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FIRE AND RESCUE SERVICE
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PUBLIC MEETING - AUDIT AND RISK ASSURANCE COMMITTEE

THURSDAY 14 OCTOBER 2021 @ 1330HRS

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 MEETINGS:** *B Baverstock*
 - 5.1 *Thursday 8 July 2021 (attached)*
 - 5.2 *Thursday 26 August 2021 - Special meeting (attached)*

The Committee is asked to approve the minutes of these meetings.
- 6 ACTION LOG (attached)** *H Greig*

The Committee is asked to note the updated Action Log and approve the closed actions.
- 7 INTERNAL AUDIT**
 - 7.1 *Internal Audit Progress Report 2021/22 (attached)* *Azets*
- Final Report Remote Working Audit (attached)
 - 7.2 *Progress Update – Internal Audit Recommendations (attached)* *Azets*

The Committee is asked to scrutinise these reports.

Please note that this meeting will be recorded and published on the SFRS Website.

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- 8 INDEPENDENT AUDIT/INSPECTION ACTION PLAN UPDATE**
(attached) *R Whetton*
- The Committee is asked to scrutinise this report.
- 9 AUDIT DIMENSIONS AND BEST VALUE FOR THE YEAR ENDED 31 MARCH 2021** *(attached)* *Deloitte*
- The Committee is asked to scrutinise this report.
- 10 DRAFT ANTI-FRAUD AND CORRUPTION POLICY** *(attached)* *J Thomson*
- The Committee is asked to scrutinise this report.
- 11 DRAFT RISK MANAGEMENT POLICY** *(attached)* *J Thomson*
- The Committee is asked to scrutinise this report.
- 12 QUARTERLY UPDATE OF GIFTS, HOSPITALITY AND INTERESTS REGISTER** *(attached)* *D Johnston*
- The report is for information only*
- 13 INTERNAL CONTROLS UPDATE**
- 13.1 Overview of Strategic Risk Register *and Aligned Directorate Risks* *(attached)* *D Johnston*
- 13.2 Anti-fraud and Whistleblowing *(verbal)* *J Thomson*
- The Committee is asked to scrutinise these reports.*
- 14 QUARTERLY UPDATE ON HMFSI BUSINESS** *(attached)* *HMFSI*
- The report is for information only*
- 15 REVIEW OF ACTIONS** *H Greig*
- 16 FORWARD PLANNING** *B Baverstock*
- 16.1 Committee Forward Plan Review *(attached)*
- 16.2 Items for Consideration at Future Integrated Governance Forum, Board and Strategy Day meetings
- 17 DATE OF NEXT MEETING**
Thursday 20 January 2022 @ 1000 hrs

Please note that this meeting will be recorded and published on the SFRS Website.

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PRIVATE SESSION

- 18 EXTERNAL AUDIT – ANNUAL REPORT TO MEMBERS AND AUDITOR GENERAL FOR SCOTLAND (attached)**

Deloitte

The Committee is asked to recommend the report for approval.

- 19 SCOTTISH FIRE AND RESCUE SERVICE DRAFT ANNUAL REPORT AND ACCOUNTS 2020/21 (attached)**

*J Thomson/
A Duncan*

The Committee is asked to recommend the report for approval.

Please note that this meeting will be recorded and published on the SFRS Website.



PUBLIC MEETING - AUDIT AND RISK ASSURANCE COMMITTEE

THURSDAY 8 JULY 2021 @ 1000 HRS

BY CONFERENCE FACILITIES

PRESENT:

Brian Baverstock, Chair (BB) L Bloomer, Deputy Chair (LBI)
 Mhairi Wylie (MW)

IN ATTENDANCE:

Martin Blunden (MB)	Chief Officer
Mark McAteer (MMcA)	Director of Strategic Planning, Performance and Communications
John Thomson (JTh)	Acting Director of Finance and Procurement
Iain Morris (IM)	Acting Director of Asset Management
David Johnston (DJ)	Risk and Audit Manager
Gary Devlin (GD)	Internal Audit (Azets)
Matthew Swann (MS)	Internal Audit (Azets)
Gillian Callaghan (GC)	Internal Audit (Azets)
Caroline Jamieson (CJ)	External Audit (Deloitte)
Robert Scott (RS)	HMFSI
Kirsty Darwent (KD)	Chair of SFRS Board
Richard Whetton (RW)	Head of Governance, Strategy and Performance
Alasdair Cameron (AC)	Group Commander Board Support
Heather Greig (HG)	Board Support Executive Officer
Debbie Haddow (DH)	Board Support/Minutes

OBSERVERS:

Alan Duncan, Finance Manager
 Karen Horrocks, Assistant Verification and Risk Officer
 Ijaz Bashir, Asset Governance and Performance Manager

1 CHAIR'S WELCOME

1.1 The Chair opened the meeting and welcomed those participating via conference facilities, in particular, Robert Scott who has recently been appointed as the new Chief Inspector of the Fire Service (HMFSI).

The Committee were reminded to raise their hands, in accordance with the remote meeting protocol, should they wish to ask a question.

This meeting would be recorded and published on the public website.

For record purposes: It should be noted that due connectivity issues, LBI took over the chairing of the meeting for short periods of time to allow BB to reconnect to the meeting.

2 APOLOGIES

2.1

Bill McQueen, Board Member
Tim Wright, Board Member

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

3.1

With the exception of the previous private minutes, no other items were identified as being required to be taken in private.

4 DECLARATION OF INTERESTS

4.1

None.

5 MINUTES OF LAST PUBLIC MEETING: 24 MARCH 2021

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 24 March 2021 were approved as a true record of the meeting.**

6 ACTION LOG

6.1

The Committee considered the action log and noted the updates.

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

7 COMMITTEE ANNUAL REPORT 2020/21 TO THE BOARD AND ACCOUNTABLE OFFICER OF SCOTTISH FIRE AND RESCUE SERVICE

7.1

BB presented the report to the Committee for approval and highlighted the report provided comment on the key sources of assurance such as Internal Audit, External Audit, HMFSI, risk management, financial control and the Committee's effectiveness.

7.2

BB noted the ongoing development of the risk management and reporting and commended David Johnson for his work in this area.

7.3

In conclusion, the report concluded that the Service has effective risk management, governance and internal control arrangements in place.

7.4

The Committee thanked the Board Support Team, wider Executive Colleagues, Auditors and Inspector for their support and contributions throughout the unprecedented challenging year.

7.5

The Committee approved the report and noted that it would presented at the Board meeting (26 August 2021) for information.

8 SFRS ANNUAL GOVERNANCE STATEMENT 2020/21

8.1

MB presented the report to the Committee advising of the Annual Governance Statement (AGS) inclusion into the Annual Report and Accounts for year ending 31 March 2021. MB noted that the evidence used to support the preparation of the AGS had been drawn from the 4 key assurance providers outlined in the Scottish Public Finance Manual (SPFM).

8.2

In response to Covid-19, MD highlighted the measures and controls put into place to ensure the Service continued to respond and delivery against its strategic objectives. He noted the positive report provided by the HMFSI on the Service's Preparedness and Planning along with both Internal and External Audit's opinion on the Service's performance during this challenging year.

8.3 MB thanked Group Commanders Ally Cameron and Hilary Sangster for their contributions in drafting this document and echoed the earlier commending of David Johnston's involvement in the development of risk management within the Service.

8.4 Following a brief discussion, it was agreed that consideration would be given to amending the Key Highlights of the Board Decisions During 2020-21 section and for the inclusion of a Risk Appetite section.

ACTION: MB

8.5 **The Committee scrutinise the comprehensive report.**

9 INTERNAL AUDIT

9.1 SFRS Internal Audit Progress Report 2020/21

9.1.1 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:

- Successful completion of the 2020/21 Audit Plan with 4 final reports being presented to the Committee today.
- Impact of Covid-19 resulted in audits being undertaken remotely.
- KPI Status – KPI5 status was incorrectly recorded as achieved and will be amended, it should be Amber (within 15% of target).

9.1.2 In regard to the Internal Audit Progress Report 2021/22, MS advised the Committee that discussions were still ongoing to finalise the programme and prioritisation of reviews. The 2021/22 audit plan will be a risk focused audit plan; therefore, it is important that the reviews are undertaken at the appropriate time to ensure maximum value for the Service. MS offered to circulate the 2021/22 Audit Plan, once finalised, to the Committee.

ACTION: MS

9.1.3 MB acknowledged Internal Audit's recognition of the constraints and ongoing pressures within the Service and appreciated their willingness to adjust the programming the 2021/22 Audit Plan accordingly.

9.1.4 Final Report – SFRS Expenses Policy

MS advised the Committee of the outcomes of the audit which found the overall processes were working well and identified 2 areas of improvement within the control framework. MS noted that although the Service's policy encouraged individuals to consider environmental friendly methods of travel, it does not exclude individuals from using their own vehicles.

9.1.5 JT acknowledged the positive audit and noted the recommended areas of improvements which have since been completed. In regard to business travel, JT commented on the behavioural changes required across the Service to consider and encourage more environmentally friendly choices. These choices were supported by the Service's investment within the electric vehicle infrastructure.

9.1.6 The Committee queried whether the Service would penalise individuals for using their own vehicles. JT stated that the policy facilitated individuals to make the right environmental travel choice for business travel.

9.1.7 In regard to employee self-service expenses portal, JT noted the improvements in the processing/reimbursement of expenses and the effective controls and consistency applied by the verification team. JT provided a brief overview of the role and resourcing of the verification team.

9.1.8 JT confirmed that managers were required to authorise claims after payment. The audit found some instances where managers were not reviewing nor identifying any inaccuracies to the verification team. In these instances, JT advised the Committee that the verification

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team had identified and corrected any inaccuracies which highlighted the effectiveness and robust processes in place.

- 9.1.9 MS confirmed the typographical error within Section 2.1, the sentence should read *“In 9 out of 24 (38% of our sample) cases that we checked there was no evidence that the line manager had reviewed the claims post verification team review”*.
- 9.1.10 Final Report – SFRS Procurement and Tendering
MS advised the Committee of the outcomes of the audit which recognised the overall good working control environment and noted the 2 recommendations for improvement. These related to maintenance of training records and appropriate alignment with KPIs being reported in a SMART format. MS noted that the revised Procurement Strategy was in development whilst this audit was undertaken and as such no specific comment has been made about the contents of the new document.
- 9.1.11 JT acknowledged the positive audit which highlights the robust policies and procedures and supports the Service’s work with the Procurement and Commercial Improvement Programme (PCIP) processes. He informed the Committee that one recommendation had already been completed.
- 9.1.12 Final report – Estates Asset Management and Maintenance
GC advised the Committee of the outcomes following the audit, noting the Service’s estate management processes in relation to planned preventative and reactive maintenance reflected good practice, with two areas of improvement identified. These related to the lack of a long-term estates strategy and appropriate policy and procedures to effectively manage the estate.
- 9.1.13 The recently appointed Asset Governance and Performance Manager, Ijaz Bashir, was introduced to the Committee by IM and key areas of work were noted.
- 9.1.14 IM acknowledged the audit recommendations and thanked Azets for their professional approach to the audit during the pandemic. IM noted that the outcomes of the Service Delivery Model Programme (SDMP) would influence the Estates Strategy and confirmed that an interim Estates Strategy would be developed in the intervening period. IM further noted that a review and refresh of the existing policies and procedures would be undertaken.
- 9.1.15 IM informed the Committee that the Estate, Equipment and Fleet Strategies would be completed by early 2022 and noted the governance route up to the Strategic Leadership Team.
- 9.1.16 The Committee were informed of the strategic contribution by the Estates team into the SDMP. This includes conditional survey for all estates, impact of changes to function and footprint of stations and identifying opportunities for shared facilities. Individual financial investment plans would be developed, as required, following the finalisation of the SDMP.
- 9.1.17 IM acknowledged the ideals of the SDMP and the standard station design, however, the Service were realistic and would, if necessary, apply a hybrid and affordable approach.
- 9.1.18 MB reminded the Committee of the current capital backlog, noted the SDMP would inform the modern footprint for the Service and the significant challenges and funding that will be required.
- 9.1.19 The Committee sought assurance on any risks, in particular in relation to health and safety, associated with the outdated policies and procedures. IM advised the Committee that a Health and Safety business partner has been seconded into Asset Management to review and refresh all aspects of health and safety and risk management.

