is attached as <b>Appendix B</b> .						
3.3	The completion of 27 actions have already been agreed by PIF and SMB – these are shaded grey and do not need further scrutiny. ARAC is asked to scrutinise the remaining 9 actions (those in white), and to raise any issues with the update given.						

3.4	One further recommendation has been completed within the reporting period, see 2.4.
3.5	ARAC are also asked to note and approve the following: <ul style="list-style-type: none"> <li>• The revised due date proposed at 1a.2 – extension required to reach resolution between SFRS and FBU regarding Terms and Conditions negotiations.</li> <li>• The Progress Update Commentary at 5.1 and approve closure of the action.</li> <li>• The proposed change to Action 5.3c - this proposal has been made to deliver an action that is more specific and measurable. It is currently very wide ranging.</li> <li>• The revised due date proposed at 5.3e.</li> </ul>
3.6	All of the above changes have been marked on Appendix B in red for ease.
3.7	The overall RAG rating for this action plan is <b>amber</b> and is noted as 93% complete.
<b>4</b>	<b>Recommendation</b>
4.1	ARAC is invited to:
4.1.1	Note the Overview Dashboard, attached as <b>Appendix A</b> .
4.1.2	Scrutinise the Audit Scotland action plan, attached as <b>Appendix B</b> , and raise any concerns with the update provided, and agreed revised dates proposed.
<b>5</b>	<b>Key Strategic Implications</b>
5.1	<b>Financial</b>
5.1.1	There are no financial implications associated with the recommendations of this report.
5.2	<b>Environmental &amp; Sustainability</b>
5.2.1	There are no environmental implications associated with the recommendations of this report.
5.3	<b>Workforce</b>
5.3.1	There are no workforce implications associated with the recommendations of this report.
5.4	<b>Health &amp; Safety</b>
5.4.1	There are no health and safety implications associated with the recommendations of this report.
5.5	<b>Training</b>
5.5.1	There are no training implications associated with the recommendations of this report.
5.6	<b>Timing</b>
5.6.1	Each HMFSI Action Plan will be reported to the ARAC on a quarterly cycle until completion.
5.7	<b>Performance</b>
5.7.1	This process supports robust challenge and scrutiny of our performance against Audit Scotland recommended improvements.
5.8	<b>Communications &amp; Engagement</b>
5.8.1	There is no implication associated with the recommendations of this report.
5.9	<b>Legal</b>
5.9.1	The arrangements for independent inquiries into the state and efficiency of the SFRS are a statutory requirement as laid out in section 43 of the Fire Scotland Act 2005.

5.10 5.10.1	<b>Information Governance</b> A DPIA is not required for this report.	
5.11 5.11.1	<b>Risk</b> There are no risks associated with the recommendations of this report.	
5.12 5.12.1	<b>Equalities</b> An Equality Impact Assessment is not required for this this report.	
5.13 5.13.1	<b>Service Delivery</b> There is no implication associated with the recommendations of this report.	
<b>6</b>	<b>Core Brief</b>	
6.1	N/A	
<b>7</b>	<b>Appendices/Further Reading</b>	
7.1	Appendix A: Audit and Inspection Overview Dashboard Appendix B: Audit Scotland Action Plan	
<b>Prepared by:</b>	Louise Patrick, Planning and Performance Officer	
<b>Sponsored by:</b>	Richard Whetton, Head of Corporate Governance	
<b>Presented by:</b>	Mark McAteer, Director of Strategic Planning, Performance and Communications	
<b>Links to Strategy and Corporate Values</b>		
Our audit and inspection process contributes to Strategic Outcome 4: We are fully accountable and maximise our public value by delivering a high quality, sustainable fire and rescue service for Scotland.		
<b>Governance Route for Report</b>	<b>Meeting Date</b>	<b>Report Classification/ Comments</b>
<i>Senior Management Board</i>	<i>17 February 2021</i>	<i>For scrutiny</i>
<i>Audit and Risk Assurance Committee</i>	<i>25 March 2021</i>	<i>For scrutiny</i>

## APPENDIX A

## Audit Scotland Reports Progress Dashboard

Published	Title	Relevant Committee	Due Date	Revised Due Date	Total Actions	Last Updated	Next Update	Not Started	In Progress	Deferred	Complete	Transferred	Cancelled	% complete	RAG
May-18	Scottish Fire and Rescue Service Update	ARAC	Dec-21		36	Feb-21	May-21	0	8	0	28	0	0	91%	

## HMFSI Thematic Reports Progress Dashboard

Published	Title	Relevant Committee	Due Date	Revised Due Date	Total Actions	Last Updated	Next Update	Not Started	In Progress	Deferred	Complete	Transferred	Cancelled	% complete	RAG
Apr-15	Performance Management Systems.	SDC	Jul-20		32	May-20	N/A	0	0	0	26	2	4	100%	Closed
Jul-2017	Operations Control Dundee and Highlands and Islands Support.	SDC	Dec-20		24	May-20	N/A	0	0	0	24	0	0	100%	Closed
Jan-2018	Fire Safety Enforcement.	SDC	Mar-20		21	Dec-20	Mar-21	0	4	2	15	0	0	94%	
Feb-2019	Provision of Operational Risk Information.	SDC	Mar-22		25	Feb-21	May-21	0	5	0	20	0	0	92%	
May-2019	Management of Fleet and Equipment.	SDC	Mar-22		38	Feb-21	May-21	0	5	0	27	0	6	97%	
Mar-2020	Training of RDS Personnel.	SGC	Mar-23		31	Feb-21	May-21	0	14	7	10	0	0	72%	

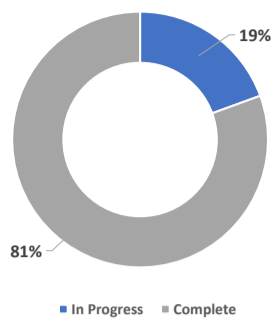
## HMFSI Local Area Inspection Reports Progress Dashboard

Published	Title	Relevant Committee	Due Date	Revised Due Date	Total Actions	Last Update	Next Update	Not Started	In Progress	Deferred	Complete	Transferred	Cancelled	% complete	RAG
N/A	Local Area Inspection National Recommendations	SDC	N/A	N/A	7	Dec-20	Mar-21	0	4	0	3	0	0	72%	
Feb-20	Dumfries and Galloway	N/A	Sep-20		12	Dec-20	Mar-21	0	4	0	7	1	0	85%	
Jun-20	Edinburgh City	N/A	Dec-20		11	Dec-20	Mar-21	0	5	0	0	6	0	86%	

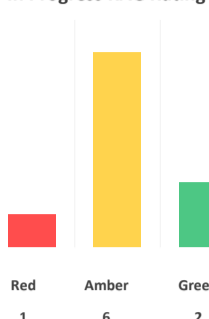
HMFSI Audit Scotland - Action Plan Progress

Updated	Next Update
Feb-21	May-21

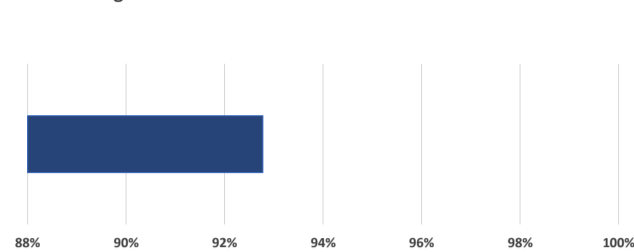
Status	Count
In Progress	7
Complete	29



In Progress RAG Rating



Overall Progress 93%



Audit Recommendation	Action Ref	Action Description	Action Owner	Due Date	Revised Due Date	Status	Progress Update Commentary	% Complete	Completion Date	RAG	Evidence
1a. The Scottish Fire and Rescue should increase its pace of reform and implement its plans for transforming into a more flexible, modern service. In particular agree as soon as possible, revised terms and conditions for its uniform staff that reflect the changes to the role as planned, as part of the programme for transformation.	1a.2	Complete the standardisation of RDS specific terms and conditions, including implementation.	Linda MacKenzie	Oct-19	Sep-21	In Progress	14 October 20: NJC Secretaries proposed a date for a meeting to attempt to reach resolution via the Resolution Advisory Panel, however, the FBU were unavailable. An alternative date is therefore being sought. 17 February 21: The National Joint Council Resolution Advisory Panel (RAP) meeting took place in Quarter to assist in reaching agreement on package of Terms & Conditions. SFRS is currently considering recommendations from the RAP chair. If an agreed position can be reached, an implementation and communications plan will commence in Quarter 4.	85%		Amber	
1a. The Scottish Fire and Rescue should increase its pace of reform and implement its plans for transforming into a more flexible, modern service. In particular agree as soon as possible, revised terms and conditions for its uniform staff that reflect the changes to the role as planned, as part of the programme for transformation.	1a.3	Negotiate a revised reward package and terms and conditions which reflect a broadened Firefighter role.	Linda MacKenzie	Dec-21		In Progress	14 October 2020: The strategic direction is being considered by the Strategic Leadership Team. 17 February 21: A formal closing report is due to be submitted to the Senior Management Board to formally close the Terms and Conditions Project. If agreed, it is recommended that this action closed off.	50%		Red	
2. The Scottish Fire and Rescue should ensure that well-developed performance management systems are effectively implemented by October 2018, so that the board, strategic management and local management can access good quality information to effectively drive progress towards its priorities and those set out in the SFRS Framework.	2.3	Identify an appropriate suite of local performance measures to support local challenge and evidence continuous improvement.	Alison Hastings/ Chris Fitzpatrick	Mar-20		In Progress	14 October 2020: Draft list of Key Performance Indicators for Service Delivery Areas are still to be confirmed. Consultation with Local Senior Officers is progressing with fortnightly meetings. A further review of this work stream has indicated more work is required than originally anticipated. This has impacted upon the percentage completed which as seen a reduction from 50% to 25%. 17 February 21: No progress has been made this quarter. The draft list of Key Performance Indicators for Service Delivery Areas are still to be confirmed. Consultation with Local Senior Officers is progressing, however, timescales are currently being led by them. The next meeting is due to take place mid-February.	25%		Amber	
2. The Scottish Fire and Rescue should ensure that well-developed performance management systems are effectively implemented by October 2018, so that the board, strategic management and local management can access good quality information to effectively drive progress towards its priorities and those set out in the SFRS Framework.	2.4	Develop effective performance reporting so that performance information is communicated and used throughout the organisation.	Alison Hastings/ Chris Fitzpatrick	Aug-20		Complete	14 October 2020: Work continues on InPhase to acknowledge the recommendations for improvements fed back from the Board and Strategic Leadership Team during the Quarter 1 review. The task is now in-hand to complete these recommendations for the Quarter 2 review in November 20. 17 February 21: The improvement work noted above was delayed due Covid but this has now been completed for Quarter 3 and will be submitted to the Service Delivery Committee. Whilst this work on the report has now been completed, further development to ensure we continually improve our reports has been identified and this will be taken forward as business as usual.	100%		Green	Quarter 3 Service Delivery Committee Quarterly Report. Quarter 3 Combined Risk and Performance Report.
2. The Scottish Fire and Rescue should ensure that well-developed performance management systems are effectively implemented by October 2018, so that the board, strategic management and local management can access good quality information to effectively drive progress towards its priorities and those set out in the SFRS Framework.	2.5	Develop Training and Development Programmes to build knowledge and understanding of performance management.	Alison Hastings/ Chris Fitzpatrick	Mar-20		In Progress	14 October 2020: Due to capacity issues, this action has not progressed within the period. 17 February 21: Due to capacity issues, this action has not progressed within the period.	30%		Amber	
2. The Scottish Fire and Rescue should ensure that well-developed performance management systems are effectively implemented by October 2018, so that the board, strategic management and local management can access good quality information to effectively drive progress towards its priorities and those set out in the SFRS Framework.	2.6	Procure and implement a performance management system to support delivery of the PMF.	Alison Hastings/ Chris Fitzpatrick	Mar-20		In Progress	14 October 2020: Temporary agency support was secured to enable short-term development of InPhase. Further development is still required and a substantive role has been agreed, with recruitment commencing in the Autumn. In the meantime, the Combined Board Report can now produced via InPhase and work is progressing to populate Strategic/Directorate risks into the system. 17 February 2020: A substantive Data Services Developer began employment in January to support the development of the performance management system. Development work continues to populate Strategic/Directorate risks into the system. This work is also being used to streamline and strengthen the process of inputting Action information.	90%		Amber	
5. The Scottish Fire and Rescue should include Equality Impact Assessments with papers to inform board decisions and set out in its workforce planning how it plans to eliminate the gender pay gap.	5.1	Re-launch Equality Impact Assessment Process on iHub.	Elaine Gerrard	Nov-19	Mar-21	Complete	14 October 2020: Work continued to be delayed in Quarter 2 due to Covid19 reprioritisation of workload within the Equality and Diversity Team. Work recommenced in late Quarter 2 and it is anticipated that the overall deadline remains achievable. 17 February 20: This audit recommendation was closed in February 2020 by Mark McAteer. Equality Impact Assessments accompany Board papers and are published on the SFRS website. The action to re-launch the Equality and Human Rights Impact Assessment process is contained in the AOP for completion in 2021/22. The element of the recommendation to eliminate the gender pay gap was realigned out of this recommendation in February 2020 as it is unrelated to the equality impact assessment process.	100%		Green	

5. The Scottish Fire and Rescue should include Equality Impact Assessments with papers to inform board decisions and set out in its workforce planning how it plans to eliminate the gender pay gap.	5.3c	<b>Develop and implement fair and equitable Pay and Reward strategies.</b>  <b>Proposed change:</b>  <b>Develop and establish fair and equitable Pay and Reward Frameworks</b>	Linda MacKenzie	Mar-20	Mar-21	In Progress	14 October 2020: The Cycle To Work spend was increased as planned from August 2020. Work is now being undertaken to develop a one off Covid-19 Recognition Process for 2020/21. Work will begin in Quarter 4 in relation to statutory Gender Pay Gap reporting. <b>17 February 21: Work continues to standardise Terms &amp; Conditions for final employee groups, with collective bargaining at final stages for both. Following Strategic Leadership Team approval, the Covid-19 Recognition scheme was launched during Quarter 3 and a recognition panel is now established to meet and award outcomes within Quarter 4. The full recognition scheme will be launched and promoted in 2021/22.</b>	80%			
5. The Scottish Fire and Rescue should include Equality Impact Assessments with papers to inform board decisions and set out in its workforce planning how it plans to eliminate the gender pay gap.	5.3e	Improve Equality Data Gathering and monitoring processes.	Siobhan Swanney/Rachael Scott	Mar-20	Mar-21	In Progress	14 October 2020: Communications to take place in Quarter 2/3 to encourage employees to share their sensitive data to improve data gathering. This will assist in informing decision making, for example with regards where to direct positive action activity to seek to diversify the workforce. SFRS' Balancing the Workforce Profile Action plan sets out a range of actions which are being progressed, including those which seek to reduce the gender pay gap. This includes positive action initiatives, reviewing our recruitment and selection processes to ensure these are free from bias, reviewing and developing supportive and inclusive employment policies and ensuring effective data capture. Our leadership development frameworks and our commitment in terms of the Scottish Living Wage will also assist in addressing the gender pay gap. <b>17 February 21: Communication to encourage employees was issued in Quarter 3 and will be a rolling programme of communications. This is incorporated into the Positive Action Strategy and the Balancing the Workforce Profile Action plan to ensure continuous improvement in this area.</b>	80%			
1. The Scottish Fire and Rescue should increase its pace of reform and implement its plans for transforming into a more flexible, modern service.	1.1	Publish documentation, High Level Plan that provides a blueprint to support the delivery of the organisation's vision.	Ian McMeekin	Mar-19		Complete		100%	Jan-20	✓	The High Level Plan was approved by the Board on 31 January 2020.
1. The Scottish Fire and Rescue should increase its pace of reform and implement its plans for transforming into a more flexible, modern service.	1.2	Undertake an organisational P3M3 Assessment, and supporting actions, to understand and enhance the Service's programme and project maturity levels.	Darren Riddell	Aug-19		Complete		100%	Jan-20	✓	P3M3 assessments will be replaced by a Scottish Government Gateway Review which will assess project maturity levels.
1. The Scottish Fire and Rescue should increase its pace of reform and implement its plans for transforming into a more flexible, modern service.	1.3	Embed Portfolio, Programme and Project management skills within the organisation's Leadership Pathway.	Gillian Buchanan	Mar-19		Complete		100%		✓	Portfolio, Programme and Project management skills have been embedded into Supervisory, Middle and Strategic development Pathways. In-house Project Management course also in development.
1. The Scottish Fire and Rescue should increase its pace of reform and implement its plans for transforming into a more flexible, modern service.	1.4	Revise the Programme Office Board governance arrangements to support the management of both Service Transformation and business as usual activities.	Darren Riddell	Dec-19		Complete		100%		✓	Restructure of Programme Office Board was undertaken. This was supported by a review of Programme Office Board and TMPC activities.
1. The Scottish Fire and Rescue should increase its pace of reform and implement its plans for transforming into a more flexible, modern service.	1.5	Develop a Programme Office Communications Strategy to communicate key updates and information to Executive Leads and Project Managers.	Darren Riddell	Jul-19		Complete		100%		✓	New dashboard in place to provide Project/Programme overview. Engagement process to hold meetings between Programme Office and Project management teams in place.
1a. The Scottish Fire and Rescue should increase its pace of reform and implement its plans for transforming into a more flexible, modern service. In particular agree as soon as possible, revised terms and conditions for its uniform staff that reflect the changes to the role as planned, as part of the programme for transformation.	1a.1	Implement revised standardised terms and conditions for uniformed staff.	Rachael Scott	Mar-20		Complete		100%		✓	Collective agreement reached. Revised terms implemented on a phased basis from June 2018, October 2018 and January 2019 along with supporting policies and processes.
1b. The Scottish Fire and Rescue should increase its pace of reform and implement its plans for transforming into a more flexible, modern service. In particular ensure through comprehensive and up-to-date workforce planning that it has the right skills and capacity in place to deliver its programme of transformation effectively.	1b.1	Provide the appropriate number of Trainee Fire Fighters to meet the needs of the SDA retirees as identified in the workforce planning.	Jason Sharp	Apr-19		Complete		100%		✓	A Workforce and Strategic Resourcing Plan has been published detailing processes to ensure the Target Operating Model is resourced.
1b. The Scottish Fire and Rescue should increase its pace of reform and implement its plans for transforming into a more flexible, modern service. In particular ensure through comprehensive and up-to-date workforce planning that it has the right skills and capacity in place to deliver its programme of transformation effectively.	1b.2	Provide the appropriate national campaigns at CM – AM to meet the needs of the SDA retirees as identified in the workforce planning.	Jason Sharp	Apr-19		Complete		100%		✓	A Workforce and Strategic Resourcing Plan has been published that details how campaigns will be scheduled.
1c. The Scottish Fire and Rescue should increase its pace of reform and implement its plans for transforming into a more flexible, modern service. In particular agree a long-term strategy for asset management and a medium term asset management plan by December 2018 that reflects the aims of transformation.	1c.1	Develop and gain approval for a corporate asset management strategy.	Sarah O'Donnell	Jun-19		Complete		100%	Jun-19	✓	The Asset Management Strategy was approved by the Board on 27 June 2019.
1c. The Scottish Fire and Rescue should increase its pace of reform and implement its plans for transforming into a more flexible, modern service. In particular agree a long-term strategy for asset management and a medium term asset management plan by December 2018 that reflects the aims of transformation.	1c.2	Deliver planned capital investment in line with the approved programme.	Sarah O'Donnell	Mar-19		Complete		100%		✓	Planned capital investments for 2018/19 delivered in line with amended and approved programme of works.
2. The Scottish Fire and Rescue should ensure that well-developed performance management systems are effectively implemented by October 2018, so that the board, strategic management and local management can access good quality information to effectively drive progress towards its priorities and those set out in the SFRS Framework.	2.1	Communicate the expectations of the PMF.	Alison Hastings	Mar-19		Complete		100%		✓	The PMF has been published on the website and staff intranet.