9.1.20 Final Report – Operational Equipment

GC advised the Committee of the outcomes of the audit noting the Service's processes for the maintenance and recording arrangements to establish if they were operating effectively. Three areas of improvement were identified and related to defect reporting documentation, Operational Equipment Strategy and performance reporting arrangements to the Asset Management Liaison Board.

9.1.21 IM informed the Committee that one recommendation had already been addressed. He further noted that a full review of all performance indicators would be undertaken.

9.1.22 The Committee were reminded of the governance arrangements relating to regular scrutiny and updates on the progress and implementation of the recommendations.

9.1.23 IM updated the Committee on the Operational Equipment Strategy noting the work with Service Delivery Areas to identify concepts of operation and future vision, SDMP and the previous work undertaken to standardised equipment/approach.

9.1.24 **The Committee scrutinised the progress report and the four subject reports.**

9.2 **Internal Audit Annual Report 2020/21**

9.2.1 GD presented a report to the Committee to provide an overview of the work undertaken in respect of the 2020/21 internal audit programme and provide an overall annual opinion that the Service has a framework of governance, risk management and controls that provides reasonable assurance regarding the effective and efficient achievement of objectives. The following key areas were highlighted:

- Summary of audit programme including breakdown of allocated number of days.
- Good progress in regard to closing outstanding actions.
- Emerging key themes included ICT/Data security, operational equipment and estate management and maintenance.
- Confirmation of Azets independence status from the Service.
- In recognition of Covid-19, appropriate working arrangements put in place to ensure continued ability to deliver audits.
- Confirmation of Azets conformance with the Public Sector Internal Audit Standards.
- Inclusion of Azets' Internal Quality Assurance Assessment (for information).
- Performance against KPIs set by Management and the Committee.

9.2.2 **The Committee scrutinised and noted the Internal Audit Annual Report 2020/21.**

9.3 **Progress Update – Internal Audit Recommendations**

9.3.1 GC presented a report to the Committee outlining the 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:

- Five recommendations closed since previous meeting.
- Total of 31 recommendations still to be completed, including 15 actions with revised timescales.
- Majority of recommendations outstanding were Grade 2 or lower.

9.3.2 The Committee queried the criteria used when deciding whether actions should be reclassified from green to amber, etc and whether there was a clear definition/timescale of "slight delay". GC noted the status key within the report which detailed the criteria for reclassification of actions. GD noted that the definition of slight delay could be clearer, however, he added a note of caution around setting timescales which would be at the discretion of management. He commented on the judgement that would need to be applied to individual actions, due to the potential impact on other areas/factors and the significance of any impact.

9.3.3 In regard to the ICT & Data Security Audit (Recommendation 2b), GC advised the Committee that a further update has been received and the recommendation was currently on target for completion within the advised timescale (July 2021).

9.3.4 In regard to Performance Management Arrangement Audit (Recommendation 2b), RW confirmed that the full evaluation of the implementation phase would be completed within the advised timescale (September 2021).

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

9.4 **Internal Audit Progress Report 2021/22**

9.4.1 This item was covered under Agenda Item 9.1.

10 **EXTERNAL AUDIT**

10.1 **2020/21 Audit Plan Progress Report**

10.1.1 CJ provided a verbal update to the Committee and highlighted the following key areas:

- Wider Scope report to be presented at a future special meeting.
- Financial statements work will be progressed once year end accounts were available (September).
- Currently reviewing pension information following feedback with a view to streamline processes.

10.1.2 **The Committee noted the verbal update.**

(The meeting broke at 1135 hrs and reconvened at 1140 hrs)

11 **INDEPENDENT AUDIT/INSPECTION ACTION PLAN UPDATE**

11.1 MMcA presented a report to the Committee outlining the arrangements for managing audits/inspections reports and associated action plans and provided an update on the progress relating to the Audit Scotland report. The following key points were highlighted:

- Audit and Inspection overview dashboard
- Audit Scotland Report (May 2018) – 29 actions complete to date with 4 actions outstanding.
 - Cancellation of Action 1a relating to negotiating pay package due to the offer being rejected
 - Action 2.5 (performance management training) relates to training on the InPhase system. The change in approach to InPhase with the Data Management Team managing the data scorecard on behalf of Directorates/functions, etc. Therefore, the need for training had diminished. It was proposed that this would be transferred to business as usual. It was noted that general performance management training and development programmes are available.
 - Extension to Action 5.3a and 5.3c.
- HMFSI Assessing the Effectiveness of Inspection Activity – No recommendations were made from this report.

11.2 The Committee noted and agreed with the proposed action cancellation and transfer to business as usual approach.

11.3 The Committee sought an update on the level of focus on performance management within the Service. MB indicated that this would be discussed, together with the wider impact of Covid, at a future Strategy Day session. Under the Business Intelligent Strategy, MMcA noted that the Data Management Team would be engaging with Service Delivery colleagues to develop scorecards to support local scrutiny and internal performance management.

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- 11.4 In relation to Actions 5.3a and 5.3c, the Committee were provided with clarity on the revised dates and RAG status.
- 11.5 MMcA intimated that the Audit Scotland Action Plan was nearing completion and anticipated to be concluded by the next meeting.
- 11.6 In regard to the HMFSI Assessing the Effectiveness of Inspection Activity, the Committee discussed the interpretation of the term “having regard”, importance of clear recommendations which add value and improvements to the Service, and that the Service take full consideration of any recommendations. RS noted that he had witnessed how recommendations were considered and progressed within the Service as well as the levels of scrutiny applied. RS outlined potential changes to post audit reviews and increased post audit communications to ensure that recommendations were clear and actionable.

11.7 **The Committee scrutinised the report.**

12 INTERNAL CONTROLS UPDATE

12.1 a) Strategic Risk Register

12.1.1 DJ presented the revised Strategic Risk Register (SRR) along with the aligned Directorate Risks to the Committee. DJ noted the ongoing work with the Data Management Team to develop the template and output reports, which improves the articulation of risk, transparency of controls and actions to improve scrutiny and incorporates information on closed risks/actions. DJ noted the removal and addition of several risks as detailed within the covering report.

12.1.2 Regarding SPPC006 (consultation and engagement), MMcA reminded the Committee that recruitment for the Insight and Engagement Team was currently underway.

12.1.3 Regarding SPPC013 (partnership working), RW noted that this risk was created following the merger of 2 previous risks and primarily focused on internal co-ordination and how this was managed. The Committee commented on the need to recognise the potential risks from external parties, particularly Community Planning Partnerships (CPPs) and how these would impact on the Service. RW confirmed that the Service recognised the differences/varying levels of scrutiny within CPPs, and noted that work had commenced to monitor reporting to CPPs to identify and ensure the value of same.

12.1.4 Regard SPPC012 (organisational security), RW explained that the creation of this risk was to provide focus and enable the Service to co-ordinate security arrangements.

12.1.5 **The Committee scrutinised the report.**

12.2 Spotlight Risk Report SPPC008 Corporate Social Responsibility and Sustainability

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

- Risk definition “There is the risk that the services is unable to demonstrate corporate social responsibility and sustainability due to a lack of a coordinated approach resulting in uncoordinated development and loss of workforce, stakeholder and public confidence.”
- Importance of demonstrating sustainability and corporate social responsibility. Confident that the Service does this through CPPs, equality duties, work with young people and climate change.
- Commitment to develop a framework to enable the Service to report with confidence on this work. The Sustainable Development Framework delayed due to resourcing issues but had recently recommenced.

12.2.2 The Committee noted the potential of losing focus on certain social elements ie corporate parenting, social responsibility, within the Sustainable Development Framework. RW

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stated that there was no intention to lose focus or sight on any elements and reminded the Committee that there were Service Champions identified for all these elements.

12.2.2 The Committee scrutinised the report.

12.3 b) Anti-fraud/Whistleblowing Update

12.3.1 JT noted that there were no issues to report.

13 ANNUAL UPDATE REPORT ON HMFSI BUSINESS

13.1 RS presented the annual report to the Committee to provide an update on HMSI's inspection and reporting activity during 2020/21 and the following key areas were noted:

13.1.1

- During 2020/21, 3 Local Area Inspections (LAI) and 3 Thematic Inspections were undertaken along with 2 additional reviews requested by Scottish Government.
 - The LAIs undertaken were City of Edinburgh, Midlothian and Argyll and Bute. Due to the impact of Covid-19, the Argyll and Bute LAI had been delayed and would form part of the 2021/22 plan.
 - Thematic Inspections were Training of Retained Duty System Personnel, Command and Control: Aspects of the SFRS Incident Command System and Assessing the Effectiveness of Inspection Activity.
 - Revisited the Management of Fleet and Equipment Function review (May 2019) and acknowledged the level of work undertaken by the Service to address the 32 recommendations.
- Scheduled for 2021/22 were 2 LAIs and 3 Thematic Inspections.
- Outlined intended proposals on how LAI would be carried out going forward. Consultation to be undertaken prior to any change.
- Future Thematic Inspection work:
 - Health & Safety – An Operational Focus had commenced and the report would be published in August 2021.
 - Firefighting in High Rise Buildings would commence in July 2021 and the report would be published in March 2022.
 - UN Climate Change Conference – COP 26 commenced in June 2021 and the report would be published in September 2021.
 - Review of Operational and Protective equipment would commence in September 2021 and the report would be published in March 2022. Engaged with Internal Audit to identify any potential duplication of effort for this and future inspections.
- Recent appointments and restructure: Rick Taylor, Assistant Inspector (October 2020) and Robert Scott, Chief Inspector (April 2021). Internal restructure of HMFSI team to align with Strategic Leadership Team counterparts to improve the overall working relationship. Proposed intentions to increase HMFSI team exposure to Committee/Board members to develop wider relationships within the Service.

13.1.2 The Committee noted the report and warmly welcomed the proposed approach.

14 QUARTERLY UPDATE OF GIFTS, HOSPITALITY AND INTERESTS REGISTER

14.1 DJ presented the report to the Committee providing an update on the Gifts, Hospitality and Interests Register for Quarter 4 2020/21 and Quarter 1 2021/22. He noted that the new Gifts, Hospitality and Interests Policy had been launched and promulgated on the iHub. It was noted that the Service would continue to publicise, engage and promote the importance of proactive declaration and fraud awareness.

14.2 Within the next report, the Committee requested that consideration be given to include feedback on how this new policy was being received as well as any improvements identified.

ACTION: DJ

14.3 The Committee noted the report.

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- 15.1 AC confirmed that three formal actions were recorded during the meeting.

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

The Committee considered and noted the Forward Plan.

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 14 October 2021 at 1330 hrs. However, potential dates for a special Committee meeting were currently being identified and would be advised in due course.

- 17.2 On behalf of the Committee, BB thanked Bill McQueen for his contributions during his time on the Committee and wished him well for the future.