2. The Scottish Fire and Rescue should ensure that well-developed performance management systems are effectively implemented by October 2018, so that the board, strategic management and local management can access good quality information to effectively drive progress towards its priorities and those set out in the SFRS Framework.	2.2	Identify an appropriate suite of performance measures to support challenge and evidence led decision making at multiple levels.	Alison Hastings/ Stuart Ross	Mar-19	Complete		100%	✓	Revised suite of performance measures have been published with the PMF. A change point process to identify changes in trends has also been implemented.	
2. The Scottish Fire and Rescue should ensure that well-developed performance management systems are effectively implemented by October 2018, so that the board, strategic management and local management can access good quality information to effectively drive progress towards its priorities and those set out in the SFRS Framework.	2.7	Develop performance indicators with partners so SFRS contribution to joint outcome improvement can be measured.	Mark McAteer	Mar-20	Complete		100%	✓	This action will be progressed by the Community Planning Improvement Board. AS this action is no longer under our control, it has been closed.	
3. The Scottish Fire and Rescue should with its national partners and the support of the Scottish Government, establish and begin implementing plans by December 2018 to progress the Reform Collaboration Group's (RCG) Strategy and vision for partnership working.	3.1	Workshop scheduled to develop the delivery plan on 13.08.2018.	Mark McAteer	Dec-18	Complete		100%	✓	Collaboration Strategy developed.	
3. The Scottish Fire and Rescue should with its national partners and the support of the Scottish Government, establish and begin implementing plans by December 2018 to progress the Reform Collaboration Group's (RCG) Strategy and vision for partnership working.	3.2	A recruitment plan is underway to resource this priority area.	Mark McAteer	Dec-18	Complete		100%	✓	SFRS Collaboration Officer is now in post.	
3. The Scottish Fire and Rescue should with its national partners and the support of the Scottish Government, establish and begin implementing plans by December 2018 to progress the Reform Collaboration Group's (RCG) Strategy and vision for partnership working.	3.3	Implement performance reporting arrangements to ensure SFRS Board have an oversight of RCG progress against Collaboration Strategy Delivery Plan	Mark McAteer		Complete		100%	✓	Papers are circulated to the Board. This will continue as BAU and the action will be closed.	
4. The Scottish Fire and Rescue should progress its plans to develop and implement a framework for monitoring, evaluating and reporting the impact of community safety activity by December 2018.	4.1	Develop draft Planning and Evaluation policy and procedure.	Stephen Wood	Mar-19	Complete		100%	Apr-19	✓	Planning and Evaluation Policy published in April 2019.
4. The Scottish Fire and Rescue should progress its plans to develop and implement a framework for monitoring, evaluating and reporting the impact of community safety activity by December 2018.	4.2	Run Pilot initiatives and seek internal and external comment.	Stephen Wood	Mar-19	Complete		100%		✓	Pilot initiatives ran in each SDA area. External evaluation consultant engaged,
4. The Scottish Fire and Rescue should progress its plans to develop and implement a framework for monitoring, evaluating and reporting the impact of community safety activity by December 2018.	4.3	Finalise Policy and Procedure for consultation.	Stephen Wood	Apr-19	Complete		100%	Apr-19	✓	SLT approved the Policy on 23 April 2019.
4. The Scottish Fire and Rescue should progress its plans to develop and implement a framework for monitoring, evaluating and reporting the impact of community safety activity by December 2018.	4.4	Identify appropriate governance route.	Stephen Wood	May-19	Complete		100%	Apr-19	✓	Governance route approved by SLT on 23 April 2019.
4. The Scottish Fire and Rescue should progress its plans to develop and implement a framework for monitoring, evaluating and reporting the impact of community safety activity by December 2018.	4.5	Finalise Policy and Procedure prior to implementation.	Stephen Wood	Jun-19	Complete		100%	Apr-19	✓	SLT approved the Policy on 23 April 2019.
4. The Scottish Fire and Rescue should progress its plans to develop and implement a framework for monitoring, evaluating and reporting the impact of community safety activity by December 2018.	4.6	Identify training needs and develop implementation plan including go live date.	Stephen Wood	Jul-19	Complete		100%	Jun-19	✓	Training plan agreed and implemented in June 2019.
4. The Scottish Fire and Rescue should progress its plans to develop and implement a framework for monitoring, evaluating and reporting the impact of community safety activity by December 2018.	4.7	Implement policy and procedure.	Stephen Wood	Aug-19	Complete		100%		✓	Policy published and training plan implemented.
5. The Scottish Fire and Rescue should include Equality Impact Assessments with papers to inform board decisions and set out in its workforce planning how it plans to eliminate the gender pay gap.	5.2	Evaluate completion rates of Equality Impact Assessments within Board decision making processes.	Elaine Gerrard	Dec-19	Complete		100%	Mar-20	✓	Record of Board papers show that papers are accompanied by Equality and Human Rights Impact Assessments.
5. The Scottish Fire and Rescue should include Equality Impact Assessments with papers to inform board decisions and set out in its workforce planning how it plans to eliminate the gender pay gap.	5.3a	3a. Maximise attraction from under- represented groups for all SFRS vacancies.	Karen Lewis	Mar-20	Complete		100%	Mar-20	✓	SFRS Positive Action Strategy 2019-22. The Positive Action Strategy will focus on a number of key areas to address underrepresentation in both uniform and support staff roles. These areas include improving the attraction and recruitment of underrepresented groups; ensuring a positive working environment which supports the needs of a diverse workforce; support for career progression and personal development and ensuring the quality and accuracy of workforce data.  SFRS Balancing the Workforce Profile Action plan



<p>5. The Scottish Fire and Rescue should include Equality Impact Assessments with papers to inform board decisions and set out in its workforce planning how it plans to eliminate the gender pay gap.</p>	<p>5.3b</p>	<p>Improve access to/support career development for underrepresented groups.</p>	<p>Karen Lewis</p>	<p>Apr-20</p>		<p>Complete</p>		<p>100%</p>	<p>Mar-20</p>	<p>✓</p>	<p>SFRS Youth Employment Strategy. Modern Apprenticeship Scheme. Career Ready Scheme. Carer Positive Scheme. SFRS Positive Action Strategy 2019-22. SFRS Balancing the Workforce Profile Action Plan.</p>
<p>5. The Scottish Fire and Rescue should include Equality Impact Assessments with papers to inform board decisions and set out in its workforce planning how it plans to eliminate the gender pay gap.</p>	<p>5.3d</p>	<p>Review and develop supportive Employment Policies and Procedures.</p>	<p>Mary Corry</p>	<p>Mar-20</p>		<p>Complete</p>		<p>100%</p>	<p>Mar-20</p>	<p>✓</p>	<p>The Service has in place a suite of standardised SFRS policies and procedures. These continue to be reviewed as part of a business as usual approach and to respond to legislative changes and business need as required. SFRS will continue to seek to enhance its policies and arrangements to ensure these remain attractive and supportive whilst achieving business aims.</p>

## SCOTTISH FIRE AND RESCUE SERVICE

## Audit and Risk Assurance Committee



Report No: C/ARAC/19-21

Agenda Item: 11

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:	24 MARCH 2021						
Report Title:	PROCUREMENT STRATEGY 2021 - 2024						
Report Classification:	For Scrutiny	<b>Board/Committee Meetings ONLY</b> <b>For Reports to be held in Private</b> <b>Specify rationale below referring to</b> <b><u>Board Standing Order 9</u></b>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
<b>1</b>	<b>Purpose</b>						
1.1	The purpose of this report is to ask Audit and Risk Assurance Committee (ARAC) to scrutinise the proposed Procurement Strategy 2021 – 2024, as attached at Appendix A, and endorse this for onwards submission to the Board for approval.						
<b>2</b>	<b>Background</b>						
2.1	Public Sector procurement in Scotland is delivered in accordance with EU Directives, as enacted by UK legislation. Whilst the UK is no longer part of the EU, the legislation remains, which within Scotland is governed by the Procurement Reform (Scotland) Act 2014, Public Contracts (Scotland) Regulations 2015 and Procurement (Scotland) Regulations 2016.						
2.2	The Procurement Reform (Scotland) Act 2014 requires the Scottish Fire and Rescue Service (SFRS) to produce a procurement strategy covering all regulated procurements (greater than £50,000). In addition, an annual procurement report must be produced to review procurement activities over the previous year.						
2.3	Procurement is a valuable tool to enable the delivery of SFRS objectives and offer a wider contribution to Scottish Government's National Outcomes. SFRS currently procures goods, works and services of approximately £63million per annum. The key areas of spend are Property, Fleet, ICT, PPE & Equipment, and Corporate.						
2.4	Since the previous Procurement Strategy there have been significant changes in our operating environment; there is an ongoing global pandemic, the UK has left the European Union, and there is a renewed global and UK focus on addressing climate change. Within Scotland, the outcome of the Scottish Parliament elections in May 2021 could lead to further political pressure for constitutional change. These factors will impact on how SFRS and all public bodies undertake procurement.						

3	Main Report/Detail
3.1	The proposed Strategy, as attached at Appendix A, aims to be outwardly orientated, seeking to work with others, in support of our continuous improvement in this area. Externally, we will work to maintain and enhance key collaborative relationships with the Scottish Government and other Scottish public bodies, our emergency service partners in Scotland, and the National Fire Chiefs Council (NFCC) at UK level. We will continue to develop our engagement with the Supplier Development Programme and local authority partners, seeking to enhance the accessibility of our contracts and listen to the Voice of the Supplier. Internally, we will work to increase engagement, listening to the Voice of the Customer, and those who ultimately use the goods, works and service we procure.
3.2	The Strategy comprises five key themes;
3.3	<b>Sustainability</b>
3.3.1	SFRS has a duty to undertake its procurement in a sustainable manner, and will seek to achieve this through: carbon reduction; accessibility for SME's; supporting community wealth building; engaging supported businesses; fair work practices; championing equality, diversity and ethical trading; delivering community benefits; and ensuring health, safety and wellbeing. We have made a commitment that sustainability will represent at least 25% of the evaluation criteria in our regulated procurements.
3.4	<b>Value for Money</b>
3.4.1	We will continue to evolve our approach to Category Management, including the development of specific category strategies to enhance market research and insight, seeking to achieve sustainable outcomes within those markets.
3.4.2	Through a blended range of strategic sourcing approaches and by seeking opportunities to collaborate with others our aim is to encourage innovation and maintain competitive marketplaces that ultimately improve fire fighter and community safety.
3.4.3	We will simplify our approach to contract management, using a risk based approach, and will advance the digitalisation of our processes by maximising electronic invoicing linked to purchase orders, and by exchanging information with suppliers through the introduction of a secure supplier portal.
3.5	<b>Enhancing Capability</b>
3.5.1	The development of our professional procurement teams is key to achieving our objectives. We will work in partnership with Skills Development Scotland to support the Procurement People of Tomorrow programme and will continue to develop our ongoing training programme for all employees regularly involved in undertaking procurement activities.
3.5.2	Technology is a key enabler for our procurement processes, which are strongly integrated with our financial system. Worked has commenced through the People, Training, Finance and Assets (PTFA) Major Project to further enhance systems integration across SFRS. This will be a key area of focus for the procurement team, both in putting into place the necessary contractual arrangements while supporting the transition from existing contracts, and as a key customer of the project, seeking improved transactional efficiency, as well as effective tools to interrogate and analyse information, produce regular performance measures, and publish and meet statutory reporting requirements.

3.6	<b>Transparency</b>
3.6.1	SFRS is committed to increasing transparency and improving accountability in relation to how we spend public money by publishing information about our procurement activity more clearly on our website, for example this procurement strategy, our annual procurement report, our contracts register, our future workplans. All regulated procurements are advertised on Procurement Contracts Scotland.
3.6.2	The strategy is supported by performance measures and an annual action plan, which will underpin its delivery and maintain a focus on continuous improvement.
3.7	<b>Governance and Risk</b>
3.7.1	SFRS undertakes its procurement activity in accordance with legislative requirements and the Scottish Government's Procurement Journey. Comprehensive procedures and quality assurance processes are designed to minimise the risk of legal challenge and procurement fraud. We will continue to provide fraud awareness training, as a key aspect of fraud prevention.
3.7.2	Our procurement activity is regularly audited either through internal audit and as part of the Scottish Government's Procurement Commercial Improvement Programme (PCIP). We will progress and monitor improvement actions in support of the PCIP programme and will undertake a further review of our progress in conjunction with the PCIP team.
<b>4</b>	<b>Recommendation</b>
4.1	The ARAC is asked to scrutinise the draft Procurement Strategy 2021 - 2024, as attached at Appendix A, and endorse this for onwards submission to the Board for approval.
<b>5</b>	<b>Key Strategic Implications</b>
5.1	<b>Financial</b>
5.1.1	Procurement adds value by delivering financial savings through competition. This Procurement Strategy outlines the strategic direction in delivering our procurement activity. The cashable savings through procurement activity are tracked and reported as part of the Annual Procurement Report.
5.2	<b>Environmental &amp; Sustainability</b>
5.2.1	This Procurement Strategy outlines our commitment to reduce environmental impacts. Sustainability is a key section within this strategy.
5.3	<b>Workforce</b>
5.3.1	The Procurement Strategy supports the development of the procurement team, the wider capabilities of the organisation and supports broader opportunities such as apprenticeships and training.
5.4	<b>Health &amp; Safety</b>
5.4.1	The Health and Safety department is a key stakeholder in delivering the organisation's procurement. In addition, our commodity strategies document our approach to health and safety matters and compliance with health and safety legislation.
5.5	<b>Training</b>
5.5.1	The strategy highlights the need for ongoing training for those involved in procuring goods works and services. Fraud awareness training is also included.
5.6	<b>Timing</b>
5.6.1	This Procurement Strategy covers the period 2021 – 2024.

5.7 5.7.1	<b>Performance</b> Procurement performance is reported through the Annual Procurement Report. In addition, the Annual Report and Accounts includes a section on procurement as part of the sustainability report.
5.8 5.8.1  5.8.2  5.8.3	<b>Communications &amp; Engagement</b> This Strategy has been developed with guidance from Scottish Government and engagement from the Good Governance Board.  The Strategy will be published externally, along with the Annual Procurement Report.  All regulated contracts are advertised on the Public Contracts Scotland website, where award notices are also published.
5.9 5.9.1	<b>Legal</b> Public procurement is regulated as outlined within the report and the legislation gives tenderers remedies where SFRS does not meet legislative requirements.  The Procurement Reform (Scotland) Act 2014 requires SFRS to produce a procurement strategy.
5.10 5.10.1  5.10.2	<b>Information Governance</b> <i>DPIA completed No. If not applicable state reasons.</i>  There is no personal information contained within this report.
5.11 5.11.1	<b>Risk</b> SFRS has a low risk appetite for failure to comply with legislation, as such, the Procurement Strategy has a key focus on Governance and Risk, with robust procedures in place to mitigate the risk of both fraud and legal challenge.
5.12 5.12.1  5.12.2	<b>Equalities</b> <i>EIA completed No. If not applicable state reasons.</i>  Ensuring equality sits at the heart of the Procurement Strategy, reflecting the Service's commitment to fair work, community benefits, and supporting an inclusive and sustainable economy. For each category of spend, a detailed Equality Impact Assessment will be undertaken.
5.13 5.13.1	<b>Service Delivery</b> Ensuring the Voice of the Customer is heard and reflected within the procurement process is a key theme of the Strategy. This will be achieved through engagement in User Intelligence Groups and the use of customer surveys, with the overall aim that goods, works, and services procured best enable SFRS to deliver its service.
<b>6</b>	<b>Core Brief</b>
6.1	Not applicable.
<b>7</b>	<b>Appendices/Further Reading</b>
7.1	Appendix A - Procurement Strategy 2021 – 2024  Annual Procurement Report 2019/20 SFRS Procurement Commercial Improvement Plan (PCIP) Assessment, 2019

<b>Prepared by:</b>	John Thomson, Head of Finance and Procurement	
<b>Sponsored by:</b>	Sarah O'Donnell, Director of Finance and Contractual Services	
<b>Presented by:</b>	Sarah O'Donnell, Director of Finance and Contractual Services	
<b>Links to Strategy and Corporate Values</b>		
Working Together for a Safer Scotland		
<b>Governance Route for Report</b>	<b>Meeting Date</b>	<b>Report Classification/ Comments</b>
<i>Good Governance Board</i>	<i>23 February 2021</i>	<i>Recommended</i>
<i>Strategic Leadership Team</i>	<i>12 March 2021</i>	<i>For Recommendation</i>
<i>Audit and Risk Assurance Committee</i>	<i>24 March 2021</i>	<i>For Scrutiny</i>
<i>SFRS Board</i>	<i>29 April 2021</i>	<i>For Decision</i>



SCOTTISH

FIRE AND RESCUE SERVICE

Working together for a safer Scotland

# SFRS Procurement Strategy 2021/24



**Working together  
for a safer Scotland**

## CONTENTS

1.	INTRODUCTION	1
2.	STRATEGIC CONTEXT: SCOTTISH GOVERNMENT AND SFRS	2
3.	PROCUREMENT STRATEGY 2021-24	5
4.	SUSTAINABILITY	7
5.	VALUE FOR MONEY AND EFFICIENCY	11
6.	ENHANCING CAPABILITY	13
7.	GOVERNANCE, RISK AND FRAUD	15
8.	PROCUREMENT TRANSPARENCY	16
9.	REPORTING PROGRESS AND PERFORMANCE	17
	APPENDIX A – PROCUREMENT STRATEGY ANNUAL ACTION PLAN	19
	APPENDIX B – PERFORMANCE INDICATORS	24





# 1. INTRODUCTION

The Scottish Fire and Rescue Service (SFRS) is the world's fourth largest fire and rescue service committed to ensuring the safety and wellbeing of the people of Scotland. We are a national organisation delivering our front-line services locally and are funded by Scottish Government. We respond to many different emergency incidents including fire, road traffic collisions, rope rescue, water rescue, hazardous materials and flooding as well as assisting our partner agencies to keep our communities safe.

Our aspiration is that by working together for a safer Scotland, we can help reduce the incidence of fire and continue to play a key role in ensuring the safety and wellbeing of the people of Scotland.

This is the third procurement strategy since the formation of SFRS in April 2013. The previous strategies have provided the strategic direction to build capability to undertake SFRS's procurement activity in a compliant manner to meet both our strategic objectives and contribute to Scottish Government's national outcomes.

Procurement resource and capability has now successfully been developed and our performance reported through our published annual procurement reports. In 2019, SFRS was assessed by Scottish Government under the Procurement Commercial Improvement Programme (PCIP) and SFRS achieved the highest performance rating in line with peer organisations across the Scottish Government family.

This growing and evolving procurement maturity gives confidence to develop a more outward focused procurement strategy that responds to the wider challenges presented today and the aspirations of Scottish Government.

The world has changed significantly since the previous strategy was developed, three significant impacts influence this new procurement strategy; climate change, the COVID 19 global pandemic and EU exit. In addition, Scottish elections in May 2021 could lead to a further independence referendum which may impact future procurement strategy.

### Climate Change

Climate change is accelerating, impacting upon developed and resilient countries like Scotland. Global CO<sup>2</sup> emissions are continuing to rise causing climate

change to accelerate and intensify. The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019, which amends the Climate Change (Scotland) Act 2009, sets targets to reduce Scotland's emissions of all greenhouse gases to net-zero by 2045 at the latest, with interim targets for reductions of at least 56% by 2020, 75% by 2030, 90% by 2040.

SFRS recognises the impacts of climate change in terms of its activities in responding to severe flooding events, increasing scale of wildfires, cold weather events and more intense storms resulting in infrastructure damage.

SFRS also has a part to play in reducing carbon emissions and has issued its own [climate change response plan](#) with a target of 6% annual reductions in carbon emissions.

### COVID-19 Global Pandemic

The devastating impact of COVID 19 across the world in 2020 remains a challenge for all countries. In December 2020, the commencement of Covid 19 vaccines across the UK offer the prospect of recovery in the future. The economic and social impacts from the pandemic will however continue to impact public finances, employment, economic output, education, environment, travel, mental health and well being impacting vulnerable members of our communities and potentially increasing inequalities.

### EU Exit

The UK is no longer a member of the European Union and the agreement of a Free Trade Agreement in December 2020 will redefine the relationship with the EU. The key public-sector procurement principles of fair and equal treatment will remain but procedurally how public-sector procurement activity is advertised and conducted will change and the legislation used will be amended. It is anticipated that legislative change will occur both at UK and Scottish Government level over this strategy period.

### Scottish Independence

The political landscape for Scotland is potentially changing with the Scottish elections in May 2021 which could lead to a further independence referendum. At this stage it is too early to determine whether there will be a referendum or the subsequent impact on this three-year procurement strategy. This procurement strategy will be reviewed and updated annually to reflect any legislative changes.

# 2. STRATEGIC CONTEXT: SCOTTISH GOVERNMENT AND SFRS

The economic outlook post Covid 19 remains challenging and uncertain, Scottish Government recently published an [economic recovery plan post Covid 19](#). The near term focus for many organisations will be to recover from the global pandemic, however it is important it is a sustainable recovery that reduces inequalities and provides a pathway for a more prosperous Scotland. SFRS recognises that as a public body we aim to support and contribute to the achievement of the 11 National Outcomes stated within the [National Performance Framework](#).

### National Performance Framework

Public sector procurement has a vital role to play in improving national outcomes post the global pandemic.



Diagram 1: National Performance Framework Diagram

**Public sector procurement in Scotland**

Public sector procurement can use its annual spending power of £11Billion to procure goods, works and services that help improve national outcomes for Scotland’s economy, society and environment.

Public procurement is expected to contribute to climate change targets, and public bodies are required to report annually on how their procurement policies and activity have:

- contributed to carbon emissions reduction targets
- contributed to climate change adaptation
- acted sustainably

Specifically, how procurement activity is undertaken can be:

**Good for businesses and their employees**

Procurement contributes to a Fairer Scotland through paying promptly for goods and services and working to improve access to public contracts for SME’s the third sector and supported businesses.

**Good for society**

Through actively pursuing equality outcomes and embracing innovative approaches we can ensure our supply chains are fair and ethical.

**Good for places and communities**

With environmental considerations already at the heart of our sustainable procurement duty, our work delivers for communities and places across Scotland and takes local priorities into account.

**Open and connected**

Through our commitment to being more transparent about how we spend public money, we operate across organisational boundaries to deliver trusted public services, effectively managing within our collective resources.

SFRS is directly linked with the Communities National Outcome - We live in communities that are inclusive, empowered, resilient and safe”,

By undertaking our procurement activity and alignment of this strategy with Scottish Government direction and public sector procurement guidance we are also contributing to achieving other national outcomes.

- Economy - We have a globally competitive, entrepreneurial, inclusive and sustainable economy.
- Environment - We value, enjoy, protect and enhance our environment.
- Fair Work and Business - We have thriving and innovative businesses, with quality jobs and fair work for everyone”.

As well as alignment with Scottish Government it is important to link our procurement activity with the [Service’s own strategic plan](#) which is aligned with the [2016 Fire and Rescue Framework](#).

The Services strategy has been developed to achieve four main outcomes as described in the diagram on following page.



Diagram 2: SFRS Strategy Outcomes Diagram

### 3. PROCUREMENT STRATEGY 2021-24

The impacts of Climate change, COVID 19 and EU exit and the direction of Scottish Government demands a new procurement strategy that doesn't just build on previous but firmly resets how SFRS will deliver sustainable procurement over the next three years.

#### Procurement that supports our strategic outcomes

SFRS's procurement activity is aimed at achieving SFRS outcomes in a manner which supports delivery against SG national outcomes. Procurement contributes to all of our strategic outcomes and can be demonstrated with some examples.

Strategic Outcome	Examples of how procurement contributes:
<b>Prevention</b>	<ul style="list-style-type: none"> <li>SFRS procured a contract for smoke detectors to meet new legislative requirements that come into force next year. The fitting of these detectors to protect our communities is targeted towards high risk homes and vulnerable members of our communities.</li> <li>SFRS continues to procure a new safe and well system which will enable the Service to conduct enhanced Home Fire Safety Visits designed to keep our communities safer.</li> </ul>
<b>Response</b>	<ul style="list-style-type: none"> <li>New appliances and equipment for emergency response will be specified to meet operational requirements but also to improve environmental impact where possible and invite suppliers to adopt fair working practices and improve sustainability through training and apprenticeships.</li> <li>Procuring a new Hard Facilities Management contract that will provide routine and planned maintenance of our station facilities.</li> </ul>
<b>People</b>	<ul style="list-style-type: none"> <li>Procuring a new People, Training Finance and Assets solution will deliver the next generation of systems that will enable the service to recruit, retain and develop our employees and manage our financial and physical assets.</li> </ul>
<b>Public Value</b>	<ul style="list-style-type: none"> <li>Procuring and installing solar panels and building heating controls at stations that reduce the Services energy consumption.</li> <li>SFRS has received additional funding to procure new electric vehicles and infrastructure that will change how SFRS undertakes both business travel but also how flexi duty officers respond to incidents. The infrastructure will be shared with other emergency services to build a wider national infrastructure.</li> </ul>

This procurement strategy articulates the direction and how we will undertake our procurement over the next three years. The diagram sets out the broad themes of this procurement strategy Sustainability, Value for Money, Enhancing Capability, Transparency, Governance and Risk



Diagram 3: Broad themes of Procurement Strategy Diagram

Whilst value for money and enhancing capability remain from previous strategy, Sustainability is expanded to include greater emphasis on carbon reduction and reducing environmental impacts. The governance of the procurement process will reflect the latest legislative framework post EU exit and will be more weighted to risk management. A new Transparency element is included to detail information that we will publish externally. An area of focus is to ensure the voice of the customer and suppliers is reflected in how our procurement processes operate to ensure procurement activity is both visible and trusted externally.

## 4. SUSTAINABILITY

SFRS has a duty under the Procurement Reform (Scotland) Act to consider sustainability. Sustainability is a broad area as indicated in the diagram above but also one that the Service can and does actively influence. All procurement activity will be undertaken in a sustainable manner that is relevant and proportionate to what is being procured. This means making sure the elements of sustainability are at the heart of how we procure works, goods and services. Adopting a sustainable procurement approach will drive additional economic, social or environmental value through our supply chains and lead to better overall value for money for the Service.

Sustainability will be built in to the procurement process at the earliest stage but also throughout the lifecycle of the work, goods or service. Tender specifications will include sustainability requirements and must be included in all regulated procurements. Sustainability will be an integral part of the evaluation criteria and must be at least 25% of the quality evaluation. Sustainability will be a key part of contract management and supplier development and will follow the templates in the procurement journey.

### Carbon reduction

In line with the SFRS Carbon Response Plan, Procurement can influence carbon reduction by procuring works, goods and services in a sustainable manner that reduce carbon emissions and encourage climate change adaptation.

As part of our commitment to sustainability we will seek to reduce CO2 emissions in all procured works, goods and services and where appropriate require ongoing management information from our suppliers on the CO2 emissions of works, goods and services that we use over their lifecycle.

We will also work in partnership with government to reduce our dependency on carbon fuels and reduce the environmental impacts.

### Accessibility for Small and Medium Size Enterprises (SME's)

SFRS recognises that SME's including third and fourth sector organisations can support economic growth and employment in Scotland and contribute to a wellbeing economy. SME's have the potential to offer new and innovative approaches especially within the fire sector. SME's already provide 36% of SFRS procurement spend and play a key role in our supply chain.



We acknowledge that SME's may have difficulty accessing and not fully understand the requirements they need to contract with public sector organisations including SFRS. SFRS along with all local authorities is an associate member of [Scottish Government's Supplier Development Programme](#). SDP facilitate events that bring together public sector organisations and SME's to improve accessibility and support supplier development, SFRS is actively working with SDP to encourage SME involvement in the procurement of our Hard Facilities Management tender next year. SFRS will continue to work with SDP by sharing our future procurement workplans and agreeing opportunities to encourage SME involvement in tenders especially within the fire sector. In addition, SFRS will attend "meet the buyer" and national events across Scotland to share experiences with suppliers and receive feedback on doing business with SFRS.

In addition, for works contracts, SFRS is required to consider project bank accounts for projects over £4million. SFRS has successfully introduced project bank accounts with a main contractor which is designed to pay sub-contractors at the same time as main contractors. We will continue to introduce project bank accounts and promote their use across public sector in conjunction with Scottish Government.

### Community Wealth Building

SFRS is currently engaging through our Local Senior Officers (LSO's) as part of our partnership working with local authorities to support [Community Wealth Building Projects](#). Progressive procurement is a core principle to help develop local supply chains of businesses likely to support local employment and keeping wealth in communities. Procurement will actively support LSO's to provide subject matter expertise as part of these projects.

### Supported Business

Supported businesses are social enterprises whose main aim is to integrate disabled or disadvantaged people socially and professionally. Their workforce must be at least 30% disabled or disadvantaged. SFRS currently has contracts in place with supported businesses and will continue to offer opportunities to supported businesses where they can meet SFRS requirements through the [Scottish Government's supported business framework](#). SFRS has a supported business champion and will actively encourage the use of supported businesses where possible. Most recently SFRS contracted with Haven to produce the uniform for our Youth Volunteer Scheme which was funded by Scottish Government.

### Fair Work First

SFRS contributes towards its Sustainable Procurement Duty by adopting a policy to promote fair working practices in relevant procurement contracts. SFRS recognises that inviting suppliers to adopt fair working practices will reduce inequalities and develop a more inclusive and sustainable society. SFRS will develop our requirements further to include adoption of [Fair Work First](#) elements including channels for effective voice, investment in workforce development, no inappropriate use of zero hours contracts, action to tackle gender pay and payment of living wage in tenders where relevant.



A key factor in fair working first is seeking suppliers to adopt the living wage. SFRS is an accredited living wage employer and promotes the use of the living wage for relevant contracts. Most recently SFRS awarded a contract for the laundry and maintenance of personal protective equipment (PPE) for firefighters. The new contract confirmed living wage will be adopted by the supplier which is an improvement on current contract provision.

### Equality and Diversity

Under the Equality Act Scotland (2010), SFRS has a public sector equality duty to consider equalities and this applies to the procurement process. SFRS considers equality and diversity as part of the procurement process when developing commodity strategies with the User Intelligence Group (UIG)

consider requirements as part of the specification. For example, for the SFRS's PPE contract the differing requirements between males and females and also religious beliefs was included in the requirements and the PPE under the contract reflects these needs.

To improve consideration of equalities we will mandate the development of an equalities impact assessment at a category level (ICT, Fleet, PPE, Equipment, Corporate and Facilities) Guidance on completion will be sought where appropriate from the SFRS Equality and Diversity Team and this will be referenced for subsequent commodity strategies and tender activity.

### Modern Slavery Act

SFRS is required to comply with the Modern Slavery Act 2015. SFRS will seek evidence of compliance with legislation from suppliers for all regulated procurements.

### Community Benefits

Community benefits are required as part of the Procurement Reform (Scotland) Act 2014 for contracts over £4million and where applicable include a contractual requirement on training, recruitment or sub contract opportunities or generally to improve the economic, social or environmental wellbeing of Scotland in addition to the main purpose of the contract.

In procuring works contracts SFRS policy requires community benefits to be considered routinely for all works contracts in excess of £1million. SFRS has been successful in ensuring suppliers offer a range of community benefits and as required by legislation this is reported in our [annual procurement report](#). SFRS will strengthen the commitment to community benefits by requiring community benefits to be reported using the Cenefits solution. This will enable anticipated community benefits to be tracked more efficiently and included as follow up in contract management meetings.

### Health and Safety

SFRS is committed to ensuring compliance with Health and Safety legislation and in doing so endeavours to provide safe places and safe systems of work. We will proactively involve our Health and Safety team in our procurement activity, with particular focus on identifying preventative measures based on their experience and organisational learning from previous health and safety

incidents. Health and Safety are included as stakeholders through the UIG process. In addition, procurement teams work proactively to ensure health and safety is considered and where appropriate seek input on specification.

**Procuring Fairly and ethically traded goods and services**

SFRS supports Fair Trade initiatives and is a member of the Scottish Fair Trade Forum.

We will promote the use of fair trade (or equivalent) products across the service and raise awareness of fair trade amongst employees. We will, to the extent permitted by procurement legislation, account for



Fair Trade and similar initiatives in relevant procurement activity.

**Contracts involving food to improve health and well being**

SFRS is committed to ensuring consideration of the highest level of animal welfare in relevant procurement activity and will follow relevant legislation and guidance to make sure that this occurs. We will take account of nutritional quality, health and wellbeing, minimising environmental impact such as packaging and sourcing when undertaking relevant procurement activity. In addition, we will promote the health, wellbeing and education of communities in relevant procurement activity.

**Flexible Framework**

SFRS has adopted [SG's flexible framework tool for Sustainability](#). We will utilise the Flexible Framework to measure our level of performance and identify the actions required to embed good procurement practice to realise intended sustainable outcomes. We will seek to achieve level 3 on the flexible framework over this strategy period.



## 5. VALUE FOR MONEY AND EFFICIENCY

### Voice of the customer

A recent review of the procurement process with key stakeholders identified opportunities to further strengthen our approach. These improvements are being progressed to ensure our procurement activity is undertaken in the most efficient and effective manner and responds to customer needs. In addition, after each regulated tender process a customer satisfaction survey is completed to give feedback on the process undertaken. We will continue to engage with internal stakeholders to understand where improvements in the process could be made, wherever possible we will seek end user involvement in the process especially as part of the early market research phase. We will continue to revise our processes to be visible, customer centric and compliant with legislative requirements.

### Category Management

SFRS adopts a category management approach when planning and providing procurement resources to deliver procurement activity. This enables the efficient delivery of procurement activity and the opportunity to aggregate requirements and seek opportunities to collaborate, it also enables procurement professionals to gain greater market insight and better understanding of how the market operates and to build effective relationships with key stakeholders within Directorates who understand SFRS requirements.

To leverage this approach for each category we will develop overarching category strategies for Property, ICT, Fleet, PPE & Equipment, and Corporate. The category strategy will reflect customer feedback on previous tenders/contracts and lessons to be learned. It will detail through market research and engagement, the suppliers in the marketplace, supplier profiles, spend analysis, expected innovation, markets response to climate change and identify relevant areas of focus for sustainability. In addition, the Voice of the Supplier will be reflected and it will be a requirement to engage with the Supplier Development Programme (SDP) to both develop the market at a category level and improve accessibility for suppliers to SFRS. For each category a detailed equality impact assessment will be completed and agreed with Equality and Diversity team. Each category strategy will identify areas for savings and measure overall performance at a category level.

### Strategic sourcing and Innovation

SFRS sources goods and services from both large organisations that support many customers such as information technology, to smaller more niche fire related suppliers that operate across Europe and globally.

Innovation is one of the values of the Service and plays a key role in improving firefighter safety. Innovation is also required to decarbonising the activities of the service. Encouraging innovation is therefore critical when sourcing goods and services. For example, through collaboration and innovation with Transport Scotland and Scottish Enterprise SFRS is procuring the next generation of Low carbon appliances to seek to decarbonise how emergency response is undertaken in the future.

We will actively demand innovation in the procurement of goods and services especially where this improves sustainability and firefighter safety. SFRS will engage with the marketplace to secure innovation and will work with existing contracted suppliers to support research and development and trial products to give feedback to the market.

SFRS uses frameworks to reduce the time to procure goods and services especially when budgets and funding are set on an annual basis. These frameworks create the opportunity to collaborate with other public sector organisations and reduce the costs for suppliers in terms of qualification. A disadvantage is that some frameworks do not always consider fully sustainability and can reduce accessibility especially where the market place is small. In addition, frameworks may not always attract the best prices in the market as the level of spend at set up of the framework is estimated.

We will operate a blended approach to our sourcing using, where appropriate, frameworks that have been critically assessed to ensure they meet best value and sustainability considerations. Where possible we will place greater emphasis on developing our own contracts that encourage, innovation, greater competition and wider participation in particular from SME's, Third Sector and Supported Businesses. We will actively work with the Supplier Development Programme to highlight our procurement workplans and seek to develop a more sustainable marketplace for categories where niche fire related suppliers are prominent.

For works contracts we will continue to use [SCAPE](#) and will assess any alternative arrangements when these become available.

### Collaborative sourcing

We will primarily work with Scottish Government, and other public sector organisations in Scotland to identify opportunities to collaborate on specific procurement projects to secure additional benefits. SFRS is a member of Scotland Excel a purchasing consortium which includes all local authorities and we will continue to develop this relationship for commodity areas that are non fire specific and where aggregation of spend can leverage wider benefits and support sustainability.



We will continue to participate as a member of the National Fire Chiefs Council (NFCC), working collaboratively to develop and maintain a competitive marketplace for fire specific goods and services.



### Contract management

The contracts register will be used as an input to develop the three-year workplan, recognising contract expiry dates and permitted extensions. We will proactively work with contracted suppliers to ensure they deliver the value intended and where possible seek additional value in terms of sustainability.

Contract management requires significant resources to ensure contracts are meeting service expectations. SFRS has a defined contract management policy which is used to adopt a proportionate and tailored approach to contract management for suppliers reflecting the criticality of the supply or service.

For strategic suppliers a balanced scorecard approach is adopted which measures overall supplier performance in terms of Cost, Quality, Sustainability and Service. Achievement of community benefits or wider sustainability elements are measured where these have been included in contractual requirements.

Category leads will work with Directorates to review the contract management arrangements on a risk basis to ensure contracts are being managed to terms and meeting service expectations. We will report performance measures for all strategic contracts to our Good Governance Board.

### Supplier management

Supplies and services wherever possible will require an SFRS purchase or works order. In line with many organisations, SFRS is working towards both the receipt of all invoices electronically and a "no purchase order no pay" policy. Receipt of an electronic invoice is the default in our contracts and non-purchase order invoices requiring separate authorisation will be the exception.

We will commit to paying all invoices within 30 days of receipt of a valid electronic invoice with an SFRS order. SFRS sets payment terms as immediate, and undertakes to pay suppliers as early as possible within the 30 day period on receipt of a valid invoice, order and confirmation of receipt of goods/services.

We use a range of supplier classifications to support analysis and reporting requirements including SME's, strategic/non-strategic, contract and non-contract suppliers. This further classification will be used to identify high risk procurements and additional measures will be included in commodity strategies. We will review and maintain supplier categorisation to enable aggregating spend at a national level and by using procurement cards for adhoc, low value spend. Non-current suppliers will be made inactive on our systems as part of regular data cleansing.

Suppliers will be managed to contractual terms, with all proposed price increases or variations to contract requiring a written justification and validation against the original contract.

We will introduce a supplier portal that will enable suppliers to update key information including bank changes. Verification processes to detect fraud will be modified to align with this technology.

SFRS identifies and tracks cashable and non-cashable efficiency savings during the year. Our Finance Business Partners work with the procurement team to identify potential savings from the procurement process. Procurement savings are reported as part of the annual procurement report.

## 6. ENHANCING CAPABILITY

### Voice of the supplier

SFRS recognise the value our suppliers contribute to meeting SFRS strategic objectives, and also that our processes could be improved if we understand the challenges faced by suppliers in bidding for our contracts. We appreciate that where a supplier is not successful in terms of bid this can lead to a concern over the process and a need to understand more fully the reasons for not being successful. SFRS completes a full debrief letter that highlights the relative merits/weaknesses of their bid and that of the winning bidder for all regulated procurements. This gives bidders the opportunity to learn lessons and identify where improvements could be made.

To improve our processes we will actively seek opinion from tenderers on the procurement process to establish where our processes could have been improved outside of the specific tender process. We will undertake to review this feedback from suppliers and incorporate into our lessons learned going forward and where appropriate revise our processes accordingly. In addition, SFRS will work with SDP to actively engage with SME's and seek opinion on our processes through survey information.

### Organisation and resource

Procurement resource will continue to be organised on a category management basis covering ICT, Fleet, PPE, Equipment, Corporate and Facilities. All day to day procurement activity is managed by Category Leads and where appropriate guidance sought from the Procurement Manager. Works projects for facilities are undertaken by suitably qualified personnel within the Property team.

We will resource procurement activity using suitably qualified and experienced professional procurement personnel. These resources will be either internal to SFRS, in collaboration with other public sector organisations and/or sourced using wider partnerships including Crown Commercial Services (CCS). Using a combination of permanent professional team members and external resources provides an opportunity to flex capacity to meet SFRS needs within agreed timelines.

We will keep under review our procurement team structure considering both market develops and service need and if appropriate develop a business case to change the structure.



### Partnering and collaboration

We will seek opportunities to partner and collaborate with other organisations where this gives advantage to meeting SFRS needs or wider public sector objectives. This will include NFCC, CCS and SDP.

### People development and capability

Our aim is to maintain and develop our procurement team with the right skills and capabilities to professionally deliver an effective service in partnership with all stakeholders involved in the procurement process.

SFRS has developed its resourcing and procurement capability over recent years and continues to support individuals to attain professional qualification through the Chartered Institute of Procurement and Supply (CIPS) and develop further as part of their continuous professional development. SFRS currently has 70% of the procurement team appropriately qualified. We know that the procurement demand in public sector exceeds supply especially qualified procurement roles and this has persisted for many years. SFRS's strategic objective is to make SFRS a great place to work. We will

continue to monitor market conditions to maintain a compelling offer in the market and where appropriate apply market allowances to both retain and attract talent into the procurement function.

We recognise the value in investing in our people at the earliest stages in their career and providing opportunities for both school leavers and graduates. We will work in partnership with Skills Development Scotland and Scottish Government to support "[The Procurement People of Tomorrow](#)" (PPoT) initiative and make a commitment to the PPoT charter.



SFRS has invested in training for both procurement team and those individuals regularly involved in procurement activity. We will continue to work with our training colleagues to develop an ongoing training programme for all SFRS employees that are regularly involved in procurement activities using, where appropriate, external providers with the necessary specialist skills.

We will invest in our people and develop a career pathway for our procurement team by providing relevant public sector procurement work experience and by enable progression through recognised professional qualification - Chartered Institute of Procurement and Supply (CIPS), and ensuring our organisational structure best supports career development and job satisfaction.

### Use of technology

SFRS currently uses an integrated system for Procurement and Finance which provides key information to support the procurement process. A new generation of systems is currently being developed through the People, Training, Finance and Assets programme (PTFA). This is a major project and the overall programme is anticipated to take up to five years to implement. Procurement will provide dedicated resource to procure the new solution and support the transition from existing contracts. In addition, procurement requirements for the solution will focus on improving transactional efficiency but also ensuring the system provides effective tools to interrogate and

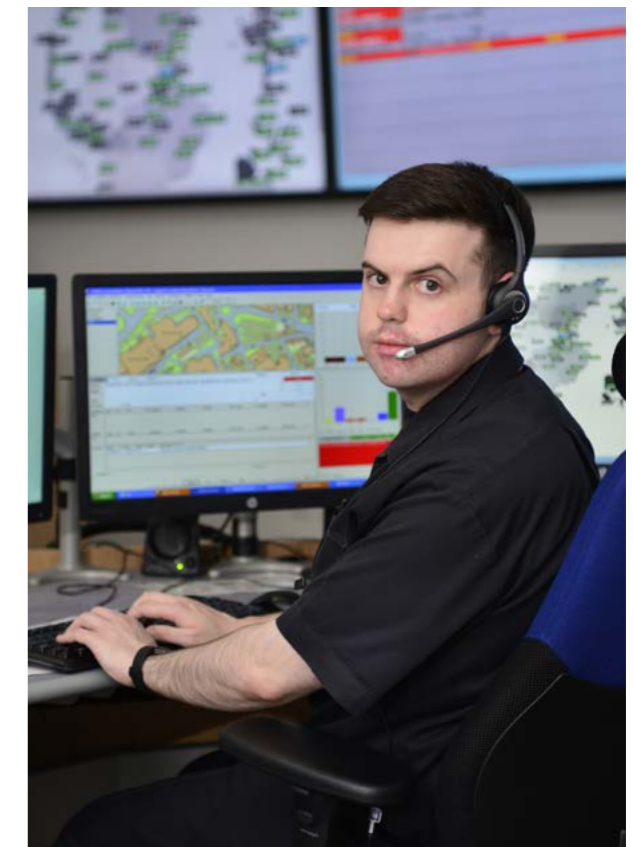
analyse information, to produce regular procurement performance measures, and the ability to publish and meet statutory reporting requirements including sustainability elements.

As the UK has left the EU there has been changes to how we advertise tender opportunities. SFRS will continue to advertise where required using the Scottish Government's Public Contract Scotland which links with the UK Government's [Find a Tender solution](#).

SFRS will continue to use PCS quick quote process for smaller tenders.

SFRS will implement Public Contracts Scotland Tender (PCS-T) an electronic tendering solution or equivalent as part of the PTFA programme, to enable greater efficiency for SFRS and make it easier for suppliers to engage in the tendering process.

SFRS will continue to extend our use of electronic catalogues, purchase orders and invoices to improve transactional efficiency.



## 7. GOVERNANCE, RISK AND FRAUD

We will update our governance and procurement procedures in line with legislative changes. We will update our procedures to reflect EU exit and will follow the SG procurement journey and any subsequent guidance. We will embed the SG's Construction Manual guidance for works procurements.

SFRS undertakes its procurement activity in a compliant manner in line with legislative requirements. Tenderers have the right to legally challenge where they believe SFRS has breached procurement legislation. For all goods and services regulated procurements SFRS provides information to tenderers through the debrief process and includes a voluntary standstill period prior to award to give tenderers the opportunity to raise any concerns before award. As part of our quality assurance process each regulated procurement is reviewed by procurement staff not involved in the particular procurement exercise to provide assurance and seeks to minimise the risk of challenge. SFRS also has legal support embedded within the procurement teams. We will continue to manage the risk of challenge through internal review and seeking legal advice where appropriate.

SFRS has an anti-fraud policy and a fraud response policy to both prevent, detect and respond to fraud. It is recognised that procurement fraud can occur and our processes are designed to minimise the risk of fraud where possible. A key part of fraud prevention is awareness and we have undertaken fraud training for our procurement staff and will provide this training to those involved in the procurement process on an

ongoing basis. SFRS has developed an action plan from [Audit Scotland's fraud red flag for procurement report](#). We will complete the action plan over this procurement strategy period.

We will continue to work with Police Scotland to minimise the risk of involvement of Serious Organised Crime in SFRS procurement activity and complete the UK National Fraud Initiative for all suppliers.

### Procurement Commercial Improvement Programme (PCIP)

SFRS adopts Scottish Government legislative requirements as well as guidance. Our processes, systems and governance is reviewed on a regular as part of the PCIP programme. The last review was in 2019 and SFRS achieved the highest banding. We will continue to develop the actions that support the PCIP programme and will undertake a further review of our progress in conjunction with Scottish Government's PCIP team.

SFRS has an independent internal audit function provided by Azets. Our Audit and Risk Assurance Committee set the annual internal audit plan and this includes a regular review of Procurement. There is an audit scheduled for completion during the first quarter of 2021. We will support the audit and complete an action plan based on any recommendations from this audit or any subsequent procurement audits during this strategy period.

## 8. PROCUREMENT TRANSPARENCY

We will conduct our procurement activity in a manner that adds value to the organisation, is risk based, focuses on sustainability objectives and compliant with our governance model that gives external parties confidence that we performed our procurement activity in a fair and transparent way.

SFRS is committed to being more transparent about how we spend public money and improving accountability, by publishing information about our procurement activity on our website. We will:

- publish a [procurement strategy](#) setting out how we will carry out our regulated procurements
- produce an [annual procurement report](#) containing details of upcoming procurement projects
- use the [Public Contracts Scotland website](#) to advertise regulated contracts and publish award notices
- publish [annual workplans and progress reports](#) detailing high level milestones and activities mapped against key objectives
- publish and maintain our procurement procedures and governance externally and internally
- publish our customer satisfaction results
- publish our community benefits information
- publish our sustainability outcomes
- publish our performance against agreed performance measures
- promote our attendance at Meet the Buyer events





## 9. REPORTING PROCESS AND PERFORMANCE

We will develop an annual action plan to support the delivery of the procurement strategy and report our progress on a regular basis to the Good Governance Board and annually as part of the annual procurement report to Senior Leadership Team (SLT) and the Board. The first annual action plan for 21/22 is at appendix A and subsequent action plans will be added in future years as part of the annual procurement strategy review.