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

PRIVATE SESSION**18 MINUTES OF LAST PRIVATE MEETING: 24 MARCH 2021**

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

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SPECIAL PUBLIC MEETING - AUDIT AND RISK ASSURANCE COMMITTEE

THURSDAY 26 AUGUST 2021 @ 1500 HRS

BY CONFERENCE FACILITIES

PRESENT:

Brian Baverstock, Chair (BB)	Lesley Bloomer, Deputy Chair (LBI)
Paul Stollard (PSt)	Tim Wright (TW)
Mhairi Wylie (MW)	

IN ATTENDANCE:

Martin Blunden (MB)	Chief Officer
Mark McAteer (MMcA)	Director of Strategic Planning, Performance and Communications
John Thomson (JTh)	Acting Director of Finance and Procurement
David Johnston (DJ)	Risk and Audit Manager
Pat Kenny (PK)	External Audit (Deloitte)
Conor Healy (CH)	External Audit (Deloitte)
Matthew Swann (MS)	Internal Audit (Azets)
Kirsty Darwent (KD)	Chair of SFRS Board
Alasdair Cameron (AC)	Group Commander Board Support
Heather Greig (HG)	Board Support Executive Officer
Debbie Haddow (DH)	Board Support/Minutes

OBSERVERS:

Ijaz Bashir, Asset Governance and Performance Manager

1 CHAIR'S WELCOME

- 1.1 The Chair opened the special meeting and welcomed those participating via conference facilities, in particular new Board Member Paul Stollard to his first Committee meeting.
- 1.2 The Committee were reminded to raise their hands, in accordance with the remote meeting protocol, should they wish to ask a question.
- 1.3 Direct public access to observe meetings was now available on request, however, meetings would continue to be recorded and published on the public website.

2 APOLOGIES

- 2.1 None

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

- 3.1 None

4 DECLARATION OF INTERESTS

- 4.1 None.

5 AUDIT DIMENSIONS AND BEST VALUE FOR THE YEAR ENDED 31 MARCH 2021

5.1 PK presented the report to the Committee for scrutiny and noted that this wider scope review was a key part of the dual responsibility of the Public Sector Audit Model in Scotland. The wider scope report covers financial management, financial sustainability, value for money, governance and transparency and concludes in a best value assessment. The report highlights several positive elements and also identifies areas of improvement.

5.2 CH informed the Committee of the key conclusions made from each element of the audit dimensions.

- Financial management:
 - Generally effective, however there were areas for improvement identified in how savings targets were set and plans to achieve savings, whether savings were being achieved and how they aligned with the requirements identified in the Medium Term Financial Model (MTFM) and Long Term Financial Strategy (LTFS) to enable management to understand what short-term decisions and actions were improving the long term financial position facing the service.
 - In terms of the budget, performance was generally effective, however, improvements were identified, such as setting out as part of the budget document the key assumptions, risks, progress against outcomes and links to longer term strategic document.
 - CH noted that Recommendation 1.7 (Financial Capacity), was not accepted by Management as this was considered an operational matter.
- Financial Sustainability:
 - At this stage, there was insufficient evidence to conclude whether the Service could achieve short-term financial balance in 2021/22.
 - Budget reporting style has continually altered since 2017/18 and resulted in an cumulative reduction of information being provided on savings and cost pressures which underpin the budget strategy.
 - Capital Programme could be enhanced to clarify how it links into the Asset Management Strategy and Long-Term Strategy thus ensuring awareness of potential impact on the resource budget and decision making processes.
 - Strong evidence of accurate capital budgeting, however the high-level reporting style to the Board does not provide assurance on individual projects being delivered within budget or timescales.
 - Long Term Financial Strategy should be linked to ongoing decision-making processes and reported against and have clear links to the MTFM, Capital Programme, Strategic Resourcing Plan and Budget.
- Governance and Transparency:
 - Effective leadership, governance and scrutiny.
 - Comprehensive suite of strategy, governance documents, however, linkage between the documents could be enhanced to help identify any impact on short term decision making/long term options.
 - Overall open and transparent organisation, however, earlier measures could have been taken to allow direct public access to Board meetings during Covid-19.
- Value for Money:
 - Recognition of the significant impact of Covid-19 on the organisation.
 - Clear and robust Performance Management Framework which was aligned to the National Performance Framework.
 - Increased benchmarking, as a national organisation, would enhance performance information.
 - Standardised performance reporting ie, trend analysis, narrative would help the presentation and production of this data.
 - The organisation has a considered and embedded approach towards equalities.
 - Sufficient arrangements to secure best value and continuous improvement, however improvements could be made to interim processes.

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- 5.3 The Committee requested and were provided with clarity on Recommendation 3.1 (Governance and Scrutiny Arrangements) which related to reliance on external bodies to identify areas of improvement.
- 5.4 As the Accountable Officer, MB noted the report which contained 28 recommendations, only one of which was not accepted. MB voiced his disappointment at the apparent difference in approach adopted for this audit, the judgemental tone/language used throughout the report and the time committed by management and the auditors during this process.
- 5.5 The Committee made the following general comments:
- In regard to the statement “*There is no reporting against the Training Strategy etc., Recommendation 2.10*”, the Committee commented on pejorative nature of the opinion being expressed, and requested clarification whether it would remain in the final report. CH noted the comment and agreed to review the phraseology, and amend as appropriate, prior to submission to Audit Scotland.
 - General acceptance with the areas for improvement and recommendations.
 - At times the tone and phraseology within the report was considered unnecessarily judgemental and inappropriate. Narrative within the report appears to be misaligned with the recommendations themselves.
 - The report would have benefited by clearer references to examples of best practice.
 - Clarity sought regarding the management’s response and/or actions directly addressing the recommendations.
 - The impact of Covid on the organisation before/during the audit and how the audit was undertaken on this occasion.
- 5.6 In response, PK confirmed his willingness to consider the tone and language within the draft report and amend, without diluting the message, as appropriate. PK reiterated his opinion that the report was not overtly critical and confirmed that the intention was always for this area be reviewed towards the end of their appointment. PK reminded the Committee of the role of an independent auditor was to undertake audits and provide an opinion based on their findings.
- 5.7 JT thanked Deloitte for the report and their willingness to accept earlier feedback and revisions to the document. JT acknowledged Deloitte’s independence and confirmed acceptance, with one exception (Recommendation 1.7), of all the recommendations. JT reiterated early comments regarding the narrative and noted that a greater level of engagement during the audit would have been beneficial. PK acknowledged that Covid had impacted the normal level of engagement between the audit team and SFRS staff.
- 5.8 Within the Management Responses, JT noted that the Service had attempted to provide an update on the current position as well as identifying how the actions would be progressed.
- 5.9 Recommendation 1.1 (Financial Reporting): JT noted that the current scrutiny processes were adequate, however, accepted the recommendation and that transparency of this process could be improved.
- 5.10 Recommendation 1.2 (Financial Reporting): JT confirmed that the budget would link to the Strategic Plan.
- 5.11 Recommendation 1.4 (Savings Plans): JT provided clarity on how efficiencies would be links into the MTFM and LTFS.

DRAFT - OFFICIAL

- 5.12 Recommendation 1.6 (Savings Plans): JT noted that all efficiency savings would be tracked and presented to the Board to ensure full visibility. As per the recommendation, the Service would look to apply a RAG status rating.
- 5.13 Recommendation 1.8 (Financial Capacity): JT noted that the response allows flexibility to review the capacity/skills levels should this be necessary.
- 5.14 Recommendation 1.9 (Internal Audit): Accepted, however, it was noted that this was a known issue and was already being progressed. MS commented on the inaccuracy of the factual statement attributed to Azets (Internal Audit) within the report. CH to revise narrative as appropriate.
- 5.15 Recommendation 2.1 (Capital Planning & Asset Management): CH to revise narrative as appropriate. Consideration for management response to be revised to provide further clarity.
- 5.16 Recommendation 2.2 (Capital Planning & Asset Management): Consideration for management response to be revised to provide further clarity.
- 5.17 Recommendation 2.5 (Medium-to-Long Term Financial Planning): Consideration for management response to be revised to provide further clarity.
- 5.18 Recommendation 2.7 (Budget Setting): JT confirmed that the reporting style would be adjusted to improve transparency.
- 5.19 Recommendation 2.10 (Workforce Planning): CH confirmed that there was no specific issue with the management response.
- 5.20 Recommendation 3.1 (Governance and Scrutiny Arrangements): MMcA to review the management response to provide further clarity.
- 5.21 Recommendation 3.2 (Openness and Transparency): CH to review recommendation and MMcA to review the management response to provide further clarity.
- 5.22 Recommendation 4.1 (Performance Management Framework): MMcA confirmed that benchmarking was being progressed and would review the management response to provide further clarity.
- 5.23 Recommendation 4.2 (Performance Management Framework): Consideration for management response to be revised to provide further clarity.
- 5.24 Recommendation 4.3 (Performance Data): Accepted, standardised reporting would be developed.
- 5.25 JT informed the Committee that the revised target date for 2021/22 was reflective of the impact of Covid and the programme of reset, recovery and renew.
- 5.26 In summary, the Committee welcomed the opportunity to scrutinise and constructively discuss the report. The Committee noted the acceptance of 27 recommendations and that one recommendation which was not accepted. Given the high level of recommendations accepted by the Executive it is disappointing that there is such disagreement with large parts of the narrative in the body of the report.
- 5.27 The Committee agreed to provide further reflections on the report to PK in light of today's discussion

ACTION: BB

5.28 The Committee requested that the responsible persons within the External Audit Action Plan give further consideration to the responses as detailed and to the recommendations ensuring complete clarity for the Committee and for the purpose of further scrutiny.

ACTION: JT

5.29 **The Chair thanked everyone for their contribution to a robust and constructive discussion.**

6 REVIEW OF ACTIONS

6.1 AC confirmed that 2 formal actions were recorded during the meeting.

7 DATE OF NEXT MEETING

7.1 The next meeting is scheduled to take place on Thursday 14 October 2021 at 1330 hrs.

7.2 There being no further matters to discuss the public meeting closed at 1710 hrs.

DRAFT

AUDIT AND RISK ASSURANCE COMMITTEE ROLLING ACTION LOG



SCOTTISH
FIRE AND RESCUE SERVICE
Working together for a safer Scotland

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 6 actions. A total of 5 of these actions have been completed.

The Committee is therefore asked to approve the removal of the 5 actions noted as completed (Blue status), note one action 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
Meeting Date: 24 March 2021						
Item 8.1.4	Internal Audit Plan 2021/22: Due to the Committee's interest in this Remote Working Audit, it was that the detailed scope/terms of reference of the audit, once finalised, would be circulated to the Committee for information only.	GD	July 2021		October 2021	Update (08/07/2021): Azets agreed to issue the scope/terms of reference to ARAC prior to the review taking place. At the moment we are still in the progress of arranging dates for the reviews, but this will be drafted and submitted to ARAC prior to the work commencing. Completed (14/10/2021): Remove Working Assignment Plan circulated to via email on 22 July 2021.

Minute Ref	Action	Lead	Due Date	RAG Status	Completion Date	Position Statement
Meeting Date: 8 July 2021						
Item 8.4	SFRS Annual Governance Statement 2020/21 – Consideration to be given to amending the Key Highlights of the Board Decisions During 2020-21 section and for the inclusion of a Risk Appetite section.	CO	October 2021		July 2021	Completed (14/10/21): AGS has subsequently been updated accordingly following Committee feedback.
Item 9.1.2	SFRS Internal Audit Progress Report 2020/21: MS to circulate the 2021/22 Audit Plan, once finalised, to the Committee.	MS	October 2021		August 2021	Completed (14/10/21): Audit Timetable for the 2021/22 was circulated via email on 12 August 2021.