We will measure our performance over the strategy period through a range of performance indicators that cover Sustainability, Value for Money, Enhancing Capability, Transparency, Governance and Risk. The performance indicators include a narrative on the performance indicator, the frequency of reporting and a target. The performance indicators are attached at appendix B.



# APPENDIX A –

## PROCUREMENT STRATEGY ANNUAL ACTION PLAN APRIL 2021 – MARCH 2022

### 1. SUSTAINABILITY

Action Ref	Actions	Target Date	Owner	KPI's
1.1	Fully implement new sustainability toolkits	July 2021	Category Leads	<ul style="list-style-type: none"> <li>Percentage of spend with SME's</li> <li>Number of supported business contracts awarded in the reporting period.</li> <li>Percentage of SDP "Meet the Buyer" Events attended</li> <li>Flexible Framework Level attained over the reporting period (measured annually)</li> <li>Percentage of quotes undertaken which included at least 1 SME</li> </ul>
1.2	Complete survey for Modern Slavery Act for relevant organisations	Dec 2021	Category	
1.3	Fair Work First criteria to be included in all relevant procurement activity	Dec 2021	Category Leads / Procurement Officer	
1.4	Complete procurement process leading to the award of 2 Supported Business Contracts	March 2022	Category Leads	
1.5	Implement system for the recording of Community Benefits	Dec 2021	Procurement Manager	
1.6	Hold SFRS "Meet the Buyer" event in conjunction with the Supplier Development Programme	March 2022	Category Leads	
1.7	Attend Virtual Meet the Buyer Events both locally / nationally	March 2022	Category Teams	
1.8	Complete Actions to achieve Level 2 of the Flexible Framework	March 2022	Procurement Manager	
1.9	Implement minimum 25% sustainability evaluation criteria in all relevant procurement activity	March 2022	Category Teams	
1.10	Support Community Wealth Building Partnership initiatives	March 2022	Procurement Manager / Category Leads	
1.11	Complete actions associated with carbon reduction within the reporting period	March 2022	Property Manager	
1.12	Quotes process to include at least one SME	March 2022	Category Leads / Procurement Officers	

### 2. VALUE FOR MONEY AND EFFICIENCY

Action Ref	Actions	Target Date	Owner	KPI's
2.1	Develop fuller partnership working with Supplier Development Programme	Dec 2021	Head of Finance and Procurement / Procurement Manager	<ul style="list-style-type: none"> <li>Percentage of all influenceable SFRS expenditure covered by contracts</li> <li>Percentage of internal customers who rated customer satisfaction as good or excellent</li> <li>Percentage of contract and supplier management meetings conducted with strategically critical suppliers</li> <li>Reduction of number of suppliers for influenceable spend</li> <li>Number of innovative projects delivered on annual basis</li> <li>Savings achieved on annual basis</li> <li>Procurement Tender Exercises completed in the Financial Year</li> <li>Percentage of valid orders £4,000 or greater progressed within 2 working days</li> </ul>
2.2	Continue to target savings from all aspects of the strategic procurement for recording on Benefits Tracker.	March 2022	Category Leads	
2.3	Ensure that suppliers provide regular management information on our usage of their contracts and incorporate this information into the contract management process.	March 2022	Category Leads	
2.4	Continue to address outstanding areas of non-contract spend within Procurement Workplan	March 2022	Procurement Manager / Category Leads	
2.5	Continue to look for opportunities for SFRS to collaborate with our public-sector partners and benchmark to ensure that collaborations provide best value.	March 2022	Category Leads	
2.6	Continue to support our customers and work in partnership with them to understand their needs and identify opportunities to reduce expenditure, control demand and improve efficiencies.	March 2022	Procurement Manager / Category Leads	
2.7	Deliver an annual "Voice of the Customer" workshop	March 2022	Head of Procurement / Procurement Manager	
2.8	Develop overarching category strategies for Property, ICT, Fleet, PPE & Equipment, and Corporate	March 2022	Category Leads	
2.9	Examine the possibility within SFRS procurement activity where innovation has the potential to deliver benefits to the Service.	March 2022	Category Leads / User Intelligence Groups / Directorates	
2.10	Delivery of all procurement tender exercises due for completion in Financial Year 2021-22	March 2022	Procurement Manager / Category Leads	
2.11	Encourage all Directorates to identify procurement opportunities where innovative products and services could deliver benefits to the SFRS.	March 2022	Procurement / SFRS Directorates	
2.12	Progress Climate Change Actions arising from Scottish Government Forums	March 2022	Procurement / Property	

### 3. ENHANCING CAPABILITY

Action Ref	Actions	Target Date	Owner	KPI's
3.1	Review our feedback mechanisms for suppliers relating to SFRS Procurement Activity	Sept 2021	Procurement Manager	<ul style="list-style-type: none"> <li>Percentage of Procurement Team who hold the professional procurement qualification, Member of Chartered Institute of Purchasing and Supply (MCIPS)</li> <li>Percentage of procurement spend actively influenced by a procurement professional</li> <li>Procurement people of Tomorrow actions completed within reporting period</li> </ul>
3.2	Review Team structure within procurement to ensure that it remains relevant to business needs	Sept 2021	Head of Finance and Procurement / Procurement Manager	
3.3	Continue to support individuals within the Procurement Team in their studies towards MCIPS	March 2022	Training	
3.4	Procurement team to complete Climate Literacy e-learning	June 2021	Procurement Manager / Category teams	
3.5	Property Team to complete Climate Literacy e-learning	June 2021	Property Manager	
3.6	Review Procurement People of Tomorrow Charter with Partner Organisations and agree commitments which can be progressed	Sept 2021	Head of Finance and Procurement / Procurement Manager / POD	
3.7	Continue to identify training opportunities and requirements for Procurement Team and wider organisation	March 2022	Procurement Manager / Category Leads	
3.8	The Procurement Team to complete National Procurement Development framework to assist in identifying training or development needs	June 2021	Procurement Manager	

### 4. TRANSPARENCY

Action Ref	Actions	Target Date	Owner	KPI's
4.1	Publish Procurement Strategy for the period 2021-24	June 2021	Head of Finance and Procurement	<ul style="list-style-type: none"> <li>Contracts Register published on a quarterly basis.</li> <li>Award Notice placed for all relevant tender exercises</li> <li>Percentage of suppliers who rated the ease of access to information about SFRS contract opportunities as good or excellent</li> </ul>
4.2	Publish workplan on I-hub/ SFRS internet / PCS Scotland	June 2021	Procurement Manager	
4.3	Publish Annual Procurement report for financial year 2020-21	Sept 2021	Procurement Manager	
4.4	Further development of Procurement iHub site with publication of all Procurement governance and procedures and to aid SFRS understand procurement performance	Sept 2021	Procurement Manager / Corporate Communications	
4.5	In conjunction with Supplier Development Programme, develop "How to do Business with SFRS" guidance for inclusion of SFRS internet site	Dec 2021	Procurement Manager / Category Teams	
4.6	Development of SFRS Internet Page for Procurement to aid suppliers access workplan and governance and to understand our performance	March 2022	Corporate Communications / Procurement Manager / Category Teams	

## APPENDIX B – PERFORMANCE INDICATORS

### 5. GOVERNANCE & RISK

Action Ref	Actions	Target Date	Owner	KPI's
5.1	Review Standing Orders	June 2021	Procurement Manager	<ul style="list-style-type: none"> <li>No successful legal challenges</li> <li>Percentage of tenders completed which have a documented quality review process</li> <li>Percentage of Actions completed in Red Flag Action Plan within reporting timeframe</li> <li>Percentage of independent reviews completed with no issues noted.</li> <li>PCIP Action Plan completed</li> </ul>
5.2	Complete Initial actions required to embed SG Construction Manual for works projects	Dec 2021	Head of Finance and Procurement / Head of Asset Management / Procurement Manager / Property Manager	
5.3	Update procurement governance in line with legislation change and/or updates to Procurement Journey	March 2022	Procurement Manager	
5.4	Undertake documented quality review process for all relevant procurement activity	March 2022	Category Leads / Procurement Officers	
5.5	Complete outstanding actions for PCIP	March 2022	Procurement Manager / Category Leads / Procurement Officers	
5.6	Complete actions for financial year 2021/22 for the Procurement Red Flag Action Plan	March 2022	Procurement Manager	

### SUSTAINABILITY

We aim to increase the knowledge and understanding of the benefits of sustainable procurement for all of those involved in the undertaking of SFRS Procurement Activity, and to ensure compliance with the Sustainable Procurement Duty and all other duties contained within the Procurement Reform (Scotland) Act 2014. Performance will be measured with the following Key Performance Indicators.

KPI	Narrative	Frequency	Target
Percentage of spend with SME's	Measurement and recording of SME spend allows SFRS to evidence compliance with Sustainable Procurement Duty in the Procurement Reform (Scotland) Act 2014 in terms of SME involvement in SFRS procurement activity.	Annually	30%
Number of supported business contracts awarded in the reporting period	SFRS requires to maintain performance at two contracts awarded to supported business during the financial year to support current performance level as measured in last round of PCIP assessment. This KPI also assists SFRS to evidence compliance with Sustainable Procurement Duty as stated in the Reform Act	Annually	2
Percentage of SDP "Meet the Buyer" Events attended	SFRS is an associate Member of the Supplier Development Programme, which works to bring free support in all aspects of tendering to Scottish-based SMEs to assist in improving their prospects when competing to public sector contracts. SFRS will support national and local Meet the Buyer Events to raise awareness of opportunities arising from SFRS procurement activity.	Annually	100%
Flexible Framework Level attained over the reporting period (measured annually)	The Flexible Framework is a widely used self-assessment which allows organisations to measure and monitor their progress on sustainable procurement over time. The tool is used to assess current level of performance and the actions required to embed good procurement practice to realise intended sustainable outcomes.	Annually	Level 3 over the term of the Strategy
Percentage of quotes undertaken which included at least 1 SME	SFRS is committed to encouraging SME involvement in all levels of procurement activity to assist in improving efficiency, sustainability, market potential and supports local wealth creation.	Quarterly	100%

## VALUE FOR MONEY AND EFFICIENCY

We aim to make the best use of our procurement resources in the undertaking of an efficient and effective procurement process to ensure the delivery of service provision that is consistent for all stakeholders. Performance will be measured with the following Key Performance Indicators.

KPI	Narrative	Frequency	Target
Percentage of all influenceable SFRS expenditure covered by contracts	This is linked to PCIP assessment and VFM. This figure requires to be maintained and evidenced for next round of assessment anticipated to occur in 2022. Maximisation of contract spend ensures effective use of competition to achieve best value and minimises non-contract spend.	Monthly	95%
Percentage of internal customers who rated customer satisfaction as good or excellent	The Procurement Team aim to provide a first-class service and deliver agreed outcomes within defined timeframes together with the provision of guidance, advice and mentoring. Regular feedback will be sought in terms of the performance level achieved.	Annually	95%
Percentage of contract and supplier management meetings conducted with strategically critical suppliers	Contract management meetings will be held with key strategic suppliers on a quarterly basis in compliance with SFRs Contract Management Meeting. Meetings require to be scheduled and balanced scorecard completed and submitted to Procurement. KPI's are managed across such contracts. Contract Management is a key improvements action in the PCIP Action Plan	100%	100%
Reduction of number of suppliers for influenceable spend	SFRS will measure the reduction of the numbers of suppliers in-scope over the period of the Strategy and set annual targets which will aim to reduce the numbers of suppliers in-scope (i.e. those suppliers which the Procurement Team can influence). Reduction of supplier numbers will lower transactional costs due to fewer suppliers to manage and maintain. Reduction will also aid address non-contract spend.	Monthly	600 (over the period of the Strategy)
Number of innovative projects delivered on annual basis	SFRS will use its procurement activity as a driver to achieve innovation in the delivery of relevant projects. Innovation is also a key element of the Sustainable Procurement duty	Annually	1
Procurement Tender Exercises completed in the Financial Year	Procurement and Client Departments on an annual basis agree priorities on the projects to be delivered in the financial year	Annually	100%
Percentage of valid orders £4,000 or greater progressed within 2 working days	Orders over £4,000 are automatically routed to Procurement on SFRS Finance System to minimise the risk of non-compliance with procurement governance. The Procurement team will commit to approve valid orders within 2 working days.	Monthly	100%

## ENHANCING CAPABILITY

Capacities and training of the workforce are indicators for the performance of a procurement system. SFRS requires those involved in undertaking and participating in procurement activity to be supported to undertake the increasing complexity of public sector procurement. Without this continued support, SFRS will not be able to maximise value for money nor deliver key improvement actions linked to SFRS Strategic Plan or support the delivery of National Outcomes. Performance will be measured with the following Key Performance Indicators

KPI	Narrative	Frequency	Target
Percentage of Procurement Team who hold the professional procurement qualification, Member of Chartered Institute of Purchasing and Supply (MCIPS)	The aim is that all members of the Procurement Team will attain MCIPS accreditation, even though it is not a specific requirement for some roles within the team. However, it is recognised that offering this professional qualification route assists in the retention of staff, in a market which is challenging in terms of numbers / quality of personnel. This certification also reflects the professionalism of the procurement team.	Annually	80% (over the Strategy term)
Percentage of procurement spend actively influenced by a procurement professional	This is linked to performance level achieved by SFRS in the PCIP assessment, which amongst other factors, measures the degree of influence the procurement function has over major / routine procurement activity. 100% requires to be maintained for SFRS to maintain PCIP level of performance.	Annually	100%
Procurement people of Tomorrow actions completed within reporting period	Procurement People of Tomorrow (PPoT) programme aims to address the skills gap in procurement and highlights the challenges in attracting, recruiting and retaining talent. SFRS will signal their commitment to encouraging new entrants into the profession and assist in promoting procurement as a career. This action is consistent with PCIP Action Plan.	Annually	100%

## TRANSPARENCY

Transparency and openness is understood as the fair and equal treatment of participants in the procurement process. It includes public disclosure of procurement rules; publication of procurement opportunities; publication of the results of the procurement processes, of contract modifications and of justifications for the use of procurement methods other than open tendering. Performance will be measured with the following Key Performance Indicators:

KPI	Narrative	Frequency	Target
Contracts Register published on a quarterly basis.	The Procurement Reform (Scotland) Act 2014 requires the publication of SFRS Contracts Register. SFRS will commit to the publication on internet / Public Contracts Scotland. SFRS intranet (ihub) on a minimum quarterly basis.	Quarterly	Publish per quarter in financial year
Award Notice placed for all relevant tender exercises	SFRS is required to publish a contract notice for all procurement activity completed within specified timeframes. This aids transparency of the award of contract and also assist in advertng potential sub-contract opportunities in relevant procurement activity.	Monthly	100%
Percentage of suppliers who rated the ease of access to information about SFRS contract opportunities as good or excellent	SFRS aims to maximise opportunities to do business with the services over a number of areas such as internet / social media / Public Contracts Scotland. We will undertake measures that will gauge the success of this engagement.	Quarterly	100%

## GOVERNANCE AND RISK

SFRS procurement governance model requires to reflect legislative requirements and minimise risk to the Service. We aim to ensure all staff involved in the procurement process, including those who participate in the User Intelligence Group process are fully aware of all aspects and impacts of the procurement governance procedures and legislative requirements. Improvement Action plans will be completed with prescribed timeframes. Performance will be measured with the following Key Performance Indicators:

KPI	Narrative	Frequency	Target
No successful legal challenges	The Remedies Directive enable unsuccessful tenderers the opportunity to challenge award decisions within the tender process if they believe that SFRS has breached procurement legislation. Compliance with SFRS governance process will minimise this risk, and the application of the Procurement Legal Protocol, which fosters partnership working between Procurement, Legal Services and Client Departments ensures effective risk management and escalation.	Annually	Zero (0)
Percentage of tenders completed which have a documented quality review process	The Procurement team operates a quality review process on all procurement activity with a value of £50,000 or greater. The purpose of this review is to inspect the tender process at defined intervals in a planned, independent, controlled and documented manner and ensure that issues are addressed and/or team members are mentored properly.	Quarterly	100%
Percentage of Actions completed in Red Flag Action Plan within reporting timeframe	SFRS have developed an Action plan in response to Audit Scotland Red Flag Procurement Report to minimise the risk of fraud occurring within SFRS procurement activity. Progress against the Action Plan will be measured across the strategy term. Management and monitoring of the Action Plan will also assist in PCIP improvement actions.	Annually	100%
Percentage of independent reviews completed with no issues noted	An independent review will be undertaken by Legal Services on a sample of procurement activity to ensure that the documented procurement governance process has been followed and evidenced.	Quarterly	100%
PCIP Action Plan completed	An Action Plan was developed in response to the last round of PCIP assessment to ensure that SFRS maintained/ improved upon last performance level.	Annually	100%



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## SCOTTISH FIRE AND RESCUE SERVICE

## Audit and Risk Assurance Committee



Report No: C/ARAC/16-21

Agenda Item: 12.1

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:	24 MARCH 2021						
Report Title:	STRATEGIC RISK REGISTER						
Report Classification:	For Scrutiny	<b>Board/Committee Meetings ONLY</b> For Reports to be held in Private Specify rationale below referring to <u><a href="#">Board Standing Order 9</a></u>					
		<u><a href="#">A</a></u>	<u><a href="#">B</a></u>	<u><a href="#">C</a></u>	<u><a href="#">D</a></u>	<u><a href="#">E</a></u>	<u><a href="#">F</a></u>
<b>1</b>	<b>Purpose</b>						
1.1	The purpose of this report is to seek approval from the Audit and Risk Assurance Committee (ARAC) regarding the updated Strategic Risk Register.						
<b>2</b>	<b>Background</b>						
2.1	The purpose of the risk register is to inform decision making through Scrutiny and Assurance processes, providing additional awareness of the risks we face and the actions required to minimise these risks.						
2.2	The Audit and Risk Assurance Committee (ARAC) is responsible for advising the Board and the Accountable Officer on the adequacy and effectiveness of the Service's arrangements for risk management and has oversight of the Strategic Risk Register (SRR).						
2.3	The Strategic Leadership Team (SLT) has responsibility for the identification and management of strategic risk and will ensure that the SRR presents a fair and reasonable reflection of the most significant risks impacting upon the organisation. The SLT will champion the importance of risk management in supporting the achievement of the Service's strategic aims and objectives.						
2.4	The risk management framework provides a single consistent approach to the identification, assessment and reporting of risk across the Service. The most significant risks are reported through the SRR and are aligned to the Scottish Fire and Rescue Service (SFRS) Strategic Plan.						
2.5	Strategic risks are prepared in consultation with the Board and SLT and are managed collectively by the SLT, with each Directorate Risk allocated to an identified Head of Function. These Responsible Officers provide information on the current controls in place and identify additional actions still required.						
<b>3</b>	<b>Main Report and Discussion</b>						
3.1	Over the past year significant work has been undertaken to develop a new risk register and reporting tool that assists our governance processes, providing Committees with a greater understanding of the actions in place to manage risks and Directorates with a management tool, better suited to monitoring and reporting on risk and aligning it to the principles of the Annual Operating Plan (AOP).						



3.2	<p>Appendix 1 provides ARAC with a revised Risk Report for review and comment, incorporating three sections, all aligned to the overarching Strategic Risks:</p> <ol style="list-style-type: none"> <li>Strategic Risk Summary - showing 9 overarching strategic risks and current assessment</li> <li>Aligned Directorate Risk Summary – showing all Directorate level risks aligned to the relevant Strategic Risk</li> <li>ARAC Aligned Directorate Risk Actions – showing an example of the planned actions linked to specific Directorate risks based on the detailed scrutiny route.</li> </ol>
3.3	<p>The report maintains the principles previously reported and provides additional information to more clearly understand the level of work being undertaken to manage risk. This includes:</p> <ul style="list-style-type: none"> <li>• Single reporting on each outstanding action</li> <li>• Percentage complete</li> <li>• Performance RAG status</li> <li>• Comments at an action level</li> <li>• Current and Target risk assessments</li> </ul>
3.4	<p>The separation of the controls into individual reporting lines has been welcomed by Directorates, allowing better understanding of the information presented to their management teams and the ability to use the register as an internal monitoring tool through the identification of the control owner beneath the Head of Function.</p>
3.5	<p>In reviewing the data in this new format however additional work has been identified to make actions smarter in how they are outlined. The use of the single line reporting, the RAG and percentage complete tabs makes information clearer both for scrutiny and assurance processes and identifies areas where better articulation of the control is required.</p>
3.6	<p>This work will continue in relation to the identification of the 2021/22 Directorate registers with further development of the reporting template and associated reports. InPhase will continue to be used for data analysis purposes creating additional graphics providing a dashboard type approach to information whilst maintaining an audit function to review closed risks and completed actions.</p>
3.7	<p>The updating of the risk register has also enabled automated processing of information. Where actions are completed these will automatically be removed from future reports so scrutiny can be focused on actions still being progressed. All closed information will still be available through the InPhase dashboard, with reports available to Responsible Officers for spotlight purposes.</p>
3.8	<p>Following the introduction of this new template meetings have been held with all relevant Heads of Functions to outline the changes and requirements of the register. These meetings will continue to be held for the forthcoming quarters to ensure awareness and ownership of the process is retained within Directorates. Additional guidance will be provided in relation to the completion of the input template and the use of RAG and percentage tabs to ensure a consistent approach is maintained.</p>
3.9	<p>Following review of the Directorate registers a number of changes have been identified for Q4:</p>
3.9.1	<p><u>Review of Strategic Risk Assessment</u></p> <ul style="list-style-type: none"> <li>• Strategic Risk 1 - Ability to improve the safety and well-being of people throughout Scotland through the delivery of our services. Following consideration of the aligned Directorate risks it is recommended that the assessment for SR1 is increased to 16. Assessments relating to Concurrency of Events, Compliance with relevant legislation,</li> </ul>

3.9.2	<p>Risks associated with unintentional harm and Reserved Matters have all been assessed at 16 or above and would impact the overall risk rating.</p> <p><u>Risks Removed or Risk Rating Reduced</u></p> <ul style="list-style-type: none"> <li>TSA 6 relates to the impact of the EU Exit and the risk of insufficient planning and resource allocation. Following discussion by Heads of Function and confirmation of EU Exit position this risk will now be managed through business as usual by the Directorate and relevant risk owners.</li> </ul>
<b>4</b>	<b>Recommendation</b>
4.1	<p>The Audit and Risk Assurance Committee is asked to;</p> <ul style="list-style-type: none"> <li>Scrutinise the revised Strategic Risk Register,</li> <li>Provide comment on the revised report identifying any additional information required for scrutiny purposes.</li> </ul>
<b>5</b>	<b>Key Strategic Implications</b>
5.1	<b>Financial</b>
5.1.1	There are no direct financial implications associated with this report.
5.2	<b>Environmental &amp; Sustainability</b>
5.2.1	There are no direct environmental or sustainability issues.
5.3	<b>Workforce</b>
5.3.1	There are no direct Workforce issues associated with this report.
5.4	<b>Health &amp; Safety</b>
5.4.1	There are no direct Health & Safety implications associated with this report.
5.5	<b>Training</b>
5.5.1	The introduction of InPhase will require additional training across all Directorates in its use and alignment to performance and business information.
5.6	<b>Timing</b>
5.6.1	Following the introduction of the new reporting template additional guidance and training will be provided to Directorates.
5.7	<b>Performance</b>
5.7.1	The risk management framework forms part of the Services wider governance arrangements which collectively ensure performance is managed and improved where possible.
5.8	<b>Communications &amp; Engagement</b>
5.8.1	Direct communication and engagement with the Board, SLT and Directorates ensures awareness and ownership of risk is effectively managed.
5.9	<b>Legal</b>
5.9.1	There are no direct legal implications arising from this report.
5.10	<b>Information Governance</b>
5.10.1	There are no direct information governance implications associated with this report.
5.11	<b>Risk</b>
5.11.1	The risk register forms a core part of the SFRS risk management framework and assurance arrangements.

5.12	<b>Equalities</b>	
5.12.1	An Equality Impact Assessment has been undertaken in relation to the Risk Management Policy. There are no additional equality implications associated with this report.	
5.13	<b>Service Delivery</b>	
5.13.1	There are no direct Service Delivery implications associated with this report.	
<b>6</b>	<b>Core Brief</b>	
6.1	Not applicable.	
<b>7</b>	<b>Appendices/Further Reading</b>	
7.1	Appendix 1: Strategic Risk Register Report	
<b>Prepared by:</b>	David Johnston, Risk and Audit Manager	
<b>Sponsored by:</b>	Sarah O'Donnell, Director of Finance and Contractual Services	
<b>Presented by:</b>	Sarah O'Donnell, Director of Finance and Contractual Services	
<b>Links to Strategy and Corporate Values</b>		
<p>The Risk Management Framework forms part of the Services Governance arrangements and links back to Outcome 4 of the 2019-22 Strategic Plan, specifically Objective 4.2</p> <ul style="list-style-type: none"> <li>• Outcome 4: We are fully accountable and maximise our public value by delivering a high quality, sustainable fire and rescue service for Scotland.</li> <li>• Objectives 4.2: We will minimise the risks we face through effective business management and high levels of compliance with all our responsibilities.</li> </ul>		
<b>Governance Route for Report</b>	<b>Meeting Date</b>	<b>Report Classification/ Comments</b>
<i>Strategic Leadership Team</i>	<i>12 March 2021</i>	<i>For Decision</i>
<i>Audit and Risk Assurance Committee</i>	<i>24 March 2021</i>	<i>For Scrutiny</i>

# Strategic Risk Summary

## Appendix 1a

Strategic Risk	Description	SLT Risk Owner	Risk Rating
1	Ability to improve the safety and well-being of people throughout Scotland through the delivery of our services	Director of Service Delivery	16 ↑
2	Ability to reduce the number of unwanted fire alarm signals and associated occupational road risk	Director of Service Delivery	15
3	Ability to collaborate effectively with partners and communities, to enhance service delivery and best value	Deputy Chief Officer	12
4	Ability to ensure legal and regulatory compliance	Director of Strategic Planning, Performance and Communications	12
5	Ability to have in place a suitably skilled, trained and motivated workforce that is well supported both physically and mentally	Director of People & Organisational Development & Director of Training, Safety and Assurance	16
6	Ability to have in operational use the necessary assets, equipment, supplies and services to enable the smooth running of the organisation, that exploit available technologies and deliver public value	Director of Finance and Contractual Services	20
7	Ability to deliver a high quality, sustainable service within the funding envelope	Director of Finance and Contractual Services	12
8	Ability to anticipate and adapt to a changing environment through innovation and improved performance	Director of Service Development	12
9	While Covid-19 remains a threat to health, the ability of SFRS to protect staff, partners and the public while meeting service delivery demands	Deputy Chief Officer	16

# Aligned Directorate Risk Summary

# Appendix 1b

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Directorate Risk	Risk Owner	Risk Rating
1	Improve Safety and Wellbeing of Communities	SD002	Concurrency of Events	There is a risk of failing to plan the response to planned or unplanned events, due to inadequate funding or lack of resources etc. This would result in having inadequate resilience in place and impact our ability to deliver an efficient and effective service. Examples of these types of events are COP26, EU Exit, Covid-19, severe weather, loss of utilities, fuel disruption, industrial action, death of the monarch and pandemic flu.	Head of Operations	20
1	Improve Safety and Wellbeing of Communities	SD010	Compliance Fire Act (Scotland) Part 3	There is a risk the SFRS is unable to effectively enforce fire safety legislation in compliance with part 3 of the Fire (Scotland) Act 2005 in relevant premises. This could be because of the lack of sufficient, suitably trained SFRS fire safety enforcement staff locally and nationally.	Head of Prevention and Protection	20
1	Improve Safety and Wellbeing of Communities	SD008	Unintentional Harm	There is a risk that the SFRS is unable to focus on the impact of unintentional harm within our communities. This would be due to inadequate internal resources, capacity or information sharing protocols. The result that the recording and storage of data would be impacted where internal systems in use do not comply with agreed information governance protocols. This will effectively remove SFRS from this type of activity and impact the ability to target interventions at people and places of greatest risk	Head of Prevention and Protection	16
1	Improve Safety and Wellbeing of Communities	SD011	Reserved Matters	There is a risk of a failure to appropriately service 'Reserved' matters that are not devolved to Scottish Government. In particular, delay in delivering a SFRS MTA Strategy could increase the risk to all operational personnel and our communities, which could lead to negative public scrutiny, judicial review and/or damage to reputation. There is a particular focus on the risk of MTA incidents at present, given recent local and international developments.	SD Heads of Function	16

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Directorate Risk	Risk Owner	Risk Rating
1	Improve Safety and Wellbeing of Communities	SDD002	Evidence Based Decision Making	There is a risk that the Directorate is unable to ensure access to high quality usable data to inform organisational decision making relative to Service Development due to data protection, cost, resources or capability. This could result in failure to achieve objectives in terms of continuous improvement, best value positive change.	Head of Service Development	12
1	Improve Safety and Wellbeing of Communities	SD004	Standardisation of Service Delivery	There is a risk of failing to maintain a standard suite of Policies because of the volume of Policies and the consultation timeframe. This would result in having an inconsistent approach to service response and could lead to possible operational failures resulting in a death of serious injury to staff or members of our local communities.	Head of Operations	9
1	Improve Safety and Wellbeing of Communities	SD005	Water Supply	There is a risk of failing to meet our statutory requirements regarding water planning activities due to relationship with Scottish Water and financial constraints. This will impact on the maintenance and repair of hydrants and ability to resolve incidents successfully.	Head of Operations	8
2	Reduction of UFAS	SD007	Reduction of Unwanted Fire Alarms	There is a risk that the SFRS is unable through partnership working and policy development to reduce the volume of unwanted fire alarm signals. This would be due to agreed processes and initiatives not being executed or introduced nationally/locally. The result would be an increased or excessive operational demand on the SFRS, an increase of blue light journeys and consequential risk.	Head of Prevention and Protection	15
3	Collaborate with Partners	SPPC006	Consultation and Engagement	Failure to ensure consultation and engagement processes support effective decision making resulting in loss of opportunity and a loss of workforce, stakeholder and public confidence.	Head of Communication and Engagement	12
3	Collaborate with Partners	SPPC007	Protect SFRS Reputation	Failure to protect the reputation of the Scottish Fire and Rescue Service resulting in a loss of workforce, stakeholder and public confidence.	Head of Communication and Engagement	12
3	Collaborate with Partners	SPPC010	Community Planning	Failure to meet our duties to participate in Community Planning resulting in missed opportunities and in a loss of workforce, stakeholder and public confidence.	Head of Corporate Governance	12

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Directorate Risk	Risk Owner	Risk Rating
3	Collaborate with Partners	SPPC011	Reform Collaboration Group	Failure to effectively manage our relations with our partners in the Reform Collaboration Group resulting in a loss of workforce, stakeholder and public confidence.	Head of Corporate Governance	12
3	Collaborate with Partners	SD009	Community Safety & Resilience	There is a risk that the SFRS cannot successfully engage with partners, communities and other stakeholders on matters of community safety and resilience. This could be because of a breakdown of partnership relationships, information sharing protocols or agreed processes failing to be undertaken nationally and locally. This could result in negative outcomes for communities, additional levels of external and internal scrutiny and negative media coverage and reputational damage.	Head of Prevention and Protection	8
3	Collaborate with Partners	SPPC008	Corporate Social Responsibility	Inability to demonstrate corporate social responsibility and sustainability resulting in uncoordinated development and loss of workforce, stakeholder and public confidence.	Head of Corporate Governance	8
4	Legal and regulatory compliance	SPPC004	Information Governance Legislation	Failure to comply with information governance legislation resulting in sanctions and loss of stakeholder and public confidence	Head of Communication and Engagement	12
4	Legal and regulatory compliance	TSA005	Health and Safety Legislation	There is a risk of SFRS not fulfilling its health and safety legislative requirements due to not completing the annual health and safety Improvement plans. This could affect the safety of our staff and communities, external scrutiny resulting in criminal or civil litigation and adverse publicity.	Head of Health and Safety and Assurance	12
4	Legal and regulatory compliance	SPPC003	Statutory Framework	Failure to govern the organisation in compliance with statutory frameworks including: - Fire (Scotland) Act 2005 - Fire and Rescue Framework for Scotland 2016 - Community Empowerment (Scotland) Act 2015	Head of Corporate Governance	8

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Directorate Risk	Risk Owner	Risk Rating
5	Skilled, trained and motivated staff	TSA001	Training Resources	There is a risk of there being insufficient staff capacity and resources available to meet Service demand due to the high levels of training demand and the impact on delivery from Covid-19 pandemic control measures or the impacts of EU Exit. This could result in political /reputational or financial risk to the Function, Directorate and Service, adverse scrutiny whether internal or external, reduced delivery of our critical skills training programme to accommodate other training needs and adversely impact upon the development pathway for staff.	Head of Training	20
5	Skilled, trained and motivated staff	SD006	Statutory Duties	There is a risk that Service Delivery is unable to maintain an effective level of capacity and resource within the Directorate because of challenges relating to the recruitment, promotion and retention of staff. This could result in Service Delivery not meeting its statutory duties under - The Fire (Scotland) Act 2005, - The Fire and Rescue Framework for Scotland 2016, - The Fire (Additional Function) (Scotland) Order 2005, - Regulation 11 of the Building (Procedure) (Scotland) Act 2004	SD Heads of Function	16
5	Skilled, trained and motivated staff	FCS001	Sufficient Capacity	There is a risk that FCS doesn't have sufficient capacity to undertake required workload due to increasing Covid-19 and other commitments. This can result in reduced capacity to manage business as usual activities and other requirements placed upon the Directorate.	FCS Heads of Function	12
5	Skilled, trained and motivated staff	POD001	Working Culture	The risk that a positive and transparent working culture cannot be achieved and aligned with SFRS Values because of a lack of inclusion initiatives, role modelling by senior leaders or consistency of message that results in low levels of employee engagement and performance.	Head of People and Organisational Development	12
5	Skilled, trained and motivated staff	POD004	Staff Recruitment	The risk of being unable to support recruitment of staff across the SFRS, in a timely manner and aligned with workforce planning requirements resulting from prolonged recruitment processes or delayed/unplanned recruitment scheduling resulting in a rise in vacant posts and an inability of SFRS to deliver core services.	Head of People and Organisational Development	12



Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Directorate Risk	Risk Owner	Risk Rating
5	Skilled, trained and motivated staff	TSA007	Staff/Resources Impact of COVID-19	There is a risk of there being insufficient staff capacity and resources available to meet Service demand with regard improvement plans and HSMS due to the significant impact of COVID -19 workstreams on HS staff. This could result in criminal /civil litigation and associated financial and reputational costs adverse scrutiny whether internal or external, impact on the well-being of staff.	Head of Health and Safety and Assurance	12
5	Skilled, trained and motivated staff	POD003	Employee Relations	The risk of being unable to maintain a positive and productive employee relations climate across SFRS as a result of ineffective and no collaborate relationships with trade union colleagues that creates a hostile and fractious employee relations climate with employee discontent.	Head of People and Organisational Development	9
5	Skilled, trained and motivated staff	POD005	Employee Wellbeing	The risk of not developing and providing wellbeing support to all SFRS employees, (both mental and physical health) resulting from a lack of resources, planning and co-ordination of wellbeing activity and support which results in higher levels of employee absence and lower levels of engagement.	Head of People and Organisational Development	6
6	Adequate operational assets, equipment etc.	SD001	Command and Control Mobilising Systems	There is a risk of failure to mobilise to an incident due to a technical failure of the existing mobilising systems. As a result, we would be failing to meet our statutory duty and also potentially bring reputational damage to the Service.	Head of Operations	20
6	Adequate operational assets, equipment etc.	SD003	Operational Availability Systems	There is a risk of SFRS operational availability systems reaching end of life and failing and the existing supplier ceasing to support or maintain legacy systems. This would impact SFRS ability to effectively mobilise. It would also cause reliability issues and licence issues in some LSO areas of SFRS.	Head of Operations	20
6	Adequate operational assets, equipment etc.	SDD007	Cyber Security	There is a risk that we will be unable to maintain adequate levels of Cyber Security to avoid any breach due to lack of resources/ skills or appropriate policy and process being in place. This could result in failure of access to or stability of systems affecting SFRS activity.	Head of ICT	20

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Directorate Risk	Risk Owner	Risk Rating
6	Adequate operational assets, equipment etc.	FCS003	Asset Acquisition	There is a risk that the Services ability to acquire and deploy assets fails to meet service requires due to insufficient prioritised asset investment and a lack of project management capacity. This will lead to delays in the acquisition of assets and an impact upon front line service provision.	Head of Asset Management	12
6	Adequate operational assets, equipment etc.	FCS004	Assets Operational	There is a risk that frontline assets in operational use will not be suitably maintained due to damage, loss or ineffective asset investment. Any impact in this area will lead to reduce service availability and a reduction in the health, safety and wellbeing of staff.	Head of Asset Management	12
6	Adequate operational assets, equipment etc.	POD002	Replacement Programme	The risk of being unable to plan, resource, deliver and implement programme for replacement of a number of People, Training, Finance and Asset and systems that could result from not having a programme team in place and other resources released to support the programme leading to the systems not supporting SFRS achieve organisational objectives.	Head of People and Organisational Development	12
6	Adequate operational assets, equipment etc.	SPPC005	Information Performance Management	Failure to ensure quality of data, analysis, statistics and performance management information from SFRS systems resulting in a lack of evidence supported decision making and planning.	Head of Corporate Governance	12
6	Adequate operational assets, equipment etc.	FCS002	Asset Management Planning	There is a risk that effective asset management planning is not undertaken because of available capital investment and available capacity due to our covid-19 response. This could result in a failure to ensure compliance with regulatory requirements and minimise the benefits that could be gained through the introduction of new technologies.	Head of Asset Management	9
7	Financial Sustainability	SDD005	Additional Funding	There is a risk that Scottish Government funding for ESMCP will not be forthcoming resulting in the service being unable to resource the ESN implementation project and deliver this key area of change within the required timescales.	Head of ICT	15

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Directorate Risk	Risk Owner	Risk Rating
7	Financial Sustainability	FCS005	Core Funding	There is a risk that the Service may be unable to secure levels of funding required to achieve its strategic objectives. Additional pressure has been placed upon government finances causing uncertainty over future funding settlements. This could result in delays to agreed and future projects requiring a resetting of the Services objectives.	Head of Finance and Procurement	12
7	Financial Sustainability	FCS007	Financial Savings	The risk to the Service is an inability to identify and deliver financial savings within required timescales. With planned spending interrupted by Covid-19 and uncertainty over additional funding or savings targets we could experience criticism where projects are not completed or stated targets not achieved.	Head of Finance and Procurement	12
7	Financial Sustainability	FCS011	Fraud Detection	There is a risk to the Service where incidents of fraud are undetected. This may be due to an unwillingness or a lack of awareness by individuals to follow policy and guidance on fraud prevention. Issues of fraud can impact the reputation of the Service, cause increased internal and external scrutiny and may have an impact upon financial reporting arrangements.	Head of Finance & Procurement	12
7	Financial Sustainability	SDD004	Organisational Culture	There is a risk that the Directorates ability to promote, enhance and mainstream an organisational culture of continual development and improvement is impacted due to a lack of resources, skills or knowledge contributing to an inability to influence culture and promote development and positive change.	Head of Service Development	12
7	Financial Sustainability	FCS010	Service Delivery Objectives	There is a risk where financial performance reporting is not aligned with Service Delivery requirements because of poor internal engagement or adequate capacity to prepare and support business case development. The impact of this may relate to lost investment opportunity or being unable to demonstrate aligned governance arrangements.	Head of Finance & Procurement	9
7	Financial Sustainability	FCS006	Financial Planning and Controls	There is a risk that the Service will be unable to demonstrate effective planning and control of financial resources due to issues of capacity and increased demands being placed upon Sections. Whilst the risk is being managed we could experience criticism and increased scrutiny from auditing bodies.	Head of Finance and Procurement	8

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Directorate Risk	Risk Owner	Risk Rating
7	Financial Sustainability	SDD006	Network Replacement	There is a risk that we fail to engage with appropriate bodies and partners to manage the replacement of Firelink with ESN due to higher priority commitments. This could impact the resilience of the Firelink network until the replacement ESN network is available.	Head of ICT	8
8	Improve performance	SDD001	Resources and Capacity	There is a risk that the Directorate is unable to deliver against stated ambitions and requirements. This could be due in part to limited resource and available capacity at a time where the Directorate is still developing and maturing and responding to other concurrent events. Consequences could include lack of clarity and direction for Directorate members. Inability to identify resource requirements, unable to work effectively and efficiently as a Directorate and support wider Service Development.	Head of Service Development	16
8	Improve performance	SPPC002	Communicate with Stakeholders	A failure to consult and communicate with stakeholders regarding service change resulting in unsupported and poorly defined change activity.	Head of Communication and Engagement	15
8	Improve performance	TSA003	Lessons Learnt	There is a risk of SFRS not learning lessons from experience, notable practice, innovation, investigations and case law because of not sharing lessons in a manner which encourages communication, engagement and securing ownership by risk owners. This could affect the safety of our staff and communities, resulting in adverse impact on reputation and external scrutiny	Head of Health and Safety and Assurance	12
8	Improve performance	FCS008	Environmental Management	There is a risk that the Service will be unable to achieve environmental and carbon reduction commitments due to limited investment or anticipated saving targets not being achieved through current projects. This can lead to lost saving opportunities, potential fines if required targets are not met and possibly negative media coverage.	Head of Asset Management	9
8	Improve performance	SPPC001	Service Performance Management	A failure to provide Service Performance Management Information resulting in inaccurate data and loss of confidence in service performance.	Head of Corporate Governance	8

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Directorate Risk	Risk Owner	Risk Rating
9	Protect Staff Covid-19	TSA002	Staff Training	There is a risk of there being insufficient staff capacity and resources available to deliver training to staff due to the ability for our facilities to accommodate the previous numbers of students due to the need to observe social distancing protocols. This could result in the failure to deliver on the Training Needs Analysis (TNA), political /reputational or financial risk to the Function, Directorate and Service, adverse scrutiny whether internal or external, reduced delivery of our critical skills training programme to accommodate other training needs and the development pathway for staff.	Head of Training	20
9	Protect Staff Covid-19	SDD003	Covid-19	There is a risk that planned Directorate activities and objectives may be impacted during our response to Covid-19 and the recovery phase. Consequences could include the inability to achieve potential efficiency savings and continue the modernisation of	Head of Service Development	12

## ARAC Aligned Directorate Risk Actions

## Appendix 1c

Strategic Risk	RiskID	Risk	Action Description	Due Date	Status	Control Comments	Current Risk Rating	Target Risk Rating
3	SPPC007	Protect SFRS Reputation	Implement new structure within the Communications Department. (Q4)	31/03/21	Green - 75%	Team leaders have been appointed. Recruitment for Engagement Officer and Communications Officer to be completed.	12	12
3	SPPC010	Community Planning	SO3:19 Develop a SFRS Communications and Engagement Strategy for 2021-23. (Mar 21)	31/03/21	Green - 80%	Draft Coms and Engagement Strategy to be produced in Q4	12	9
3	SPPC010	Community Planning	Review the SFRS approach to identifying and internally sharing good practice examples from within Community Planning; Develop a communications strategy to improve recognition of SFRS as an effective CP partner	31/03/21	Red - 0%	Action delayed into 2021/22	12	9
3	SPPC011	Reform Collaboration Group	Refresh of the RCG strategy; Implement the newly agreed project management and performance arrangements; Police Scotland will lead work as new Chair of RCG	31/03/21	Red - 0%	SFRS Contribute to RCG Strategy Review - Police Scotland in the lead - no timetable available. Moved into 2021/22	12	9

Strategic Risk	RiskID	Risk	Action Description	Due Date	Status	Control Comments	Current Risk Rating	Target Risk Rating
3	SPPC006	Consultation and Engagement	Create a dedicated SFRS Consultation and Insights Team	31/03/21	Green - 80%	Work is underway to develop job descriptions for a consultation and Insights Team. This work has been transferred to the Service Development Directorate.	12	4
3	SD009	Engage with Partners	The Safe and Well project is driving engagement with partners (Phase 2 due to be completed Q3 2020)	31/12/20	Amber - 50%	Ongoing partnership engagement is being adversely affected by COVID related staff redeployment and reprioritisation amongst partners. This will be monitored in the short term and the risk rating amended if required.	8	8
3	SD009	Engage with Partners	SFRS continue to support partnership secondments (on-going)	31/03/21	Red - 0%	Ongoing partnership engagement is being adversely affected by COVID related staff redeployment and reprioritisation amongst partners. This will be monitored in the short term and the risk rating amended if required.	8	8
3	SD009	Engage with Partners	Structure revision is being progressed to align with business case of October 2019 to provide increased oversight CSE.	31/03/21	Amber - 25%	Completion of structural review	8	8
3	SPPC008	Corporate Social Responsibility	SO4:3 Implement robust arrangements to support the delivery of the SFRS Sustainable Development Framework.	31/03/21	Red - 0%	Postponed – new date to be identified	8	6