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Item 14.2	Quarterly Update of Gifts, Hospitality and Interests Register: Within the next report, the Committee requested that consideration be given to include feedback on how this new policy was being received as well as any improvements identified	DJ	October 2021			Update (14/10/21): A request has been issued to Directorate Management Team to provide feedback on the revised Policy and current arrangements. Meetings are also currently being arranged with Management Teams to discuss both the GHI's and the new Fraud Policy for later in November and December to raise awareness and to gain additional feedback.
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Minute Ref	Action	Lead	Due Date	RAG Status	Completion Date	Position Statement
Meeting Date: 26 August 2021 (Special)						
Item 5.27	Audit Dimensions and Best Value or the Year Ended 31 March 2021: Further consideration by the Committee to be feedback to PK.	BB	October 2021		October 2021	Completed (14/10/21): Comments were submitted to PK on 23 September 2021.
Item 5.28	Audit Dimensions and Best Value or the Year Ended 31 March 2021: Responsible persons within the External Audit Action Plan to give further consideration to the responses as detailed and to the recommendations ensuring complete clarity for the Committee and for the purpose of further scrutiny.	JT (Responsible Officers)	October 2021		October 2021	Completed (14/10/21): JT has collated updated responses from responsible officers and inputted these to the action plan and returned to Deloitte

SCOTTISH FIRE AND RESCUE SERVICE

Audit and Risk Assurance Committee



Report No: C/ARAC/31-21

Agenda Item: 7.1

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:	14 OCTOBER 2021						
Report Title:	SFRS INTERNAL AUDIT PROGRESS REPORT						
Report Classification:	For Scrutiny	Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
1	Purpose						
1.1	To provide a summary of progress in the delivery of the 2021/22 Internal Audit plan.						
2	Background						
2.1	This report is intended to enable the Audit and Risk Assurance Committee (ARAC) to consider the progress to date in the delivery of the audit plan for 2021/22.						
3	Main Report/Detail						
3.1	To provide confirmation of the progress made in relation to all audits contained within the 2021/22 agreed audit plan and to confirm that the audit programme is progressing as planned.						
4	Recommendation						
4.1	To note the contents of the report.						
5	Key Strategic Implications						
5.1	Risk						
5.1.1	The internal audit programme forms part of the Service's Assurance Framework.						
5.2	Financial						
5.2.1	There are no direct implications associated with the report.						
5.3	Environmental & Sustainability						
5.3.1	There are no direct implications associated with the report.						
5.4	Workforce						
5.4.1	There are no direct implications associated with the report.						
5.5	Health & Safety						
5.5.1	There are no direct implications associated with the report.						
5.6	Training						
5.6.1	There are no direct implications associated with the report.						

5.7 5.7.1	Timing The report notes progress in relation to audits to be undertaken in the 2021/22 financial year.	
5.8 5.8.1	Performance Internal audit is intended to support the service and where relevant identify areas where performance can be enhanced.	
5.9 5.9.1	Communications & Engagement Individual reports are issued and agreed with management for each of the audit assignments contained within the progress report and are presented separately to the Audit and Risk Assurance Committee throughout the year.	
5.10 5.10.1	Legal There are no direct implications associated with the report.	
5.11 5.11.1	Information Governance Collection or use of personal data has not been required in the preparation of the Internal Audit Progress Report. For this reason, a Data Protection Impact Assessment has not been required.	
5.12 5.12.1	Equalities For each audit assignment, relevant directors need to consider whether an Equality and Human Rights Impact Assessment is applicable in respect of any recommendations made.	
5.13 5.13.1	Service Delivery There are no direct implications associated with the report.	
6	Core Brief	
6.1	Not applicable	
7	Appendices/Further Reading	
7.1	None	
Prepared by:	Gill Callaghan, Senior Manager, Azets	
Sponsored by:	John Thomson, Acting Director of Finance & Procurement	
Presented by:	Gary Devlin, Partner, Azets	
Links to Strategy and Corporate Values		
Working Together for a Safer Scotland		
Governance Route for Report	Meeting Date	Report Classification/ Comments
<i>Audit and Risk Assurance Committee</i>	<i>14 October 2021</i>	<i>For Scrutiny</i>



Scottish Fire & Rescue Service

Internal Audit Progress Report

September 2021



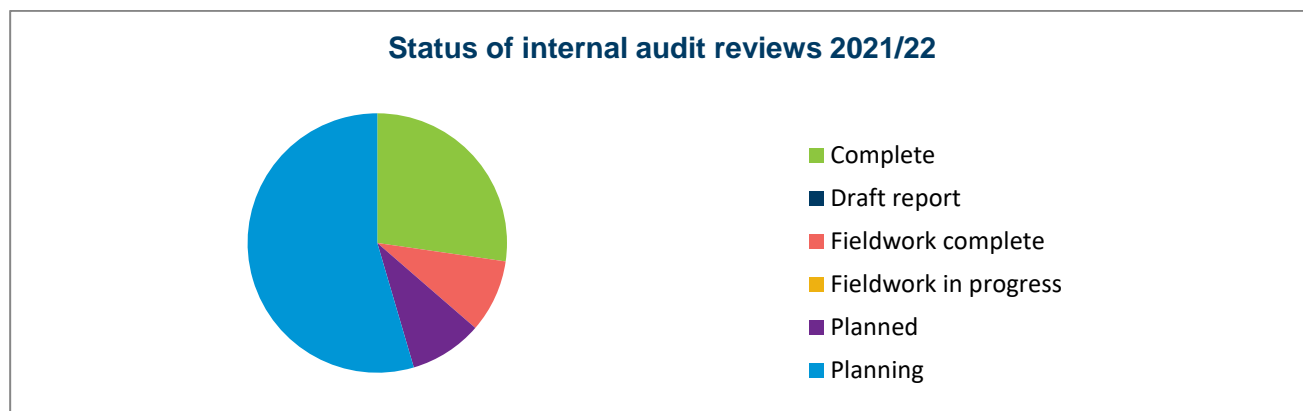
Scottish Fire & Rescue Service

Internal Audit Progress Report

Summary	1
2021/22 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.



Audits completed since last Audit and Risk Assurance Committee meeting

The following audits have been completed since the last Audit and Risk Assurance Committee meeting:

- Remote Working

Action for Audit and Risk Assurance Committee

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

Gary Devlin, Audit Partner	gary.devlin@azets.co.uk	0131 473 3500
Matt Swann, Associate Director	matthew.swann@azets.co.uk	0131 473 3500
Gill Callaghan, Senior Manager	gill.callaghan@azets.co.uk	0131 473 3500

2021/22 audit plan progress

Ref and Name of report	Days	Current status	Planned ACC	Actual ACC
D4. Remote Working	25	Complete	Oct 21	Oct 21
C3. Fire Safety Enforcement	14	Fieldwork Complete	Jan 22	-
B1. Learning and Development	15	Planned	Jan 22	-
E2. ICT and Data Security Follow Up	10	Planning	Mar 22	-
D3. Workforce Planning	18	Planning	Mar 22	-
C5. Environmental Sustainability	12	Planning	Mar 22	-
C4. Programme Office	20	Planning	Jul 22	-
F1. Follow up of outstanding recommendations Q1	2.5	Complete	Jul 21	Jul 21
F1. Follow up of outstanding recommendations Q2	2.5	Complete	Oct 21	Oct 21
F1. Follow up of outstanding recommendations Q3	2.5	Planning	Jan 22	-
F1. Follow up of outstanding recommendations Q4	2.5	Planning	Mar 22	-
G1. Annual report	n/a	Planning	Jul 22	-

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

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 <i>* See note below</i>
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	Discussions have been held with management to ensure completion dates are prompt but realistic.

Key

RED	More than 15% away from target
AMBER	Within 15% of target
GREEN	Achieved

* It was agreed that an additional 1 day could be used from the contingency budget allocation for our attendance at the special ARAC meeting held on 26 August 2021

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Scottish Fire and Rescue Service

Internal Audit Report 2021/22

Remote Working

September 2021



Scottish Fire and Rescue Service

Internal Audit Report 2021/22

Remote Working

Executive Summary	1
Management Action Plan	6
Appendix A - Definitions	15
Appendix B - Staff Survey Results	16

Audit Sponsor	Key Contacts	Audit team
<p><i>Liz Barnes, Director of People and Organisational Development</i></p> <p><i>Paul Stewart, Director of Service Development</i></p>	<p><i>Scott Semple, Head of People and Organisational Development</i></p> <p><i>Julie Harkins, Acting Head of Safety and Assurance</i></p>	<p><i>Gary Devlin, Partner</i></p> <p><i>Paul Kelly, IT Audit Director</i></p> <p><i>Matthew Swann, Associate Director</i></p> <p><i>Gill Callaghan, Senior Audit Manager</i></p> <p><i>Mitchell Collins, Senior IT Audit Manager</i></p> <p><i>Lara Boyaci, IT Auditor</i></p> <p><i>Nadia Goode, Assistant Manager</i></p> <p><i>Nieshba Shan, Senior Internal Auditor</i></p>

Executive Summary

Conclusion

Generally, we found that SFRS's arrangements for remote working reflected good practice and ensured that the staff were provided with adequate support, training and equipment to manage the change in their working environment. Our survey revealed that staff who took part are happy with being given the option to work remotely and are generally very satisfied with the support provided by SFRS to facilitate this in terms of training/guidance, equipment and support in relation to their wellbeing.

However, we have identified five areas for improvement in relation to the following areas:

- **Mandatory training for managers;**
- **Monitoring feedback on agile working;**
- **Implementing a risk checklist for agile working outwith the home and SFRS premises environment;**
- **Monitoring and reporting on the implementation of the Agile Working Framework; and**
- **Obtaining and considering lessons learned.**

Implementation of our recommendations will enhance the control environment in respect of remote working.

Background and scope

The COVID-19 pandemic necessitated the introduction of alternative ways of working including, wherever possible, the requirement for staff to work remotely from home in order for organisations to continue their business and to minimise the impact of the pandemic on their operations. A large number of organisations are taking the decision to continue allowing their staff to work remotely and are implementing agile and hybrid models of working.

On 2nd August 2021, SFRS launched its Agile Working Framework, which has been introduced to provide staff with choices as to how and where they work. This will necessitate a change of culture within SFRS and is an opportunity for the organisation to take advantage of its digital capabilities and maximise their effectiveness.

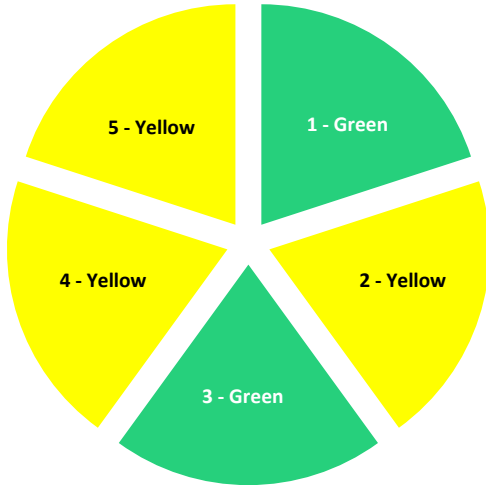
The terms homeworking, remote working and agile working are used throughout this report and are sometimes interchangeable. For clarity, the different ways of working can be defined as follows:

- Homeworking – working from the employee's home;
- Remote working – working offsite i.e. not on any SFRS premises;
- Agile working – working at any suitable location i.e. having the option to work from home, at any SFRS office/station, working from a café, library etc.