Strategic Risk	RiskID	Risk	Action Description	Due Date	Status	Control Comments	Current Risk Rating	Target Risk Rating
4	SPPC004	Information Governance Legislation	Develop full inventory of Information Sharing Protocols to be published on iHub to assist in further partnership working cross Scotland. Started in Q3 will be completed (Q4)	31/03/21	Green - 90%	Database is on target to be completed by the end of Q4.	12	8
4	SPPC003	Statutory Framework	Procurement process for external legal support will come during 20/21	31/03/21	Red - 0%	This action has been delayed and moved into 2021/22	8	8
4	SPPC003	Statutory Framework	Produce an Annual Operating Plan each year to evidence commitment to achieving priorities set out in the Strategic Plan.	31/03/21	Green - 90%	Majority of AOP for 2021/22 will be produced in Q4	8	8
4	SPPC003	Statutory Framework	SO4:6 Review and improve the SFRS Corporate Governance Framework. (Feb 21)	31/03/21	Green - 90%	Majority of the Annual Review of the Corporate Governance Framework will take place in Q4	8	8
6	SDD007	Cyber Security	Roll out of multi-factor authentication (Q3)	31/03/21	Amber - 90%	Completion of 4 identified tasks within the roll out programme have been delayed. Once complete the Services overall controls will be enhanced, continuing to meet the continually changing threats to the Service.	20	12
6	SDD007	Cyber Security	Upgrade of network equipment - enable fully patched and cyber secure (Q4)	31/03/21	Amber - 75%	Completion of identified task have been delayed due to Covid restriction. Once complete the Services overall controls will be enhanced, continuing to meet the continually changing threats to the Service.	20	12



Strategic Risk	RiskID	Risk	Action Description	Due Date	Status	Control Comments	Current Risk Rating	Target Risk Rating
6	SDD007	Cyber Security	Complete and Implement Disaster Recovery Plan	31/03/21	Green – 95%	The Disaster Recovery Plan is currently in development and will be completed and in place by the end of March 2021. This will include the development of a regular testing regime and a formal process to maintain the currency of the plan.	20	12
6	SPPC005	Information Performance Management	SO4:11Publish Business Intelligence Strategy and year one action plan. (Mar 21).	31/03/21	Green - 90%	BI Strategy and year one action plan will be published by Q4	12	8
6	FCS002	Asset Management Planning	Work to be progressed on an Estates and Fleet Strategy based upon outcome of the SDMP report	31/03/21	Amber - 50%	Following outcome of review Strategy's will be updated to ensure compliance with legislative elements of Asset Management and SFRS requirements.	9	6
6	FCS002	Asset Management Planning	Work looking at the inter-phasing of Tech1, Tranman and Tech-Forge to provide real time costings for all fleet and property assets	31/03/21	Green - 70%	Ongoing review of technical specification requirements for interphase between Tech1 and Tech-Forge with work now being aligned to the overarching People, Training, Finance and Asset System.	9	6
6	FCS002	Asset Management Planning	Verification of current asset information regarding Hard FM contract	31/03/21	Green - 90%	Work on asset verification has been completed with a PQQ issued in February 2021 and the ITT to be issued in April.	9	6
6	FCS002	Asset Management Planning	Work in partnership with Operations Directorate to maximise current resources, ensuring identification and alignment with priority areas	31/03/21	Green - 60%	Prioritisation of and progress in relation to medium appliances.	9	6

Strategic Risk	RiskID	Risk	Action Description	Due Date	Status	Control Comments	Current Risk Rating	Target Risk Rating
7	FCS011	Fraud Detection	Completion of Red Flag Action Plan undertaken by audit Scotland and Police Scotland	31/03/21	Green - 75%	Review to be undertaken of the action plan and outstanding actions.	12	9
7	FCS011	Fraud Detection	Ongoing training for Procurement Team and wider organisation	31/03/21	Green - 75%	Identification of additional training opportunities to raise awareness and compliance with policy/guidance	12	9
7	FCS010	Service Delivery Objectives	Development of InPhase ensuring alignment between performance, planning, budgeting and risk	31/03/21	Amber - 50%	Initial performance measures established within InPhase development work - KPI provision quarterly	9	9
7	FCS006	Financial Planning and Controls	Scrutiny of exceptions adopted during the global pandemic to ensure financial controls are maintained	31/03/21	Amber - 25%	As part of recovery reviews still to be undertaken of: Covid 19 purchases using emergency procedure, Purchase card transactions, Petty cash, Accounts payable process, stock procedures and reconciliations, Expenses and overtime claims	8	8
7	FCS006	Financial Planning and Controls	Review and scrutinise major projects progress for time, cost and quality elements	31/03/21	Green - 75%	Continued governance reporting through newly appointed Programme Manager to TMPC and SMB	8	8
7	FCS006	Financial Planning and Controls	In relation to PTFA - ensure relevant project management and governance arrangements are established and resources deployed	31/03/21	Amber - 60%	Work still to be completed relates to: <ul style="list-style-type: none"> <li>- Finalise contract position with current suppliers to maintain service continuity</li> <li>- Develop overall programme sequence and timeline</li> </ul>	8	8

Strategic Risk	RiskID	Risk	Action Description	Due Date	Status	Control Comments	Current Risk Rating	Target Risk Rating
7	FCS006	Financial Planning and Controls	Renegotiate contract for iTrent which will expire April 2021	31/03/21	Amber - 75%	System availability will be maintained past April 2021 and contract negotiations are ongoing to confirm costings.	8	8
7	FCS006	Financial Planning and Controls	Improve finance system capability after move to cloud	31/03/21	Amber – 25%	Implement supplier portal, procurement improvements and revise Technology one access, some delays experienced due to Covid.	8	8
7	FCS006	Financial Planning and Controls	Improve HR/Payroll system capability	31/03/21	Amber – 25%	Further incremental improvement of systems with focus on expanded rollout of ESS for Uniform. Delays experienced due to Covid response.	8	8
7	SDD006	Network Replacement	Resource requirements being identified	31/03/21	Amber - 80%	Full resource requirements to be identified and put in place as required, taking into account unknowns from the ESMCP Programme.	8	4

## RAG Status Description

Green	On Track - action to be completed as planned
Amber	Behind Schedule - corrective action underway
Red	Behind Schedule - corrective action required



**Audit and Risk Assurance Committee – 24 March 2021  
Risk Spotlight Briefing Note**

**SPPC6 - Failure to ensure consultation and engagement processes support effective decision making**

**Submitted by:- Marysia Waters, Head of Communications and Engagement**

<b>Background: What would cause the risk to materialise / what is the effect likely to be?</b>
<ul style="list-style-type: none"> <li>• Our duty to consult is a statutory requirement governed by the Fire (Scotland) Act 2005, Equalities Legislation, The Islands (Scotland) Act 2018 and The Community Empowerment (Scotland) Act 2015.</li> <li>• There is also the common law duty to consult and national guidance in terms of the National Standards for Community Engagement.</li> <li>• In developing change proposals, the Scottish Fire and Rescue Service (SFRS) must consider the level and forms of public engagement and consultation it undertakes in both the formulation of options and in their subsequent implementation.</li> <li>• Failure to do so could lead to both legal and political challenge of any proposals. In addition to any political and reputational damage that this might bring to the SFRS, it also presents a significant risk to being able to deliver change options on a manageable timescale as challenges brought, whether successful or not, could seriously delay progress.</li> </ul>
<b>Controls and mitigating actions (stating what actions are being taken if the residual/current risk assessment is operating above or below risk appetite).</b>
<ul style="list-style-type: none"> <li>• SFRS does have an extant consultation framework however there is a need to refresh and build on this</li> <li>• We have also adopted the principles of the National Standards for Community Engagement</li> <li>• 35 staff from service development, service delivery and SPPC have completed the Consultation Institute Training</li> <li>• The Communications and Engagement Strategy is due for refresh this year and will include the development of an engagement framework for SFRS – outlining processes to follow and steps that will be taken</li> <li>• Proposed development of a Stakeholder Reference Group and Stakeholder Database to ensure stakeholder engagement is built into our BAU</li> <li>• Creation of an insight/public involvement team within the Service Development Directorate</li> <li>• Ensure engagement support is provided to change projects across the organisation</li> <li>• Providing support to UFAS and Future Vision in terms of pre-consultation phase</li> </ul>
<b>External or other factors which might impact on the current risk assessment.</b>
<p>Ensuring our processes meet the requirements of existing guidance and good practice is key to mitigating any risk of legal risk.</p> <p>However, while legal challenge can only be on the grounds of the process, public and political pressure can focus on the decision itself.</p>

## SCOTTISH FIRE AND RESCUE SERVICE

## Audit and Risk Assurance Committee



Report No: C/ARAC/15-21

Agenda Item: 13

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:	24 MARCH 2021						
Report Title:	ARRANGEMENTS FOR PREPARING THE 2020-21 ANNUAL GOVERNANCE STATEMENT						
Report Classification:	For Information	<b>Board/Committee Meetings ONLY</b> <b>For Reports to be held in Private</b> <b>Specify rationale below referring to</b> <b><u>Board Standing Order 9</u></b>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
<b>1</b>	<b>Purpose</b>						
1.1	The purpose of this report is to outline the preparatory arrangements and reporting methods that have been developed for providing sufficient levels of assurance in support of the 2020/21 Annual Governance Statement (AGS).						
<b>2</b>	<b>Background</b>						
2.1	The Scottish Public Finance Manual (SPFM) issued by the Scottish Ministers provides guidance on the proper handling and reporting of public funds and sets out the relevant statutory, parliamentary and administrative requirements, emphasising the need for economy, efficiency and effectiveness and promotes good practice and high standards of propriety.						
2.2	It requires the Accountable Officer to produce an AGS for inclusion within the accountability section of the Annual Report and Accounts.						
2.3	In summary the AGS outlines the effectiveness of the arrangements that are in place for internal control, risk management and corporate governance, during the period under review.						
<b>3</b>	<b>Main Report and Discussion</b>						
3.1	At its meeting on Wednesday 24 March 2021, Audit and Risk Assurance Committee (ARAC) will consider the Scottish Fire and Rescue Service's (SFRS) approach for preparing the AGS for the year ended March 2021. This approach includes the SFRS's Assurance Framework ( <b>Appendix A</b> ), SFRS Assurance Plan ( <b>Appendix B</b> ), Timeline for Preparing Certificates of Assurance ( <b>Appendix C</b> ) and SFRS Fraud Risk Assessment Checklist ( <b>Appendix D</b> ). Together this will enable the Service to ensure SPFM compliance in a coordinated, well managed and structured way across the SFRS.						
3.2	The content, layout and style of the AGS will be prepared to align with the: <ul style="list-style-type: none"> <li>• Essential features outlined in the SPFM</li> <li>• Recent updates (March 2021) to the Internal Control Checklist with updated guidance supplied to support those completing</li> <li>• Strategic risks</li> <li>• Best practice of other public bodies</li> <li>• Changes to the structure of the Annual Report and Accounts</li> </ul>						

	<ul style="list-style-type: none"> <li>• Greater focus on highlighting where assurances can be provided, achievements and outcomes during the period under review</li> <li>• Board and Committee effectiveness</li> <li>• Future with a more forward look</li> </ul>
3.3	Administering the SFRS Assurance Framework and preparing the 2020/21 AGS within the prescribed timescales will require good engagement across the organisation. The Chief Officer's Business Support Team are responsible for the administration of the Framework who will, in partnership with the Risk and Audit Manager, prepare the 2020/21 AGS on behalf of the Accountable Officer for inclusion in the end of year Annual Report and Accounts.
3.4	As part of continuous improvement and to strengthen the process the completion and return of the Internal Control Checklists will be co-ordinated and managed online using the 'Executive Support' SharePoint site with the appropriate access rights granted. This will support ongoing monitoring and improve oversight. The development and integration of the Fraud Risk Assessment ( <b>Appendix D</b> ) within the annual assurance framework further demonstrate this continual improvement.
3.5	Formal guidance and a training module are also hosted on the online Learning Content and Management System (LCMS). The Improvement Action Plans (IPA's) provide additional scrutiny and monitoring through the Good Governance Board (GGB), previously the Corporate Assurance Board, and ARAC by exception reporting. All IPA's established for 2019/20 were hosted on the SharePoint site and will be reported to the GGB meeting on 20 <sup>th</sup> April 2021.
3.6	The SFRS policy for preparing the AGS for the Accountable Officer is currently out for consultation (closing of 22 March 2021) and no significant updates have been identified at time of report preparation. This supports continual development and guidance to Heads of Function (HoF) and Directors when completing their Certificates of Assurance and Internal Control Checklists for the AGS.
3.7	External Audit's annual programme of work for auditing the SFRS requires the AGS to be completed for audit by the end of June each year. To ensure this deadline is met for the 2020/21 AGS, the SFRS Timeline for Preparing Certificates of Assurance ( <b>Appendix C</b> ) has been developed using a risk-based approach in consultation with the SFRS Risk and Audit Manager.
3.8	The Assurance Framework is owned by the Accountable Officer who will sign off the 2020/21 AGS as a statement of the adequacy and effectiveness of the SFRS's governance, risk and internal control arrangements. Directorates will assist in the preparation of the AGS by confirming the evidence against the areas highlighted in the SFRS Internal Control Checklist are in place.
3.9	It will continue to be the responsibility of the HoF's (Deputy Directors) to ensure the evidence in support of their Certificates of Assurance is readily available should this be required for any further Internal or External Audit purposes or further scrutiny by the Corporate Assurance Board (CAB) and/or ARAC. Throughout this time there may also be a direct request for the responsible managers to attend the ARAC to answer any questions the Committee may wish to ask on progress being made.
3.10	The ARAC will have complete oversight of the SFRS Assurance Framework and will scrutinise the 2019/20 AGS at its public meeting planned for Thursday 8 July 2021.

<b>4</b>	<b>Recommendation</b>
4.1	<p>The Committee are requested to note the:</p> <ul style="list-style-type: none"> <li>• Legislative background and updated SFRS approach towards the AGS preparations</li> <li>• SFRS Assurance Framework (<b>Appendix A</b>)</li> <li>• SFRS Assurance Plan (<b>Appendix B</b>), outlining a plan of assurance activity to be carried out over the coming months to support the preparation of the AGS followed by the continued monitoring and external audit review of the AGS</li> <li>• Timeline for Preparing the Certificates of Assurance as set out within (<b>Appendix C</b>)</li> <li>• SFRS Fraud Risk Assessment Checklist (<b>Appendix D</b>)</li> </ul>
<b>5</b>	<b>Key Strategic Implications</b>
5.1	<b>Financial</b>
5.1.1	There are no key strategic financial implications arising from the recommendations set out in this paper.
5.2	<b>Environmental &amp; Sustainability</b>
5.2.1	There are no key strategic environmental and sustainability implications arising from the recommendations set out in this paper.
5.3	<b>Workforce</b>
5.3.1	As this is a significant piece of work, which must be completed within relatively short timescales, resourcing will be reviewed by the Internal Governance Team (Chief Officer's Business Support Manager and service Audit and Risk Manager) on a regular basis. They will provide ongoing support and guidance to the identified HoF who are responsible for providing evidence to support the 2020/21 AGS.
5.4	<b>Health &amp; Safety</b>
5.4.1	There are no key strategic health and safety implications arising from the recommendations set out in this paper.
5.5	<b>Training</b>
5.5.1	There are no significant training implications arising from the recommendations set out in this paper. Guidance on the iHub and a training module hosted on the online Learning Content and Management System (LCMS), along with support from the Chief Officer's Business Manager and Risk and Audit Manager to HoF's. Follow-up support sessions will be available to assist with this year's AGS co-ordination and management hosted on the 'Executive Support' SharePoint Site with access granted to HoF's and a designate co-ordinating return.
5.6	<b>Timing</b>
5.6.1	The support arrangements have been scheduled to ensure that expected timescales will be realised following the 'Timeline for Preparing Certificates of Assurance' ( <b>Appendix C</b> ).
5.7	<b>Performance</b>
5.7.1	Further scrutiny in relation to the Internal Control Checklists, Improvement Actions Plans and Fraud Risk Assessments will be conducted by GGB and ARAC. The Annual Operating Plan or business as usual arrangements remain in place to ensure that these are monitored and reviewed thereby ensuring continuous improvement.
5.7.2	The Annual Governance Statement forms part of the Services wider governance arrangements and will collectively ensure improved performance.

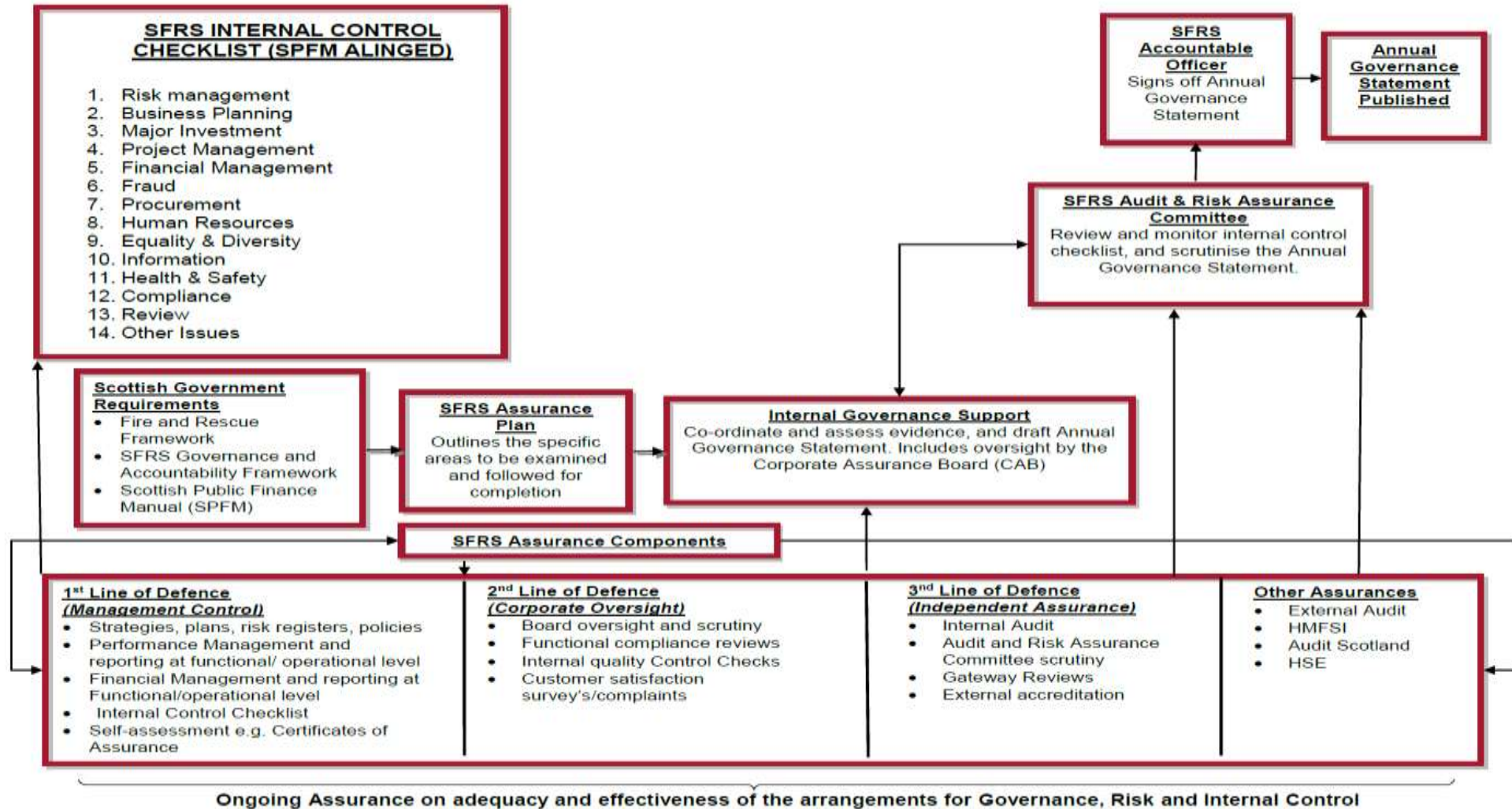
5.8	<b>Communications &amp; Engagement</b>
5.8.1	The 2020/21 AGS will be reported to the GGB and ARAC.
5.8.2	Most of evidence gathered in support of preparing 2020/21 AGS is co-ordinated by HoF's the process for producing this year's AGS including key changes will also be presented to the Senior Management Board (SMB) on Wednesday 17 February 2021.
5.8.3	The arrangements for preparing the 2020/21 AGS will be presented to the Strategic Leadership Team (SLT) on Tuesday 30 March 2021.
5.9	<b>Legal</b>
5.9.1	The Public Finance and Accountability (Scotland) Act 2000 (PFA Act), which is framed in resource terms, sets out the rules for spending money, accounting requirements, accountability of officials and auditing arrangements. The basic principle is that spending can take place only if authorised by the Parliament in Budget Acts and must not exceed any amount so authorised in relation to that purpose. The AGS is a requirement of the SPFM and is a key feature of the Annual Report and Accounts, both of which are published to meet statutory and parliamentary compliance. The SFRS Assurance Framework will therefore enable the Service to manage the evidence required to prepare the 2020/21 AGS in a structured and co-ordinated manner.
5.10	<b>Information Governance</b>
5.10.1	DPIA completed – no. issues associated with GDPR are covered within existing policy, procedure and practice. There are no anticipate specific additional requirements associated with the implementation of this report.
5.11	<b>Risk</b>
5.11.1	The Annual Governance Statement is linked to the Risk Management framework and is a core element of the Services governance arrangements.
5.12	<b>Equalities</b>
5.12.1	There are no key strategic equalities implications arising from the recommendations set out in this paper. An Equality Impact Assessment has been undertaken in relation to the Risk Management Policy. There are no additional equality implications associated with this report.
5.13	<b>Service Delivery</b>
5.13.1	The SFRS Assurance Framework will assist in compliance and support the identification of identifying and monitoring to manage the evidence required to prepare the 2020/21 AGS in a structured and co-ordinated manner ongoing monitoring and improved oversight of Improvement Action Plans.
<b>6</b>	<b>Core Brief</b>
6.1	Not applicable
<b>7</b>	<b>Appendices/Further Reading</b>
7.1	Appendix A - SFRS Assurance Framework
7.2	Appendix B - SFRS Assurance Plan
7.3	Appendix C – Timeline for Preparing Certificates of Assurance
7.4	Appendix D - SFRS Fraud Risk Assessment Checklist (Template)