In accordance with the 2021/22 Internal Audit Plan, we reviewed the controls in operation over Remote Working. As this audit includes an IT element, this part of the review was carried out by our specialist IT

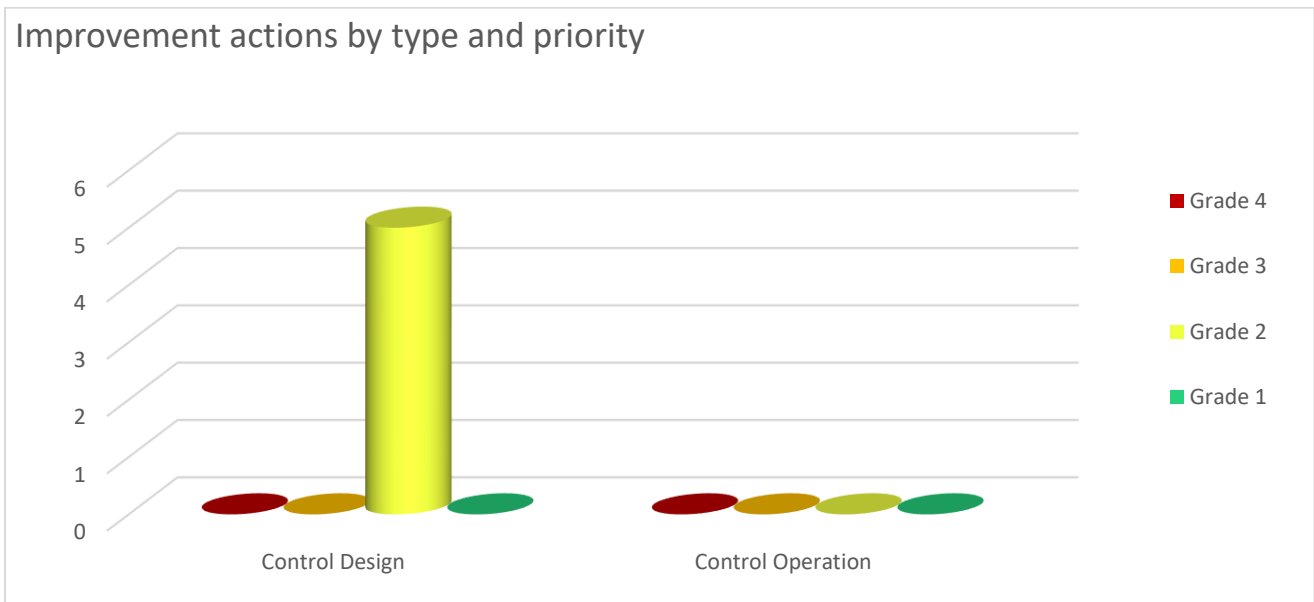
auditors working alongside our general auditors in order to provide a comprehensive opinion on the SFRS's remote working arrangements.

Control assessment



- 1. An effective governance framework is in place covering agile working arrangements including appropriate policies and procedures, and reporting structures.
- 2. Due consideration is given to staff well-being on the introduction of the agile working framework with staff being provided with adequate support, training and equipment to manage the change in working environment and the associated security risks
- 3. Technical solutions have been implemented to allow secure access to the network and key systems when staff are working remotely
- 4. Due consideration is given to any health and safety issues which may arise as a result of agile working
- 5. Appropriate management information and reporting arrangements are in place with regard to the implementation of the agile working framework

Improvement actions by type and priority



Five improvement actions have been identified from this review all of which relate to the design of the controls. See Appendix A for definitions of colour coding.

Key findings

Good practice

We have gained assurance that SFRS's procedures reflect good practice in a number of areas:

- Comprehensive guidance is available to staff in respect of Agile Working on i-Hub.
- Effective arrangements are in place to communicate with staff working remotely to ensure there is good engagement with them and they do not suffer from lack of inclusion.
- A variety of tailored support is available for staff members in relation to their mental health and wellbeing.
- Technical solutions are in place to allow SFRS staff to access the network securely.

Areas for improvement

We have identified five areas for improvement which, if addressed, will strengthen SFRS's control framework. These areas are:

- The need to ensure training on agile working is mandatory for managers.
- The need to have arrangements in place for monitoring staff feedback in respect of remote working.
- The need to devise a checklist to address organisational risks associated with agile working outwith the home and SFRS premises environment.
- The need for adequate and appropriate monitoring and reporting arrangements for remote working and agile working to be set-up and defined - with clear responsibilities for the groups involved.
- The need to conduct a lessons learned exercise specifically for all aspects of remote working. The lessons learned can be applied and taken forward for consideration in the implementation of the Agile Working Framework.

These are further discussed in the Management Action Plan below.

Staff survey

As part of this review, a staff survey was carried out. The purpose of the survey was to ascertain employees' views on the introduction of agile working. Eight questions were devised in relation to the following:

- 1) the level of staff awareness of the Agile Working Framework;
- 2) the level of corporate communication in respect of agile working;
- 3) the supply of appropriate equipment to facilitate agile working;
- 4) training provided in respect of cyber security;
- 5) satisfaction with the level of inclusion;
- 6) satisfaction with the level of support provided by SFRS;

- 7) satisfaction with current working arrangements; and
- 8) any suggestions for improvements to agile working arrangements.

We selected a random sample of 55 staff from various locations and of different grades who were contacted and asked if they would take part in a survey in connection with remote working. Initially, 11 staff responded saying they were willing to take part, with responses received from 8 staff, the majority of whom were contacted and interviewed via MS Teams. Two members of staff completed the survey form and returned it to us directly.

The results of the survey revealed that generally staff were aware of the introduction of the Agile Working Framework and felt that they had received appropriate communication, training/guidance, equipment and support in relation to agile working. In addition, all staff surveyed had undergone cyber security training.

In general staff were very satisfied with the level of support and inclusion and with their current working arrangements. Suggestions for improvement concerned the following:

- Having more online workshops/training sessions for support staff to learn more about other parts of the organisation;
- Extending core hours to allow a more flexible approach to working which would improve remote working and also improve the work/life balance; and
- Ensuring staff continue to feel included and that they continue to be included going forward.

Details of the survey and the results can be found at Appendix B.

Impact on risk register

The conclusion of this review has not identified any areas where we believe there is an impact on the SFRS's Risk Register that is not already appropriately captured.

Acknowledgements

We would like to thank all staff consulted during this review for their assistance and co-operation.

Management Action Plan

Control Objective 1: An effective governance framework is in place covering agile working arrangements including appropriate policies and procedures, and reporting structures.



No weaknesses identified

An Agile Working Framework has been put in place with relevant Flexible Working and Homeworking policies aligned with the Framework. The Framework was considered by the Strategic Leadership Team, approved by the Staff Governance Board and then presented to the SFRS Board for final approval in December 2020.

The Framework is accessible to staff and management via a set of publications placed on the organisation's i-Hub covering the concept, terminology, cultural context, roles and responsibilities, key principles, benefits and information on available support to employees who wish to adopt agile working.

The publications placed on i-Hub were reviewed and were found to provide comprehensive guidance for staff to manage the change in working environment and associated security risks. The Agile Working Framework, the Flexible Working and Homeworking policies are version controlled with authors and policy owners identified and dates of approval, issue and review stated.

Control Objective 2: Due consideration is given to staff well-being on the introduction of the agile working framework with staff being provided with adequate support, training and equipment to manage the change in working environment and the associated security risks



Yellow

2.1 Staff Training

E-learning cyber training has been rolled out and is mandatory for all staff. This is designed to ensure that staff are aware of online security requirements. All of our survey respondents confirmed they had received cyber security training.

Various toolkits have been developed to guide managers in supporting their teams who are working in new, different ways due to agile working. These along with supporting booklets are in place for:

- Engagement, Motivation and Remote Working;
- Mental Health and Wellbeing for People Managers;
- Navigate and Lead Through Change;
- Productivity During Times of Uncertainty; and Resilience and Wellbeing.

Within the booklets on i-Hub there is further information about resources - including useful websites; leadership and skills development team contacts; internal support; external support and related recommended e-learning and resources.

Whilst the training resources available to managers were found to be comprehensive, it was noted that it is not mandatory for managers to complete them.

Risk

There is a risk that, without the appropriate training, managers may not be fully supporting their staff and promoting the new culture related to agile working.

Recommendation

SFRS needs to determine which elements of the training in relation to agile working should be mandatory for managers. Once this is agreed, arrangements should be put in place to ensure that managers have completed the required training.

Management Action

Grade 2
(Design)

A review of the training in relation to agile working that may be deemed mandatory for managers will be undertaken.

Action owner: Head of POD

Due date: 31 March 2022

2.2 Monitoring of Staff Feedback

Staff well-being and the effectiveness of remote working is monitored primarily on an individual basis through check-ins and one-to-ones with line managers. For any individual needs, the line managers are the responsible party to ensure appropriate action is taken in respect of any negative impacts.

At an organisation-wide level, there are dedicated mailboxes for both wellbeing issues and agile working. Additionally, there is a team of occupational health practitioners, leads and technicians. At any point in time, anyone can self-refer themselves through occupational health if they feel it would be beneficial. Since the implementation of remote working, two surveys were conducted by SFRS. The first was a general survey around wellbeing, with the Wellbeing Group considering and reporting on key outcomes. The second survey was prepared by the Communications and Engagement team for homeworking staff managing childcare challenges. The results were contained within a report considered by SLT and, as a result, several new measures were introduced. There have been no other surveys conducted and no further surveys are planned.

There are many channels for SFRS to receive staff feedback in relation to well-being and the effectiveness of homeworking. However, there is limited evidence that feedback is being analysed and monitored on a regular basis, by the relevant groups and committees, in order to inform decision making and reflect appropriately on staff concerns.

Risk

There is a risk that staff are not adequately supported in managing change in the working environment, resulting in poor staff morale, high staff turnover, loss of productivity and reputational damage.

Recommendation

SFRS should implement a more structured approach to obtaining, analysing and reporting feedback from staff. In order to enable appropriate action to be taken in respect of any negative impacts on staff well-being and the effectiveness of remote working, SFRS should consider having a schedule for obtaining feedback. This could consist of periodic surveys; drop-in sessions for general remote working issues; and mechanisms in place for line managers to provide feedback about common or concerning issues found in their teams, including information about productivity.

Management Action

Grade 2
(Design)

As part of developing the employee engagement framework POD will ensure obtaining, analysing and reporting feedback from staff on agile working is included in the schedule of employee engagement touch points such as questionnaires, staff survey and forums.

Action owner: Head of POD

Due date: 30 June 2022



Control Objective 3: Technical solutions have been implemented to allow secure access to the network and key systems when staff are working remotely.

No weaknesses identified

Technical solutions are in place to allow SFRS staff to securely access the network remotely.

SFRS uses Microsoft Direct Access for remote access to the corporate network. This needs the user to have the correct user id and password as well as a valid authentication certificate installed on their device.

We also noted that there is a requirement for multi-factor authentication (something you know (i.e. user id and password) and something you have (i.e. unique one-time token or passcode)) to gain access to Office365 services.

Control Objective 4: Due consideration is given to any health and safety issues which may arise as a result of agile working

4.1 Risk Assessments

The SFRS's Health and Safety Policy was last updated in July 2021. This policy makes reference to the management system, which includes a suite of management arrangements. There are 35-40 management arrangements and DSE Homeworking is included in this.

We obtained the DSE Homeworking Management Arrangement and confirmed it contains information regarding individual's responsibilities (line managers, staff, departmental managers) as well as relevant group responsibilities (ICT, DSE Homeworking Group, Health and Safety Department). It also includes the homeworking management procedure which details the steps to be followed i.e. undertaking risk assessment; establishing control measures and monitoring and maintaining safe homeworking. It also provides links to associated documents and references, as well as a homeworking checklist/assessment.

Organisation-wide homeworking was introduced to SFRS as a result of the COVID-19 pandemic. A risk assessment was prepared by the Health and Safety team covering the risks associated with COVID. This included a section for homeworking and identified musculoskeletal injuries, isolation, and lone working as risks. Next to each of these issues are actions SFRS have taken to mitigate against the risks.

Review of the DSE Homeworking Management Arrangement (which includes the Homeworking assessment/checklist) confirmed that this contains a sufficient set of criteria against which staff can assess their home working environment. This includes sections dealing with work patterns, display screens, keyboards, the mouse, furniture, environment and health.

The Acting Head of Safety and Assurance advised that, in respect of agile working in public places, as this is considered to be a temporary workplace there is no increased risk from DSE. Consequently, there is no need to carry out a DSE workstation assessment .

We note that, due to the variety of public locations that may be used by SFRS staff to work, it is not possible for an organisational risk assessment to be completed and therefore, an employee checklist would be more suitable. We were advised by the Acting Head of Safety and Assurance that the risks associated with this manner of agile working should not be restricted to Health and Safety risks alone as there are other risks which should also be considered such as those related to security over personal and sensitive information when working in public spaces.

Risk

There is an increased likelihood that risks posed by working in public spaces may not be identified and appropriately mitigated which could result in harm to staff, loss of productivity, disclosure of personal/sensitive information and reputational damage.

Recommendation

A checklist should be devised which addresses all risks associated with agile working outwith the home and SFRS premises environment. This should include all related organisational risks including health and safety. Once agreed, the checklist should be appended to the Agile Working Framework and training should be provided to staff on its completion.

Management ActionGrade 2
(Design)

POD to facilitate the development of a checklist with input from all identified stakeholders.

Action owners: Head of POD

Due date: 31 January 2022

Control Objective 5: Appropriate management information and reporting arrangements are in place with regard to the implementation of the agile working framework



Yellow

5.1 Monitoring and Reporting Process

Our review of the monitoring and reporting arrangements within SFRS revealed three groups who manage issues relating to remote working: the Wellbeing Group; the Mental Health Group; and the Workplace Group.

We obtained the Terms of Reference for each of these groups to ascertain their purpose:

- Wellbeing Group: *“To support the organisational response towards sustaining employee wellbeing throughout the COVID-19 pandemic.”* Their remit includes making recommendations to the Strategic Lead (Director of POD), as required and to identify areas of learning and make recommendations to the Strategic Leadership Team (SLT).
- Mental Health Group: *“To support the development and implementation of objectives contained within the SFRS Mental Health Strategy.”* The Group will consider, review and make recommendations to the Strategic Leadership Team (SLT), the Staff Governance Committee (SGC, now the People Committee) and the Staff Governance Board (SGB, now the People Board) on strategic mental health matters.
- There are no Terms of Reference for the Workplace Group.

To facilitate our audit, we reviewed the action logs and the meeting agendas for each of these groups. The Wellbeing Group information detailed items which related to but were not specific to remote working. This included i-Hub resources, fact sheets for themes and returning to work after long COVID. The same was true for the Mental Health Group as the information revealed items relating to the mental health strategy and the wellbeing champion update.

From our review of the action logs, we noted issues related to home working and agile working were addressed by the Workplace Group with some of these requiring discussion at either the SLT or the Senior Management Board (SMB). However, as the Workplace Group have no Terms of Reference, we are unaware of the monitoring and reporting arrangements for the Group. The purpose and scope has not been defined, nor the members who belong to the Workplace Group.

Assessing the information contained within these documents, we found no defined monitoring arrangements for remote or agile working. There are a number of different groups monitoring specific issues, however, no one group appears to monitor remote working (and the issues around remote working) as a whole. Within these groups, remote working is not considered a stand-alone reportable element. The Mental Health Group and the Wellbeing Group report on issues relating to staff welfare. We obtained the previous two performance reports relating to mental health issues and these provided statistical analysis at an organisation-wide level. There was no separate reporting route or analysis for remote working as a stand-alone item.

There is no reporting on remote working from a performance analysis viewpoint, showing the overall impact on the business in terms of financial implications, productivity and performance.

Risk

In the absence of regular monitoring and reporting on the progress of implementing the Agile Working Framework there is a risk that issues would not be identified, reported to relevant working group/ committee and/or the board and timeously rectified, leading to low staff morale, reduced productivity and reputational damage.

Recommendation

Monitoring and reporting arrangements for remote and agile working should be established and defined with clear responsibilities set out for the groups involved (with adequate supporting documents, including Terms of Reference). The process for monitoring and reporting the key elements of remote working including areas such as performance should be defined. The key elements should be agreed and information should be sought from all relevant departments across SFRS to identify any problem areas.

Management Action

Grade 2
(Design)

Monitoring and reporting arrangements for remote and agile working will be developed and reported through the Building the Future Together Group once it is established. In advance of the BFT group convening POD will develop the monitoring and reporting framework and present it for consideration to the BFT group.

Action owner: Head of POD

Due date: 30 June 2022

5.2 Lessons Learned

In terms of response, resilience and lessons learned, SFRS has a reset and renew plan in the form of a roadmap out of COVID-19. Within that, there are various departments looking at learning lessons around different elements across the service.

SFRS are conducting a service-wide structured debrief, which is under way and due for completion by November 2021. The debrief is structured in two phases. The first is a peer led debrief and the second is the analysis and a number of focused debriefing sessions with representatives across the service. It has been designed to engage as many staff as possible across SFRS.

There are arrangements in place for identifying lessons learned during the COVID-19 period and this will include consideration of remote working. However, it may not provide enough feedback and actions for improvement as there are no specific questions about remote working within the debrief and only a minority of staff at SFRS were working from home. As it is not the main focus of the debrief, there is a risk that important lessons will be lost.

Risk

There is a risk that lessons are not being learned and feedback is not being received, due to no mechanisms being in place to capture the learning and to act on it, leading to inefficient use of resources (repeating) and negative impact on performance and achievement of objectives.

Recommendation

SFRS should implement arrangements for obtaining and analysing information on lessons learned in relation to agile working. These should be given due consideration going forward when progressing the implementation of the Agile Working Framework.

Management Action

Grade 2
(Design)

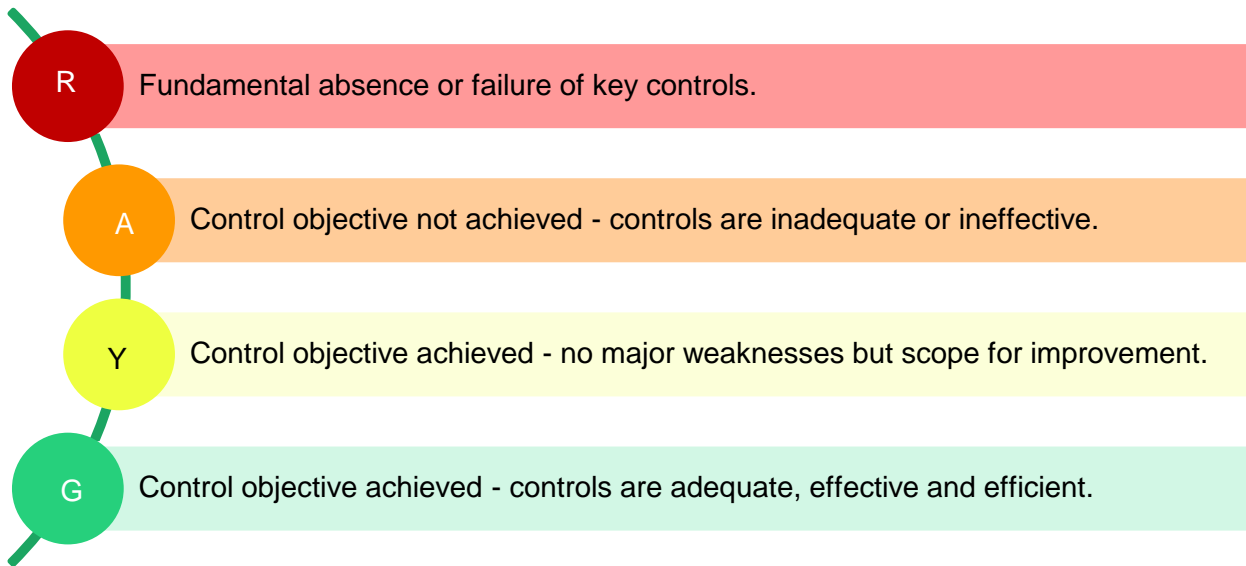
POD will work with colleagues to develop and implement appropriate arrangements for obtaining and analysing information on lessons learned in relation to agile working.

Action owners: Head of POD

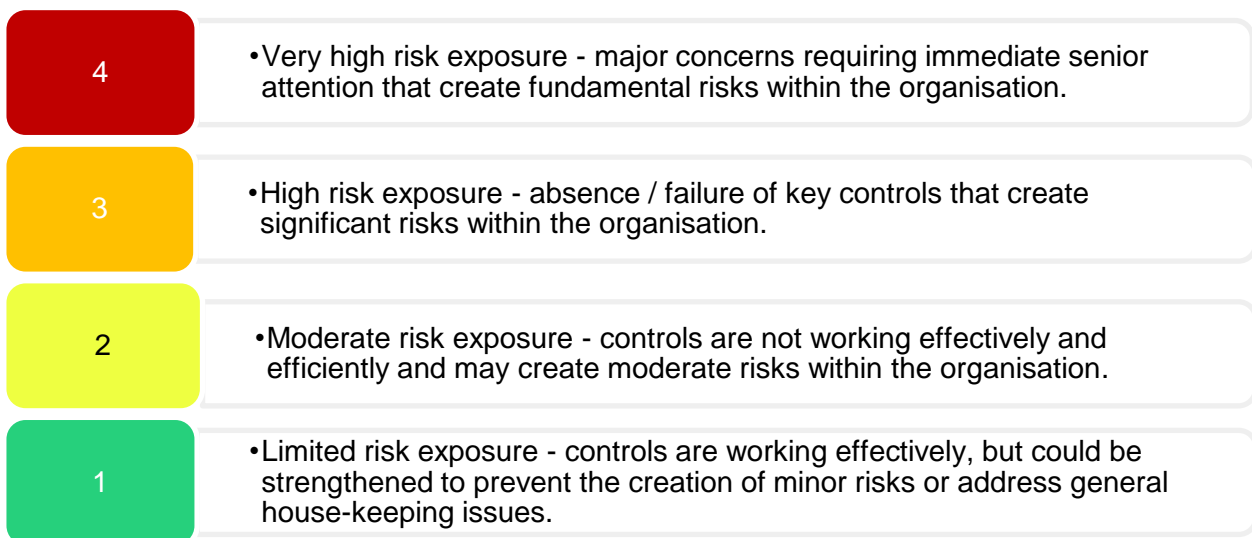
Due date: 30 June 2022

Appendix A – Definitions

Control assessments



Management action grades



Appendix B – Staff Survey Results

Survey Method

We selected a random sample of 55 staff from various locations and of different grades who were contacted and asked if they would take part in a survey in connection with remote working. Initially, 11 staff responded saying they were willing to take part, with responses received from 8 staff, the majority of whom were contacted and interviewed via MS Teams. Two members of staff completed the survey form and returned it to us directly.

Results

Question 1 – Are you aware of the Agile Working Framework introduced across SFRS?

YES – 100%

Staff comments:

- *I enjoy having the option of working from home.*
- *We have had discussions with Managers about the fact that SFRS was introducing this and how it could affect us, I haven't actually seen any framework. We have highlighted our preferences but haven't heard anything since.*

Question 2 – Have you received communication on the remote and agile working, or a link to i-hub page containing Frequently Asked Questions and explanations on home/remote/agile working?

YES – 100%

Staff comments:

- *Yes, received the link to the i-HUB from my line manager and in the Communications email.*
- *It was highlighted on the SFRS weekly brief of 3 August and I went onto the information i-hub to have a read over as wasn't sure if this was definitely coming into force – it is very good in that it very simple/clear information on what this is and points out the differences between home working, hybrid working etc., and that it shows the organisation is open to change and trusts its workers to carry out their roles from the traditional 9-5 p.m. contract.*

Question 3 – Have you been assessed on what equipment you would require to work remotely, and provided with the necessary equipment?