<b>Prepared by:</b>	Hilary Sangster, Group Commander (Business Support)	
<b>Sponsored by:</b>	Martin Blunden, Chief Officer (Accountable Officer)	
<b>Presented by:</b>	Martin Blunden, Chief Officer (Accountable Officer)	
<b>Links to Strategy and Corporate Values</b>		
<p>This links to the <b>SFRS Strategic Plan 2019-22</b> and forms part of the Services Governance arrangements and links to <b>Outcome 4 (Public Value)</b>: We are fully accountable and maximise our public value by delivering a high quality, sustainable fire and rescue service for Scotland and specifically objectives 4.2 and 4.3</p> <ul style="list-style-type: none"> <li>• We will minimise the risks we face through effective business management and high levels of compliance with all our responsibilities and</li> <li>• We will strengthen performance management and improvement arrangements to enable robust scrutiny, challenge and decision making nationally and locally.</li> </ul>		
<b>Governance Route for Report</b>	<b>Meeting Date</b>	<b>Report Classification/ Comments</b>
<i>Audit and Risk Assurance Committee</i>	<i>24 March 2021</i>	<i>For Information</i>
<i>Strategic Leadership Team</i>	<i>30 March 2021</i>	<i>For Information</i>
<i>Strategic Management Board</i>	<i>22 April 2021</i>	<i>For Information</i>

APPENDIX A

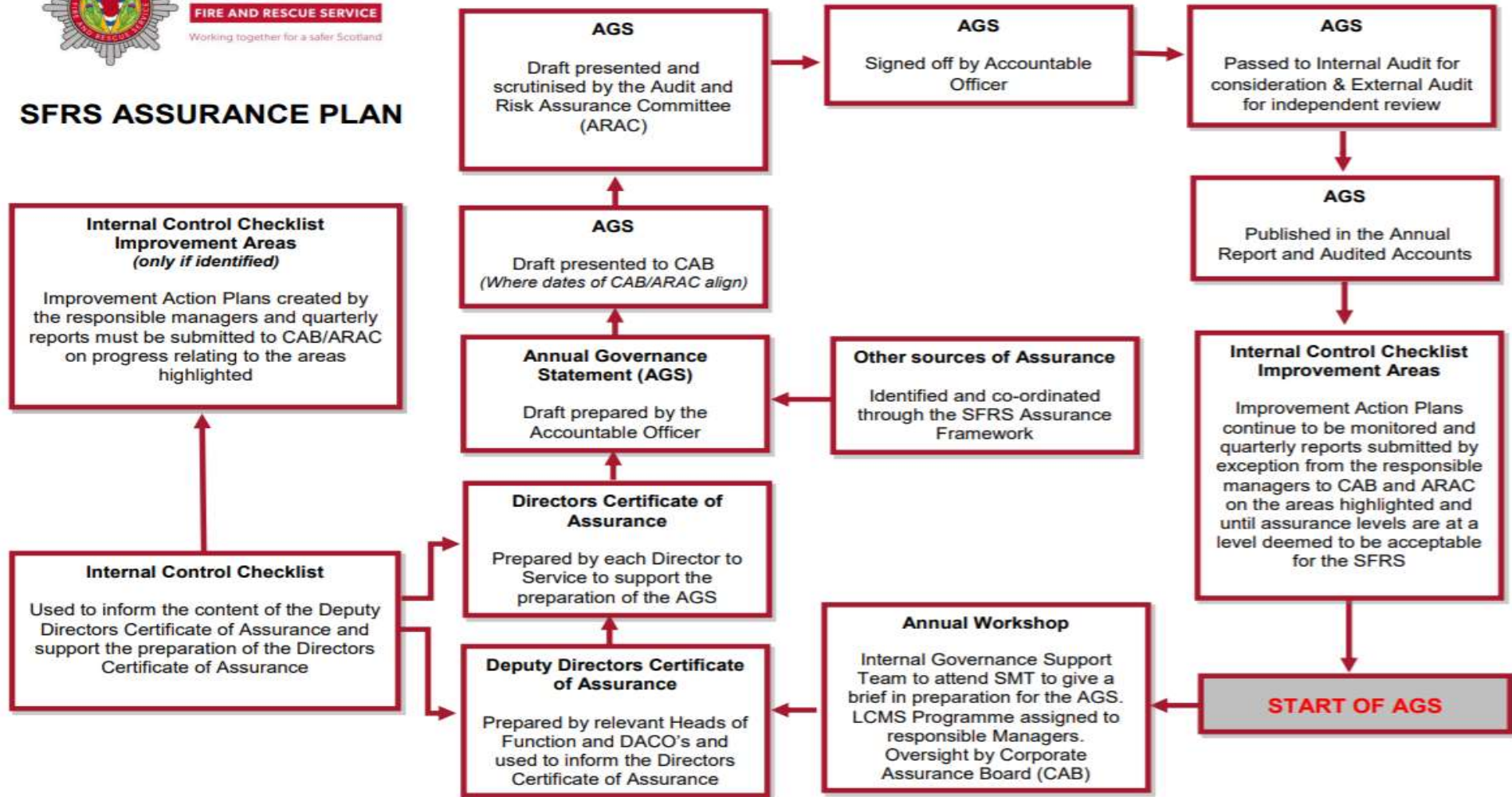
**SCOTTISH FIRE AND RESCUE SERVICE ASSURANCE FRAMEWORK**



APPENDIX B



**SFRS ASSURANCE PLAN**





## Timeline for Preparing Certificates of Assurance





SFRS Fraud Risk Assessment Checklist (Example)

Appendix D

Directorate Responsibility	Specific Fraud Risk - That will lead to fraud	Current Countermeasures - Culture, organisational structure, controls, policies, procedures, reporting, etc.	Residual Risk - How it could still happen	Likelihood Score 1-5	Impact Score 1-5	Risk Rating	Actions Required Based on risk assessment
<b>Identify relevant Directorate &amp; Section within SFRS</b>	<b>Identify the key area of activity that present a specific fraud risk to the Service.</b>	<b>Identify current controls already established, and operating effectively, to minimise the risk of fraud being incurred.</b>	<b>Identify the potential scenarios where fraud exposures continue to be experienced.</b>	<b>What is the likelihood of this risk being incurred.</b>	<b>If this risk is incurred, what impact will it have upon the Service</b>	<b>Based on Risk Matrix identify risk rating</b>	<b>Identify additional actions required, together with appropriate implementation timescale, to reduce the risk rating.</b>
<b>EXAMPLE:</b> Finance & Contractual Services – Asset Management	High value assets may be disposed of either below market value and/or without SFRS consent	Policies and procedures established for the disposal of assets All assets are recorded and tracked on Asset systems (Tranman / Tech Forge)	The actions of an individual to deliberately act outwith Service policy will always exist and the Service must learn lessons from any incidents to minimise the likelihood of future similar events.	3	4	12	Review of existing controls following incidents or following internal or external audit recommendations Provision of suitable monitoring systems within any new Asset Management System.
<b>EXAMPLE:</b> Finance & Contractual Services - Finance & Procurement	An employee will claim expenses that they are not entitled to either through fraud or error	Payroll will review mileage and expenses received. Receipts required for claims Managers will receive reports of claims made Verification Team has been established to target audit activities on areas of greatest perceived risk	The introduction of a Self-Service portal for the claiming of expenses has required a revision to current controls. New and innovative methods of perpetrating fraud against large organisations continues to be identified by Police Scotland. Policies and procedures established are not always adhered to, either through entry error or intentional fraud and processes.	3	4	12	Development of a verification dashboard to target specific areas of fraud. Training to staff to raise ownership and awareness of fraud throughout the Service

## SCOTTISH FIRE AND RESCUE SERVICE

## Audit and Risk Assurance Committee



Report No: C/ARAC/18-21

Agenda Item: 14

<b>Report To:</b>	<b>AUDIT RISK AND ASSURANCE COMMITTEE</b>						
<b>Meeting Date:</b>	<b>24 MARCH 2021</b>						
<b>Report Title:</b>	<b>ACCOUNTING POLICIES 2020-21</b>						
<b>Report Classification:</b>	<b>For Information</b>	<b>Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u></b>					
		<u><a href="#">A</a></u>	<u><a href="#">B</a></u>	<u><a href="#">C</a></u>	<u><a href="#">D</a></u>	<u><a href="#">E</a></u>	<u><a href="#">F</a></u>
<b>1</b>	<b>Purpose</b>						
1.1	The purpose of this report is to inform the Audit and Risk Assurance Committee (ARAC) of regulatory changes in relation to the preparation of the Annual Report and Accounts for financial year 2020-21 and to present the Accounting Policies to be adopted.						
<b>2</b>	<b>Background</b>						
2.1	The Scottish Fire and Rescue Service (SFRS) is required to follow the Government Financial Reporting Manual (FReM) and Scottish Public Finance Manual (SPFM) when preparing the Annual Report and Accounts.						
2.2	During the year amendments to the FReM are formally published by Audit Scotland. A review of these documents is built into year-end processes to ensure that any relevant changes are incorporated, through reading of the Technical Bulletins prepared by Audit Scotland and discussions with our external auditors, Deloitte LLP.						
<b>3</b>	<b>Main Report and Discussion</b>						
<b>3.1</b>	<b>Changes to FReM 2020-21</b>						
3.1.1	HM Treasury published a list of in-year amendments to the FReM 2020-21. The structure has been revised and now has 4 parts with new headers: <ol style="list-style-type: none"> <li>1. Part A: Principles, purposes and best practice (including a new chapter on Best practice in narrative reporting),</li> <li>2. Part B: The form and content of government annual report and accounts,</li> <li>3. Part C: Applying accounting standards to government annual reports and accounts,</li> <li>4. Part D: Further guidance for government annual reports and accounts.</li> </ol>						
3.1.2	The FReM sets out mandatory reporting requirements. Best practice may apply in some areas (e.g. some performance analysis and staff report content) however the "comply or explain" approach has been introduced requiring organisations to explain where alternative approaches are used.						
3.1.3	The FReM allows organisations to omit certain parts of the Performance Report in the Annual Report and Accounts and allows reference to be made to performance information published in other documents.						

3.1.4	The impact of these changes will be taken into account when preparing the Annual Report and Accounts for 2020/21.
<b>3.2</b>	<b>Accounting Policies</b>
3.2.1	The Accounting Policies have been reviewed to confirm whether they remain relevant and if any changes are required.
3.2.2	There is an underlying assumption that the financial statements will be prepared on a going concern basis, i.e. they should be prepared on the basis that the body's functions will continue in operational existence for the foreseeable future. This is an area of interest for our auditors as our pension liabilities are significant due to participation in the unfunded firefighters pension schemes. SFRS will continue to prepare the accounts on a going concern basis, recognising that the auditors will seek confirmation from Scottish Government regarding ongoing funding being provided.
3.2.3	The review has concluded that no material changes are required. The proposed Accounting Policies for 2020-21 are attached at Appendix A.
<b>3.3</b>	<b>Impact of Covid-19</b>
3.3.1	Covid-19 has had an impact on the whole of financial year 2020/21 to date. An assessment of the current and potential future effects of Covid-19 will be carried out and incorporated in the Annual Report and Accounts. This will include a consideration of costs, impact on supply chains and the subsequent effects on our financial position.
<b>3.4</b>	<b>Accounting Standard Changes</b>
3.4.1	No new Accounting Standards have been adopted in the Annual Accounts for 2020-21.
<b>3.5</b>	<b>Future Accounting Standards</b>
3.5.1	IFRS16 <i>Leases</i> will come into effect from 1 April 2022.
3.5.2	IFRS16 will remove the distinction between operational (resource) and finance (balance sheet) leases. While there are some exceptions, most leases will be recognised on the balance sheet in the future.
3.5.3	The Annual Accounts at 31 March 2020 show leases for Land and Buildings of £1.748 million and Vehicles of £0.114 million. The Land and Buildings figure consists mainly of ground rents and radio masts. The figure for Vehicles relates to leased cars, the number of which has significantly reduced since the introduction of the Provided Car Scheme in 2017. The impact of Electric vehicles will be added in future years. Work will continue in the coming months to identify any further leases prior to IFRS 16 coming into effect.
3.5.4	Work has been undertaken to identify relevant leases, which include properties, vehicles and printers, to determine the impact on the financial statements: <ul style="list-style-type: none"> <li>• Currently, the Statement of Financial Position (SoFP) does not record financial leases however, under IFRS 16, they will be required to be added as "Right of Use" assets along with a corresponding Lease liability.</li> <li>• The Statement of Comprehensive Net Expenditure (SoCNE) currently records annual lease payments made to lessors, which will be replaced by Depreciation and Interest on the lease liability.</li> </ul>
3.5.5	Information will be passed to Scottish Government at the relevant time to ensure that appropriate budget is provided for Resource and Capital DEL to cover all relevant Right Of Use assets, as well as Ring-fenced Del and AME for Depreciation.
3.5.6	Discussions will be held with external audit to ensure that the Service complies with requirements.

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<b>4</b>	<b>Recommendation</b>
4.1	The ARAC is asked to note the review of changes to the Accounting Standards and the Accounting Policies to be adopted.
<b>5</b>	<b>Key Strategic Implications</b>
5.1	<b>Financial</b>
5.1.1	There are no financial implications for 2020-21. The financial implication of IFRS 16 will come into effect from 1 April 2022. This will be communicated to Scottish Government and we anticipate appropriate adjustment to our budget lines to negate the accounting change in future years.
5.2	<b>Legal</b>
5.2.1	The SFRS is required to follow the Government Financial Reporting Manual (FReM) and Scottish Public Finance Manual (SPFM) when preparing the Annual Report and Accounts.
5.3	<b>Performance</b>
5.3.1	The Annual Report and Accounts communicates SFRS performance for the year and is formally audited before being laid before Scottish Parliament.
5.4	<b>Environmental &amp; Sustainability</b>
5.4.1	There are no environmental and sustainability implications relating to this report. The Annual Report and Accounts includes a Sustainability Report which highlights our performance in response to climate change and environmental sustainability.
5.5	<b>Workforce</b>
5.5.1	There have been no changes to the accounting policies that impact our workforce. SFRS includes accounting policies on benefits payable during employment as well as post-employment benefits (pensions). The Annual Report and Accounts includes a Sustainability Report which highlights our performance in response to workforce matters including gender pay gap and workforce profile. A Remuneration Report is produced covering Board and Directors remuneration during the year. In addition, SFRS workforce numbers and salary information is reported within the Report.
5.6	<b>Health &amp; Safety</b>
5.6.1	There are no health and safety implications relating to this report.
5.7	<b>Timing</b>
5.7.1	These accounting policies relate to financial year 2020-21.
5.8	<b>Equalities</b>
5.8.1	There are no implications of equality relating to this report.
5.9	<b>Information Governance</b>
5.9.1	There are no implications for information governance relating to this report.
5.10	<b>Risk</b>
5.10.1	There are no accounting policies that directly impact risk. The Annual Report and Accounts includes an Accountability Report that highlights our risk management and corporate governance processes that supports the achievement of the Scottish Fire and Rescue Service's (SFRS) policies, strategic aims and objectives.
5.11	<b>Communications &amp; Engagement</b>
5.11.1	There are no accounting policies that directly impact our engagement.



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5.12	<b>Training</b>	
5.12.1	There are no training implications relating to this report.	
<b>6</b>	<b>Core Brief</b>	
6.1	Not Applicable	
<b>7</b>	<b>Appendices/Further Reading</b>	
7.1	Appendix A – Accounting Policies	
<b>Prepared by:</b>	John Thomson, Head of Finance and Procurement / Alan Duncan, Accounting Manager	
<b>Sponsored by:</b>	Sarah O'Donnell, Director of Finance and Contractual Services	
<b>Presented by:</b>	John Thomson, Head of Finance and Procurement	
<b>Links to Strategy</b>		
Our Money & Our Performance – SFRS Strategic Plan 2019-22		
<b>Governance Route for Report</b>		<b>Meeting Date</b>
<i>Audit and Risk Assurance Committee</i>		<i>24 March 2021</i>
		<i>For Information</i>

## NOTES TO THE ACCOUNTS

**1. Accounting Policies**

These financial statements have been prepared in accordance with the 2020/21 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. The SFRS has selected the most appropriate accounting policy or estimation technique, as permitted by the FReM, to ensure the statements present a true and fair view.

The particular policies adopted by the SFRS in preparing these financial statements are described below. They have been applied consistently in dealing with items that are considered material to the Accounts.

The Accounts have been prepared with reference to the following objectives:

- to provide information about the financial position, performance and cash flows in a way that meets the “common need of most users”, and
- to show the results of the stewardship and accountability of Board members and management for the resources entrusted to them.

The following underlying assumptions have also been adhered to:

- Accruals – with the exception of cash flow information, the statements have been prepared using the accrual basis of accounting, where the non-cash effects of transactions are included in the financial statements in the year in which they occur, not the year in which cash is paid or received, and
- Going concern – the Accounts have been prepared on the basis that the SFRS will continue to function for the foreseeable future.
- Currency – the Accounts have been prepared in pounds sterling.

***Application of Accounting Standards issued but have not yet been adopted***

As noted above, these financial statements have been prepared in accordance with the FReM issued by HM Treasury. The FReM applies IFRS as adapted or interpreted for the public sector context, but does not require the following Standards and Interpretations to be applied in the year ended 31 March 2021, which will be considered for application during financial year 2020/21.

IFRS 16 Leases: the implementation date for IFRS 16 in the UK public sector was revised to 1 April 2022 in December 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity from April 2021 and beyond, the expected impact of applying the standard in 2021/22 is currently being reviewed.

It is expected however, that the adoption of IFRS 16 will have an effect on the Service’s Accounts. IFRS 16 removes the distinction between operating and finance leases, and it will require that a lessee recognises assets and liabilities with a term of more than 12 months unless the underlying asset is low value. The SFRS has carried out some preparatory work to ensure that the standard will be implemented correctly in future years and that adequate governance arrangements are in place. This includes ensuring that appropriate budget cover from the Scottish Government is in place.

The application of the Standard to the 2021/22 figures is expected to add a “right of use” asset (with corresponding lease liability) to the SoFP of approximately £3.4 million. The SoCNE will also include associated depreciation and interest costs of approximately £0.5 million.

### ***Accounting Convention***

These Accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment.

### ***Accounting Period***

The accounting period commenced on 1 April 2020 and ended on 31 March 2021.

### ***Going Concern***

The Resource Budget for the financial year ended 31 March 2021 has been approved by the Scottish Government and is considered adequate to allow the SFRS to meet its liabilities in the foreseeable future. The impact of Covid-19 and Brexit will be reviewed throughout the year to monitor their effects on the Service and its finances and adjustments will be made to budgets as required. These financial statements have therefore been produced on a going concern basis. To the extent that the pension deficits are not met from SFRS sources of income it may only be met by future Grant in Aid from the sponsoring department, the Safer Communities Division. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be paid in advance of need.

### ***Segmental Reporting***

The SFRS is operated as a single service and is also reported in this same format. Costs and support service overheads are not allocated to other parts of the organisation, and therefore there are no requirements for segmental reporting, however, a reconciliation between the management accounts position and the accounting statements is included in the Notes to the Accounts.

### ***Revenue Recognition***

Revenue is recognised net of VAT to the extent that it is probable that the economic benefits will flow to the SFRS and the revenue can be reliably measured.

### ***Grant in Aid and Revenue Grants***

SFRS is funded by the Scottish Government. Grant in Aid is received throughout the year and is intended to meet SFRS estimated expenditure for both capital and revenue purposes. It is accounted for as financing on a cash basis, not income, and is therefore credited to SFRS reserves and not incorporated within the SoCNE. Grant in Aid cannot be drawn down in advance of need.

Grant in aid, whether for revenue or capital purposes, is to be treated as a contribution from controlling parties giving rise to a financial interest in the residual interest of the reporting entity, and is to be credited to general reserves and not to income or deferred income.

Where grants are subject to conditions such that non-compliance would result in the grant being repaid, the potential liability to repay, and the conditions to be met, should be disclosed in a note to the Accounts.

The profit or loss on disposal of an asset financed by grant or grant-in-aid is taken to the Statement of Comprehensive Net Expenditure.

### **Capital Grants**

Capital grants are accounted for in accordance with IAS20 *Accounting for Government Grants and Disclosure of Government Assistance*, and recognised in the SoCNE once conditions are met. Grant is treated as a *capital grant received in advance* where carry forward is permitted and any conditions have not been met.

### **Provision of Services**

Revenue from the provision of services is recognised when the SFRS can measure reliably the percentage completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the SFRS.

### **Rental Income**

Rental income from operating leases is recognised on a straight-line basis over the terms of the lease.

### **Expenditure Recognition**

Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Statement of Financial Position (SoFP).

Expenses in relation to services received (including those rendered by the SFRS employees) are recorded as expenditure when the services are received, rather than when payments are made.

Interest payable on borrowings is accounted for on the cash flows that have been fixed or determined by the contract, or based on an annuity basis where borrowings have been provided by a local authority.

Where revenue and expenditure have been recognised but cash has not been received or paid, a receivable or payable for the relevant amount is recorded in the SoFP. Where there is evidence that debts are unlikely to be settled, the balance of receivables is written down and a charge made to revenue for the income that might not be collected.

### **Benefits Payable During Employment**

Short-term employee benefits (those that fall due wholly within 12 months of the year end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees, are recognised as an expense in the year in which employees render service to the SFRS. An accrual is made in the SoCNE for the year for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year end and which employees can carry forward to the next financial year. The accrual is made at the remuneration rates applicable in the following financial year.

### ***Post-Employment Benefits***

As at 31 March 2021, the SFRS participates in four pension schemes: the Local Government Pension Scheme (Scotland) for support staff, the Firefighter's Pension Scheme 1992, New Firefighters Pension Scheme 2006 and the Fire 2015 Scheme for Wholetime/Retained uniformed personnel. For the year ended 31 March 2021, the administration of Firefighters' Schemes was undertaken by the Scottish Public Pensions Agency (SPPA) and the administration of LGPS remained with local authorities.

- Local Government Pension Scheme (Scotland)  
The LGPS provides members with defined benefits related to pay and service. It is supported by contributions from both employer and employee. There are 8 schemes covering staff in Scotland, detailed in Note 13. The LGPS is a Career Average Revalued Earnings (CARE) Scheme whereby pension benefits are based on earnings received within each year worked, which are index linked and totalled on retirement to provide an annual pension.
- Firefighter's Pension Scheme 1992  
The Firefighters' Pension Scheme 1992 (FPS) is a final salary unfunded defined benefit scheme where payments are made on a "pay as you go" basis. This is funded through contributions from employees, the SFRS and the Scottish Government.
- New Firefighters Pension Scheme 2006  
The new Firefighters' Pension Scheme 2006 (NFPS) was introduced on 6 April 2006, and is also a final salary unfunded defined benefit scheme, similar to the Firefighters' Pension Scheme, the differences being a lower contribution rate, and different retirement criteria. Funding is provided in the same way as the FPS. The normal retirement age from this scheme is 60.