YES – 100%

Staff comments:

- *I did a self DSE & home working checklist when home working first started. I went through my line manager so we could keep an audit of what equipment was needed, and through ICT too to get the necessary set up.*
- *Yes, I have completed my home working assessment. I also requested additional equipment such as a desk lamp and docking station which have been provided by SFRS.*

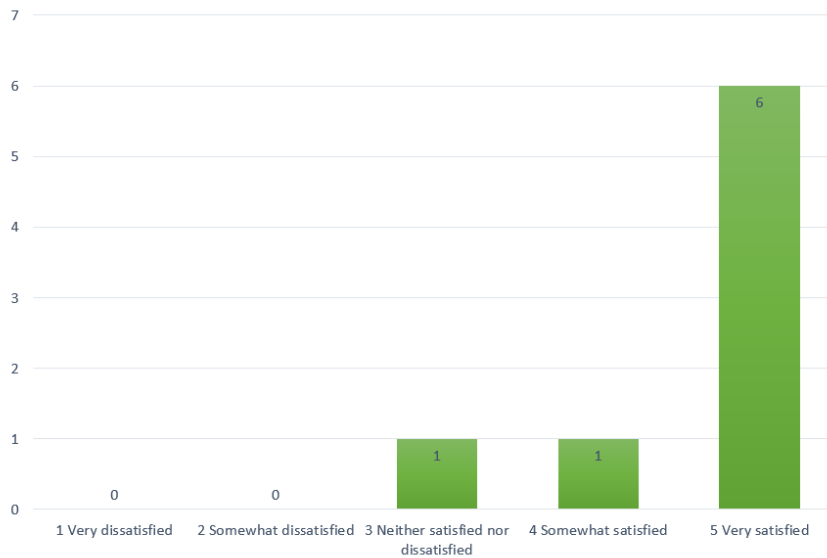
Question 4 – Have you received training/communication/induction on cyber security while working from home?

YES – 100%

Staff comments:

- *We were asked to complete the LCMS modules on Cyber security by our manager – yes this was completed whilst working from home.*
- *We received a mandatory very extensive online training package on cybersafety via CCSA which was an accredited course and I have assigned the certificate banner to my online signature. It was a really good course and highlighted areas of risk which I was not aware of, I think this should be done on an annual basis to remind personnel of its importance but also to keep us updated on any new risks.*

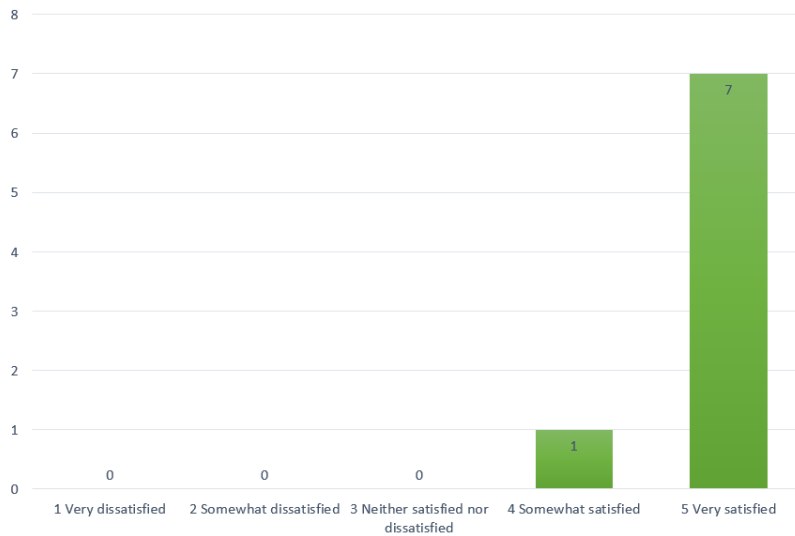
Question 5 – How satisfied are you with the level of inclusion you have while working remotely (please indicate on a scale of 1 to 5)



Staff comments:

- *My set-up is good, good support from the service and my department have regular meetings so it's been working well.*
- *My team have daily contact either on individual calls or by Group Team/Zoom meetings where we are able to discuss problems or sometimes just a quick catch up with a cup of tea.*
- *I think we very quickly put a structure of support and comms in place. We had a structure in place which has been reviewed and everyone has had input for any changes to be made. Generally, I think there is no one who would feel isolated as part of this work as the business isn't delivered like that. There's a lot of team working, sharing of tasks and communicating of how we we're going to get this done. I would say the level of inclusion is very high and the pace at which we are working is very high – it seems to be quicker and highly interactive.*

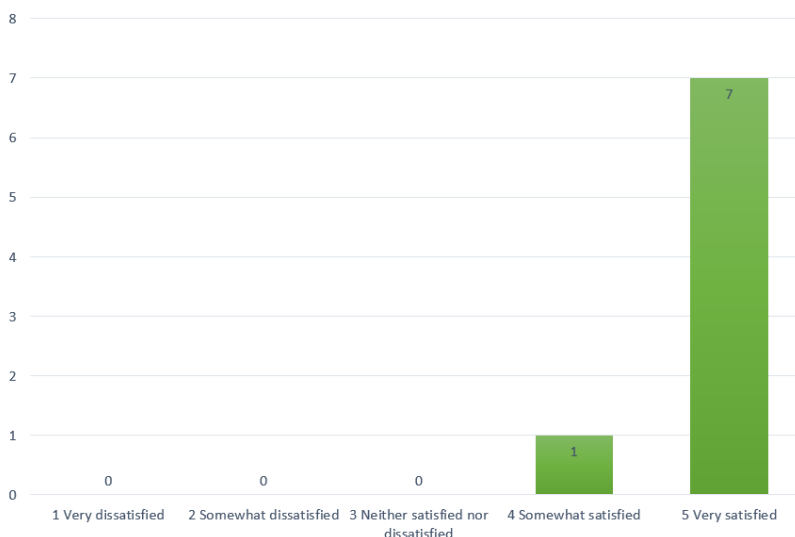
Question 6 – How satisfied are you with the level of support you have been offered by SFRS (including health and wellbeing, mental health, counselling etc.)



Staff comments:

- The level of support has been excellent and comes direct from the top/downwards which I have always been really impressed about and SFRS is genuinely a caring organisation with regard to its staff. With regard to the CO, I have been impressed by his openness to this with regard to his own feelings. At the beginning of us working from home, he had online sessions every week. They were so important to me as I was not hearing from any other manager and by showing his empathy and speaking freely he highlighted how difficult it was for us all and I really related to what he was saying. Now there are organisations involved whom we can go to for advice, assistance if required and also, my managers have been very supportive and encourage us to attend online sessions etc. They held an online wellbeing one which I found really emotional as it brought home the fact that we are all going through the same kind of stresses/difficulties.*
- SFRS has been very supportive during the pandemic. Although I have had no requirement to use the noted lines of support, I am aware they are available and would discuss with my manager if required.*

Question 7 – Generally, how satisfied are you with your current working arrangement?



Staff comments:

- *I've enjoyed it and adapted very well. I had a lot of unnecessary meetings previously and travel, and I don't drive. People were organising meetings in different parts of the country and that hasn't always supported me. I have all the tools I need, the structure wrapped around me and I know how I will be engaging with people on a week to week basis. It's working for me.*
- *Very Satisfied. I have now worked out a daily system which suits me and enjoy the flexibility that agile working provides. My Managers have always encouraged flexibility and are not time managing or trying to catch you out, so a lot of it is based on trust. For a long time I literally was worried about moving away from my desk in case anyone thought I wasn't working but I have become less anxious about this. I know I have never missed a deadline and hopefully my managers know they can depend on me to get a job done, even if it is last minute because the agile working allows us to do this i.e. to work at any time.*
- *Working from home has provided me with a better work/life balance. I also have felt more comfortable/safe working on my own and not closely in the office with lots of people where I have a greater chance of picking up viruses. There are also less distractions as my office is the Hub of our Department.*

Question 8 – Is there anything you would suggest to improve arrangements for remote working?**Staff comments:**

- *I think we have had some challenges with ICT. There has been a shortage of laptops, and other equipment. ICT support has been invaluable, but we did have a lot of change going through whilst we were still adapting to remote working. We migrated our information library to SharePoint and our ICT colleagues are not SharePoint experts. There have been frequent upgrades to the system which knock settings out elsewhere.*
- *More online workshops/engagement/training sessions for Support Staff not just around health and wellbeing. There must be lots of workshops that HR/other departments could offer which would allow personnel to learn about what was going on across the service not just the snapshot in the communications bulletin e.g. motivational speakers etc. e.g. online blogs like you get in instagram! It would be good to have a break sometimes and join a session like this. Prior to Covid, once a month, the LSO where I used to work arranged a talk by another department/organisation on something interesting they were doing or perhaps brought in an external charitable organisation. These were very helpful and it was good to get a break from the desk.*
- *Consider extending the core hours to allow for a more flexible approach in the way we work. For support staff this is set at 7am – 7pm and any time worked outwith this time is not counted, if the core hours were extended, this in my opinion, would improve remote working and be advantageous to achieving a work/life balance.*
- *Making sure that people feel included and are included – so they don't feel left out of things and they don't perceive that. That will be our biggest challenge. The socialisation is being lost from working at home – they are not seeing people.*

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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/32-21

Agenda Item: 7.2

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:	14 OCTOBER 2021						
Report Title:	SFRS PROGRESS UPDATE/MANAGEMENT RESPONSE						
Report Classification:	For Scrutiny	Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
1	Purpose						
1.1	To provide Audit and Risk Assurance Committee (ARAC) with the current status of recommendations raised by Internal Audit.						
2	Background						
2.1	This report maintains the previous format for updates with the addition of a conclusion of the current status from Azets.						
3	Main Report/Detail						
3.1	Thirty five (35) recommendations remain outstanding with the oldest related to a 2018/19 audit. Internal Audit are working with management to assess progress and to consider the extent to which recommendations remain valid.						
4	Recommendation						
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.						
5	Key Strategic Implications						
5.1	Risk						
5.1.1	The internal audit programme forms part of the Service's Assurance Framework.						
5.2	Financial						
5.2.1	There are no direct implications associated with the report.						
5.3	Environmental & Sustainability						
5.3.1	There are no direct implications associated with the report.						
5.4	Workforce						
5.4.1	There are no direct implications associated with the report.						
5.5	Health & Safety						
5.5.1	There are no direct implications associated with the report.						