A recent development within this Scheme has been to allow retained firefighters who were employed by the Service between 1 July 2000 and 5 April 2006, access to this Scheme to provide them with comparable pension benefits to those enjoyed by wholetime firefighters during this period. Those individuals who were employed between these dates are now eligible to purchase pension rights under the terms of these new pension arrangements. This sub Scheme is known as the Retained Duty System (RDS) Modified Pension Scheme.

- Fire 2015 Scheme  
The Fire 2015 Scheme was introduced on 1 April 2015 and is a CARE scheme rather than a final salary pension scheme. Funding is provided in the same way as the FPS. All new employees entering the Service will join this Scheme automatically. Under the new arrangements the normal pension age for firefighters will be 60 which reflects the current retirement age for the 2006 Scheme.

Firefighters who were previously in the 1992 or 2006 Schemes joined the 2015 Scheme automatically on 1 April 2015 where no protection was in place. A further group have transferred to this scheme, or will transfer, between now and 2022 depending on their individual circumstances. The remaining group of firefighters will remain in their existing schemes.

The impact of the McCloud/Sargeant judgement will be incorporated as necessary to the relevant schemes once the approach has been agreed.

Contributions to the schemes are calculated to spread the cost of pensions over employees working lives, in line with IAS19 *Employee Benefits*. The contributions are determined by an actuary on the basis of triennial valuations using the Age Attained Method and, in the intervening years, by rolling forward the scheme assets and liabilities in a desk top review.

Variations from regular cost are spread over the expected average remaining working lives of scheme members, taking into account future withdrawals. The expected cost of providing staff pensions to contributing employees is recognised in the SoCNE in accordance with IAS19, recognising retirement benefits as they are earned not when they are due to be paid.

### ***Pension Scheme Assets***

The FPS, NFPS and Fire 2015 Schemes, being unfunded, have no assets built up to meet pension liabilities. The attributable assets of the various Local Government Pension Schemes (LGPS) have been measured at fair value and are identified in the Notes to the Accounts.

### ***Pension Scheme Liabilities***

The attributable liabilities of each scheme are measured on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc.

The change in the Net Pension Liability shown in the SoFP consists of the following:

### ***Current Service Cost***

This refers to the increase in liabilities as a result of years of service earned this year and is allocated to the cost of services in the SoCNE.

### ***Expected Net Return on Assets***

The expected annual investment return on assets for the LGPS is based on long-term expectations as at 31 March 2021. This is shown net of the interest cost of each scheme, based on the discount rate and the present value of the scheme liabilities as at 31 March 2021.

### ***Past Service Costs***

This refers to the increase in liabilities arising from current year decisions whose effect relates to years of service earned in previous years. This is debited to the surplus/deficit on the SoCNE.

### ***Gains/Losses on Settlements and Curtailments***

The result of actions to relieve the SFRS of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited/credited to the SoCNE.

**Actuarial Gains and Losses**

Changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve.

**Contributions Paid to the LGPS Pension Funds**

Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

**Discretionary Benefits**

The SFRS also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award, and accounted for using the same policies as those applied to the relevant pension schemes.

**Injury Awards**

The SFRS also has powers to make awards of injury benefits in the event of firefighters leaving through injury. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as those applied to the relevant compensation schemes.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand and deposits held with banks.

**Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

**Asset Recognition**

All expenditure on the acquisition, creation or enhancement of property, plant and equipment has been capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the SFRS and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

**Asset Measurement**

Assets are initially measured at cost, comprising:

- the purchase price,
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management,
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Land and Buildings are included at Depreciated Replacement Cost (DRC) where there is no market-based evidence of fair value because of the specialist nature of the assets. In all other cases, Existing Use Value (EUV) has been used. As a minimum, five yearly valuations of Land, Buildings and Dwellings are carried out as part of a rolling programme, on the basis of current market value for land and depreciated replacement cost for buildings. In addition, impairment reviews are carried out on major assets and assets on which there has been significant expenditure, to determine if there has been any change in value in the years between valuations.

Assets included in the SoFP at fair value are revalued regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but every five years as a minimum. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

At 31 March 2021, all land, buildings and dwellings assets due for valuation under the five year rolling programme (50% of portfolio), were re-valued by the SFRS's in-house Estates and Valuations Surveyor, Russell Munn (BSC MRICS). Where decreases in value are identified, the revaluation loss is accounted for:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains),
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant line in the SoCNE.

### ***Donated Assets***

Assets classified as donated are measured at fair value on receipt. The funding element is recognised as income and taken to the SoCNE. Any subsequent revaluations are taken to the Revaluation Reserve.

### ***Impairment***

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains),
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant line in the SoCNE.
- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant line in the SoCNE, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.



## **Disposals**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to Other Operating Charges in the SoCNE. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the SoFP (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Charges line in the SoCNE as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the SoCNE also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

## **Assets Held for Sale**

An asset is classified as held for sale when it meets all of the following criteria:

- It is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable,
- A plan agreed by management is in place and steps are actively being taken to conclude a sale, and
- It is actively being marketed with an expectation of a sale within the next 12 months.

Assets meeting these criteria are revalued and measured at the lower of their carrying amount immediately prior to reclassification and fair value less costs to sell. There is no depreciation on Assets Held for Sale.

## **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts on a straight line basis over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land, Heritage Assets, surplus assets and assets held for sale) and assets that are not yet available for use (i.e. assets under construction).

Useful economic lives as estimated by experts are as follows:

<b>Category</b>	<b>Useful economic life</b>
Buildings	10-64 years
Cars & Vans	5 years
Fire Appliances (including specialist appliances)	10-15 years
Equipment	3-20 years

Assets under construction are recognised at cost and are depreciated in the year of disposal.

## **Componentisation**

In accordance with IAS16 *Property, Plant and Equipment*, a componentisation policy for material assets has been adopted with effect from 1 April 2013. SFRS will componentise material assets with a carrying value over £0.5 million, unless, in the expert opinion of our professional valuer, it does not lend itself to componentisation by its complex nature. This will be carried out where material assets are acquired, revalued or enhanced.

The SFRS policy noted above has been applied to all relevant assets brought on from legacy services and will continue to be applied as they are revalued through the five year rolling programme of valuations.

## **Intangible Assets**

Intangible assets have no physical substance but are identifiable and controlled by the SFRS. It can be established that there is an economic benefit or service potential associated with the item which will flow to the SFRS. This expenditure is mainly in relation to software licenses purchased by legacy services. Expenditure on the acquisition, creation or enhancement of intangible assets is capitalised on an accruals basis when it will bring benefits of longer than one year.

Intangible assets are initially measured at cost and included in the SoFP at net historical cost. Intangible assets are depreciated on a straight-line basis over the life of the asset (3 years).

## **Inventories**

Inventories are included in the Statement of Financial Position on an average cost basis.

## **Leases**

Leases are classified as finance leases where the terms of the lease transfers substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and building elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy, where fulfilment of the arrangement is dependent on the use of specific assets.

## **Operating Leases**

Rentals payable under operating leases are charged to the SoCNE on a straight-line basis, over the term of the lease.

## **Provisions, Contingent Liabilities and Contingent Assets**

### Provisions

Provisions are made where an event has taken place that gives the Board a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

### Contingent Liabilities

A contingent liability arises where an event has taken place that gives the SFRS a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the SFRS. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the SoFP but disclosed in a note to the Accounts.

### **Reserves**

The General Reserve represents the excess of expenditure over income on grant in aid funded operations, or other grant income streams, e.g. transitional funding.

The Revaluation Reserve represents the increase in value of land and buildings over their historical costs.

The Pensions Reserve represents timing differences arising from the accounting and funding arrangements required by IAS19 for post-employment benefits.

### **Taxation**

Value Added Tax (VAT) is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

Corporation Tax is payable on profit generated from business activities (including the disposal of assets no longer required) undertaken by SFRS. Income from GiA is not subject to Corporation Tax.

### **Financial Instruments**

#### Financial Assets

Financial assets held by the SFRS consist of Trade and Other Receivables and Cash and Cash Equivalents. Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

As the Cash requirements of the SFRS are met through Grant-in-Aid provided by the Safer Communities Directorate, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. Cash balances are held with the Government Banking Service (GBS) and SFRS is not therefore exposed to significant credit, liquidity or market risk in respect of financial assets. There is no difference between book value and fair value for cash and cash equivalents shown in the SoFP.

#### Financial Liabilities

Financial liabilities within the SFRS consist of Trade and Other Payables, and Borrowings. Trade payables are held at fair value, and are typically non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They arise when SFRS receives goods or services with no intention of trading the liability.

## OFFICIAL

There are two types of Borrowings held by the SFRS:

- i) Public Works Loan Board (PWLB) loans were taken out by legacy services that carried out the Treasury Management function (i.e. borrowings and investments) in their own right. These are recognised on the SoFP at the point when the SFRS becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost, i.e. including accrued interest.

For borrowings held by the SFRS therefore, the amount presented on the SoFP is the outstanding principal repayable including accrued interest, and annual charges to the SoCNE for interest payable is the amount payable in the year on an accruals basis.

- ii) The second type of financial liability arises where the Treasury Management function for legacy Fire Services was carried out by the lead authority. Schedules have been provided by the lead authorities showing total outstanding debt, amounts of principal repayable each year, and indicative amounts of related interest payable each year. The interest is calculated by each former lead authority using a pooled interest rate which is applied to all loans in their portfolio.

In these cases, financial liabilities are shown in the SoFP at the values provided by the former lead authorities. Annual charges to the SoCNE for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument, as calculated by each former lead authority.

Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expire.

### ***Review of Accounting Policies and Estimation Techniques***

These financial statements have been prepared under IFRS incorporating any departures required by the FReM, and all accounting policies have been reviewed to ensure their continued relevance. Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from those estimates and underlying assumptions are continuously reviewed.

The main areas of estimation relate to the following:

- The valuation of land and buildings, where the services of professionally qualified surveyors are used to ensure that best practice and consistency of approach is applied, and
- The valuation of Pension Scheme assets and liabilities, where professionally qualified actuaries are employed to provide the information required under IAS19 *Employee Benefits*.

### ***Changes in Accounting Estimates***

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change.

### ***Events after the Reporting Period***

Events after the reporting period end represent those events which occur between the end of the reporting period and the date when the Annual Report and Accounts are authorised for issue by the Board.

Material events for which conditions exist at 31 March are reflected on an accruals basis within the financial year. The Notes to the Accounts contain details of material events where their conditions did not exist as at 31 March.



# HM Fire Service Inspectorate

<b>Report to:</b>	<b>SCOTTISH FIRE AND RESCUE SERVICE AUDIT AND RISK ASSURANCE COMMITTEE</b>
<b>Date:</b>	<b>24<sup>th</sup> March 2021</b>
<b>Report By:</b>	<b>HM Fire Service Inspectorate</b>

<b>Subject:</b>	<b>Routine Update Report on HMFSI business</b>
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## 1. PURPOSE

This Report is to provide the Audit and Risk Assurance Committee with a progress update on HMFSI's inspection and reporting activity during the preceding quarter.

## 2. RECOMMENDATIONS

That the Committee notes the update from HMFSI.

## 3. ACTIVITY AND PROGRESS

As there has only been a short period between the previous ARAC meeting to this current one, this Report is limited and a more comprehensive Report will be brought to the next meeting in July.

### 3.1 Local Area Inspections: Work Update

As advised to ARAC at the January meeting, the fieldwork had commenced on inspections of the local authority areas of Midlothian and Argyll and Bute, but has been negatively impacted by the travel restrictions introduced in response to the pandemic. As we indicated in January there were a limited number of interviews still outstanding in Midlothian. These have now been concluded, the draft report was expected to be circulated for consultation at the beginning of March.

For the Argyll and Bute area, a number of station visits are still to be conducted and interviews held with staff, including some within the LSO management team. We have commenced conducting the outstanding station based personnel engagement using MS Teams meetings, combined with a

questionnaire to seek views. When these virtual interviews are concluded it is our intention to compile an interim report. We intend to conduct a physical inspection of those stations when there has been a relaxation of the restrictions to enable this to happen. Once we are able to visit premises we will then make any revision necessary to the published interim report.

## **3.2 Thematic Inspection work**

### **3.2.1 Thematic Health, Safety and Welfare – Operational focus**

The Thematic Outline for this inspection was consulted upon with the terms of reference remaining unchanged. The SFRS has identified the SPOC (single point of contact) and we have started our engagement work with them. The first information and data requirements have been requested this is used for the pre-work, once the stations to be inspected are agreed we will request the second tranche of information specific to those stations/sites.

Fieldwork is still to be planned in detail but is aimed to be programmed in for summer 2021 subject to ongoing C-19 restrictions. We believe that there are some areas of our inspection work can be done virtually, but there is still a need to visit and assess at station level. We will be working with the SFRS to develop options for inspection ensuring the safety of all persons involved.

The Inspectorate believes that the Operational focus of this thematic inspection can assist the SFRS in developing a plan to reduce risk to staff from the impact of the current pandemic.

The ongoing effects of C-19 on all areas of business are being monitored and any impact on this work and its impact on the annual plan will be reported as required.

### **3.2.2 Assessing the Effectiveness of Inspection Activity.**

Members will be aware that HMFSI has undertaken a thematic inspection which is 'Assessing the Effectiveness of Inspection Activity'

As previously reported, the Inspection examines the impact of our scrutiny work by examining the Service's policy and practice on implementing our report recommendations. In so doing, we will achieve a better understanding of the effect of our inspection work.

Fieldwork for this inspection is complete. We have consulted with the Service on our draft report and it is expected to lay the report in the Scottish Parliament before the end of March.

### **3.2.3 Thematic Inspection into the SFRS's Management of its Operational & Protective Equipment**

As was reported to Members at the last ARAC Committee meeting, HMFSI has embarked on a Thematic Review to consider how SFRS undertakes the 'Management and Maintenance of its Operational & Protective Equipment'. The Inspection Outline has now been agreed with the Service, and preliminary work with the Inspectorate has commenced.

Further to our last update, Sarah O'Donnell has been nominated as SFRS's strategic lead and initial point of contact for this Thematic.

A meeting has been scheduled (15<sup>th</sup> March) to take place with Sarah and the Inspection team, to agree a work plan with regard to, data collection, interview list and proposed fieldwork locations and personnel.

Video interviews are proposed to start in April/May with location based, face to face interviews to start in June/July subject to Covid-19 restrictions and risk assessment.

### **3.2.4 Thematic Inspection Follow-up.**

As members will be aware, HMFSI has a policy of following up with the Service on progress of action plans created in response to our inspection reports.

For Thematic Inspections, this is normally undertaken a year after publication, albeit the timescale will vary and be influenced by the complexity of a report's recommendations.

As mentioned within the last ARAC Update Report, HMFSI are now in the process of conducting a follow-up of our inspection report 'Scottish Fire and Rescue Service's Management of its Fleet and Equipment Function', published in May 2019. The follow-up review is still on-going and will be reported on in the next ARAC Meeting in July.

## **3.3 Additional Update Information**

### **3.1 HM Chief Inspector Three Year Plan & 2020/21 Annual Report**

Since the previous ARAC meeting, HMFSI has developed and consulted on the HM Chief Inspector's 3 Year Plan and has produced its Annual Plan for 2020/21. Both have now been submitted to the Printers and will be published during March and will be available on the HMFSI website at that time.

### **3.1 Appointments into the HMFSI**

As Members are aware, the term of office for the current HM Chief Inspector position ends on 31<sup>st</sup> March 2021. The new Chief Inspector who has been appointed, is Robert Scott, and will take up post on 1<sup>st</sup> April 2021. Most Members will be familiar with Robert, from his time when serving in SFRS having retired in 2017.

**HM Chief Inspector Simon Routh-Jones CBE. QFSM**

**Date 9<sup>th</sup> March 2021**



**AUDIT AND RISK ASSURANCE COMMITTEE – ROLLING FORWARD PLAN**

	<b>STANDING ITEMS</b>	<b>FOR INFORMATION ONLY</b>	<b>FOR SCRUTINY</b>	<b>FOR RECOMMENDATION</b>	<b>FOR DECISION</b>
<b>8 July 2021</b>	<b>ANNUAL PRIVATE MEETING WITH INTERNAL AUDIT</b>				
	<ul style="list-style-type: none"> <li>• Chair’s Welcome</li> <li>• Apologies For Absence</li> <li>• Consideration Of And Decision On Any Items To Be Taken In Private</li> <li>• Declaration of Interests</li> <li>• Minutes of Previous Meeting</li> <li>• Action Log</li> <li>• Internal Controls Updates</li> <li>- Strategic Risk Register</li> <li>- Anti Fraud and Whistleblowing</li> <li>• Gifts and Hospitality – Quarterly Update</li> <li>• Review of Actions</li> <li>• Forward Planning: Committee Forward Plan and Items to be considered at future IGF, Board and Strategy Days</li> <li>• Date of Next Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• HMFSI Routine Report</li> </ul>	<p><b>Internal Audit</b></p> <ul style="list-style-type: none"> <li>• Internal Audit Progress Report 2021/22</li> </ul> <p><b>External Audit</b></p> <ul style="list-style-type: none"> <li>• External Audit – 2020/21 Audit Plan Progress Report</li> <li>• Wider Scope Work</li> <li>• Annual Assurance Statement</li> <li>• Independent Audit/ Inspection Audit Action Plan Update</li> </ul>	<ul style="list-style-type: none"> <li>• SFRS Annual Governance Statement 2020/21</li> <li>• Committee Audit Annual Report 2020/21 to the Accountable Officer and Board</li> </ul>	<ul style="list-style-type: none"> <li>• ARAC Annual Report (Inc Value Added Statement)</li> </ul>

## AUDIT AND RISK ASSURANCE COMMITTEE – ROLLING FORWARD PLAN

	STANDING ITEMS	FOR INFORMATION ONLY	FOR SCRUTINY	FOR RECOMMENDATION	FOR DECISION
7 October 2021	<b>ANNUAL PRIVATE MEETING WITH EXTERNAL AUDIT</b>				
	<ul style="list-style-type: none"> <li>• Chair's Welcome</li> <li>• Apologies For Absence</li> <li>• Consideration Of And Decision On Any Items To Be Taken In Private</li> <li>• Declaration of Interests</li> <li>• Minutes of Previous Meeting</li> <li>• Action Log</li> <li>• Internal Controls Updates</li> <li>- Strategic Risk Register</li> <li>- Anti Fraud and Whistleblowing</li> <li>• Gifts and Hospitality – Quarterly Update</li> <li>• Review of Actions</li> <li>• Forward Planning: Committee Forward Plan and Items to be considered at future IGF, Board and Strategy Days</li> <li>• Date of Next Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• HMFSI Routine Report</li> </ul>	<b>Internal Audit</b> <ul style="list-style-type: none"> <li>• Internal Audit Progress Report 2021/22</li> <li>• Whistleblowing Policy (TBC)</li> <li>• Independent Audit/ Inspection Audit Action Plan Update</li> </ul>	<ul style="list-style-type: none"> <li>• SFRS Draft Annual Report and Accounts 2020/21</li> </ul> <b>External Audit</b> <ul style="list-style-type: none"> <li>• Private Session – Annual Report to Members and Auditor General for Scotland</li> </ul>	

**AUDIT AND RISK ASSURANCE COMMITTEE – ROLLING FORWARD PLAN**

	<b>STANDING ITEMS</b>	<b>FOR INFORMATION ONLY</b>	<b>FOR SCRUTINY</b>	<b>FOR RECOMMENDATION</b>	<b>FOR DECISION</b>
<b>20 January 2022</b>	<ul style="list-style-type: none"> <li>• Chair’s Welcome</li> <li>• Apologies For Absence</li> <li>• Consideration Of And Decision On Any Items To Be Taken In Private</li> <li>• Declaration of Interests</li> <li>• Minutes of Previous Meeting</li> <li>• Action Log</li> <li>• Internal Controls Updates</li> <li>- Strategic Risk Register</li> <li>- Anti Fraud and Whistleblowing</li> <li>• Gifts and Hospitality – Quarterly Update</li> <li>• Review of Actions</li> <li>• Forward Planning: Committee Forward Plan and Items to be considered at future IGF, Board and Strategy Days</li> <li>• Date of Next Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• HMFSI Routine Report</li> </ul>	<p><b>Internal Audit</b></p> <ul style="list-style-type: none"> <li>• Internal Audit Progress Report 2021/22</li> </ul> <p><b>External Audit</b></p> <ul style="list-style-type: none"> <li>• External Audit – 2021/22 Audit Plan Progress Report</li> <li>• HMFSI Thematic Action Plan update</li> <li>•</li> </ul>		

**AUDIT AND RISK ASSURANCE COMMITTEE – ROLLING FORWARD PLAN**

	<b>STANDING ITEMS</b>	<b>FOR INFORMATION ONLY</b>	<b>FOR SCRUTINY</b>	<b>FOR RECOMMENDATION</b>	<b>FOR DECISION</b>
<b>30 March 2022</b>	<ul style="list-style-type: none"> <li>• Chair’s Welcome</li> <li>• Apologies For Absence</li> <li>• Consideration Of And Decision On Any Items To Be Taken In Private</li> <li>• Declaration of Interests</li> <li>• Minutes</li> <li>• Action Log</li> <li>• Internal Controls Updates</li> <li>- Strategic Risk Register</li> <li>- Anti Fraud and Whistleblowing</li> <li>• Review of Actions</li> <li>• Forward Planning: Committee Forward Plan and Items to be considered at future IGF, Board and Strategy Days</li> <li>• Date of Next Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• HMFSI Routine Report</li> </ul>	<p><b>Internal Audit</b></p> <ul style="list-style-type: none"> <li>• Internal Audit Progress Report 2021/22</li> <li>• Internal Audit – Annual Opinion and Report 2021/22</li> <li>• Arrangements for Preparing the AGS 2021/22</li> <li>• HMFSI Thematic Action Plan update</li> </ul>	<p><b>Internal Audit</b></p> <ul style="list-style-type: none"> <li>• Draft Internal Audit Plan 2022/23</li> </ul> <p><b>External Audit</b></p> <p>External Audit – The Audit Plan 2021/22</p>	<ul style="list-style-type: none"> <li>• Review of the Committee Terms of Reference</li> <li>• Value Added Statement</li> <li>• Accounting Policies</li> </ul>