5.6	Training	
5.6.1	There are no direct implications associated with the report.	
5.7	Timing	
5.7.1	The report notes progress made in implementing outstanding audit actions from 2018/19 - 2020/21.	
5.8	Performance	
5.8.1	Internal audit is intended to support the service and where relevant identify areas where performance can be enhanced.	
5.9	Communications & Engagement	
5.9.1	Meetings have taken place with management to discuss the implementation of agreed audit actions and to view evidence confirming work in progress and completed actions.	
5.10	Legal	
5.10.1	There are no direct implications associated with the report.	
5.11	Information Governance	
5.11.1	Collection or use of personal data has not been required in the preparation of the Follow Up Progress Report. For this reason, a Data Protection Impact Assessment has not been required.	
5.12	Equalities	
5.12.1	For each recommendation contained within the Follow Up Progress Report, relevant directors need to consider whether an Equality and Human Rights Impact Assessment is applicable.	
5.13	Service Delivery	
5.13.1	There are no direct implications associated with the report.	
6	Core Brief	
6.1	Not applicable	
7	Appendices/Further Reading	
7.1	Appendix A - Progress update	
Prepared by:	Gill Callaghan, Senior Manager, Azets	
Sponsored by:	John Thomson, Acting Director of Finance & Procurement	
Presented by:	Gary Devlin, Partner, Azets	
Links to Strategy and Corporate Values		
Working Together for a Safer Scotland		
Governance Route for Report	Meeting Date	Report Classification/ Comments
<i>Audit and Risk Assurance Committee</i>	<i>14 October 2021</i>	<i>For scrutiny</i>

Appendix A – Progress update on Internal Audit Recommendations

Dashboard – Internal Audit Recommendations Still to be Completed

<p>Total number of actions closed since last ARAC meeting</p> <p style="font-size: 2em; text-align: center;">8</p>	<p style="text-align: center;">Previous Audit Years Outstanding actions</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <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 style="text-align: center;">41</td> <td style="text-align: center;">0</td> <td style="text-align: center;">1</td> <td style="text-align: center;">0</td> <td style="text-align: center;">98%</td> </tr> <tr> <td>2019/20</td> <td style="text-align: center;">41</td> <td style="text-align: center;">4</td> <td style="text-align: center;">14</td> <td style="text-align: center;">3</td> <td style="text-align: center;">56%</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	14	3	56%	<p style="text-align: center;">2020/21 Audit Year Audit Actions</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <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 style="text-align: center;">32</td> <td style="text-align: center;">0</td> <td style="text-align: center;">2</td> <td style="text-align: center;">9</td> <td style="text-align: center;">2</td> <td style="text-align: center;">59%</td> </tr> </tbody> </table>	Total No Actions	Total Still Outstanding				% Complete Actions	Grade 4	Grade 3	Grade 2	Grade 1	32	0	2	9	2	59%														
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Outstanding Recommendations with Responsible Action Owners provided updates

STATUS KEY	
GREEN	On Target to complete within agreed date
AMBER	Slight delay but evidence of progress OR after 3 revised dates
RED	Major delay or No evidence of progress

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. 2	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	7th Agreed Revised Date		Priority	% Complete	Status			
	Responsible Owner Agreed Response Head of Communications & Engagement (previous owner - Head of Corporate Governance)	<u>The Complaints, Comments and Compliments Policy will be updated</u>			31 December 2019	31 October 2021		MEDIUM	95%	AMBER			
Progress to Update		The Policy was presented to the Service Delivery Committee on 1/09/2021 and supported. It has now gone out for formal consultation (via the Consultation Gateway) which is due to close on 13/10/2021. Any amendments will be made and the Policy published to the iHub as soon after as possible. The new KPI's have still not been formally published but we will ensure these are incorporated as soon as they are available as previously discussed.											
Outstanding actions to close the recommendation		Review any responses to the consultation when it closes and publish on the iHub.											
Azets Comments		Update noted as well as the revised date for completion.											

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
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	6th Agreed Revised Date		Priority	% Complete	Status			
1	Responsible Owner Agreed Response Response & Resilience DACO	<i>Agreement with Scottish Water and SFRS on terms and items to be carried forward for inclusion in future MOU and SLA. Draft, finalise & Sign MOU & SLA between Scottish Water & SFRS.</i>			31 March 2020	31 October 2021		HIGH	75%	AMBER			
Progress to Update	Engagement between SFRS and Scottish Water continues and good headway being made. Workstreams from this focus group includes: - <ul style="list-style-type: none"> Financial impact arising from 3rd party usage Financial impact / liabilities of defects raised via Local Authorities Benchmarking from devolved administrations and their approaches to water planning SLT Paper drafted outlining SFRS and Scottish Water updated position. Paper includes present and future financial outlays for hydrant repairs. This will proceed through governance routes.												
Outstanding actions to close the recommendation	Decision on the paper content will allow SFRS to return to Scottish Water with finalised position. Agree and finalise SLA AC Quinn drawing up a proposal to settle accumulated outstanding costs presented by SW. Proposal will require approval of SLT prior to agreement.												
Azets Comments	Update noted as well as the revised date for completion.												
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	5th Agreed Revised Date		Priority	% Complete	Status			
2	Responsible Owner Agreed Response Response & Resilience DACO/ SM for Water Planning	<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 December 2021		HIGH	60%	AMBER			
Progress to Update	A draft of GIN (General Information Note) 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 (Learning Content Management System) package for GETAC use include app instructions once ICT completed.												
Outstanding actions to close the recommendation	Awaiting completion of Rec 4 before publication.												
Azets Comments	Management's comments 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	4th Agreed Revised Date	Priority	% Complete	Status
4	Responsible Owner Agreed Response SM for Water Planning/ Water Planning Team	30 June 2020	31 December 2021	HIGH	50%	RED
Progress to Update		Hydrant App project board lite held 10/05/2021. The following was noted: Shakedown testing highlighted a few issues Next hydrant app project board meeting due to take place 13 th August 2021 was cancelled.				
Outstanding actions to close the recommendation		Development work has been scheduled on GETAC so that SFRS applications can work readily. Will be completed by end of 2021/22 no set date for this work to be started. Request that Hydrant App to be made available via iHub until this work is complete on GETAC. Part 2 – Upgrades to actual HMS database would commence after phase 1 is complete Lack of progress in ICT development being included on the Operations Risk Register, discussions ongoing to escalate to the Service Delivery Risk Register				
Azets Comments		Management's comments 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	5 th Agreed Revised Date	Priority	% Complete	Status
7	Responsible Owner Agreed Response Response & Resilience DACO	31 March 2020	31 December 2021	MEDIUM	75%	AMBER
Progress to Update		Initial discussions between former R&R DACO and SDA DACO's had taken place.				
Outstanding actions to close the recommendation		Guidance/process will be provided to meet the new requirements and coincide with system rollout. (Rec No. 4)				
Azets Comments		Management's comments 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
					0	2	0	0	2	0	0	0	0
Rec No. 1b	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	2nd Agreed Revised Date	Priority	% Complete	Status					
	Responsible Owner Agreed Response Head of Corporate Governance (Former owner DACO Strategic Planning, Performance & Communications)	<i>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.</i>			31 March 2021	31 October 021	MEDIUM	90%	GREEN				
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 ongoing work Delay in the role out of new local performance dashboards due to delay in Power BI implementation/rollout											
Outstanding actions to close the recommendation		Final development of local performance dashboard/s											
Azets Comments		Update noted as well as the revised date for completion.											
Rec No. 2b	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	2nd Agreed Revised Date	Priority	% Complete	Status					
	Responsible Owner Agreed Response Head of Corporate Governance (Former owner DACO Strategic Planning, Performance & Communications)	<i>A Full evaluation of the implementation phase will be undertaken in 2021.</i>			30 April 2021	31 October 2021	MEDIUM	15%	GREEN				
Progress to Update		Although InPhase was never given formal project status a post implementation review will be carried out and aim to report in the by 3rd quarter of 21/22.											
Outstanding actions to close the recommendation		Drafting of review is underway											
Azets Comments		Update noted as well as the revised date for completion.											

2019/20	Risk Management *3 actions have been superseded by the 20/21 Risk Management Review		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
			6	6	83%	2	3*	0	0	0	1	0	0	0
Rec No.	We recommend that SFRS ensures that its associated strategies and documentation are updated to reflect the new outcomes format of the Strategic Risk Register.		Action Date Due		5 th Agreed Revised Date		Priority	% Complete	Status					
3	Responsible Owner Agreed Response Head of Finance & Procurement	<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 October 2021	LOW	80%	AMBER							
Progress to Update		A revised strategic risk register & aligned Directorate risks have been provided to ARAC and other Committees and Executive Boards. Development of a Risk Register has been completed by the Data Team with the revised Risk Report provided to ARAC at their meeting in March 2021. Discussion held with the Chair of ARAC for the revised risk management Policy to be submitted to the ARAC meeting in October. Risk Management Policy and Framework drafted and forwarded for consultation Policy reported to SLT on 22 nd September 2021												
Outstanding actions to close the recommendation		Risk Management Policy and Framework to be reported to ARAC 14 th October 2021 Following agreement at ARAC Policy to be reported to SFRS Board 28 October 2021												
Azets Comments		Update noted and appears to be on track for completion.												

2019/20	FRAUD RISK MANAGEMENT ARRANGEMENTS	Total No of Actions	No Due within 6 months	% Complete Actions	Fully Implemented			Part/In Progress			Not Implemented		
		H	M	L	H	M	L	H	M	L			
		19	19	37%	0	1	6	1	7	4	0	0	0
Rec No. 1	<p>Risk Assessment The specific fraud risk assessment should be undertaken in line with the SPFM, the Risk Management Policy and the Anti-Fraud & 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>				Report Agreed Date	5th Agreed Revised Date	Priority	% Complete	Status				
	Responsible Owner Agreed Response Risk & Audit Manager	<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	31 October 2021	HIGH	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 8th October 2020 allowing scrutiny of the process. The Head of F& P has engaged with Senior Officers to further embed the process. Discussion held with the Chair of ARAC. The Fraud Policy was out for consultation with a closure date of 9th August 2021. Fraud Policy reported to SLT 22nd September 2021</p>												
Outstanding actions to close the recommendation	Revised Fraud Policy, incorporating the Fraud Risk Assessment, to be submitted to ARAC 14 th October 2021 & Board on 28 th October 2021 & published thereafter.												
Azets Comments	Update noted and appears to be on track for completion.												

Rec No.	<i>Policies and standard setting – Anti Fraud & Bribery Policy</i> 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.	Action Date Due	5th Agreed Revised Date	Priority	% Complete	Status
2	Responsible Owner Agreed Response Risk & Audit Manager <i>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.</i>	31 July 2020	31 October 2021	MEDIUM	90%	AMBER
Progress to Update	Work has been undertaken & a draft policy has been developed for peer review by Risk & Audit Manager. Discussion held with the Chair of ARAC and Policy been out for consultation. Fraud Policy reported to SLT 22 nd September 2021					
Outstanding actions to close the recommendation	Policy to be reported to ARAC on 14 th October 2021 and the SFRS Board on 28 th October 2021					
Azets Comments	Update noted and appears to be on track for completion.					
Rec No.	<i>Policies and standard setting – Fraud Response Plan</i> 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	5th Agreed Revised Date	Priority	% Complete	Status
3b	Responsible Owner Agreed Response Audit & Risk Manager <i>Update Fraud Response Plan</i>	31 July 2020	31 October 2021	MEDIUM	90%	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 The Fraud Policy was out for consultation with a closure date of 9 th August 2021. Fraud Policy reported to SLT 22 nd September 2021					
Outstanding actions to close the recommendation	Policy to be reported to ARAC on 14 th October 2021 and the SFRS Board on 28 th October 2021					
Azets Comments	Update noted and appears to be on track for completion.					

Rec No.	<i>Policies and standard setting – Fraud Response Plan</i> Provide training to nominated investigative officers	Action Date Due	2 nd Agreed Revised Date	Priority	% Complete	Status	
3c	Responsible Owner Agreed Response Risk & Audit Manager	<i>Risk & Audit Team to complete fraud training to enable to provide guidance/training to investigation officers.</i>	31 March 2021	31 October 2021	MEDIUM	80%	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. Further Training Courses for additional identified staff has taken place. Agreement reached with SMB for separate workshop to be held. Training for SMB Members was held in May 2021. Fraud Training Package developed & forwarded to LCMS Team to develop LCMS Package LCMS Training package developed						
Outstanding actions to close the recommendation	LCMS Teams in process of developing LCMS module based on the information received from Risk & Audit Team. Plan is to launch module at same time as revised Policy is published						
Azets Comments	Update noted and appears to be on track for completion.						
Rec No.	<i>Policies and standard setting – Access to current policies</i> 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 polices 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	5 th Agreed Revised Date	Priority	% Complete	Status	
4	Responsible Owner Agreed Response Risk & Audit Manager	<i>The search functionality on I-hub returns relevant documentation based on search criteria but can be difficult to find exact requirement.</i> <i>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.</i> <i>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 Sept 2020	31 March 2022	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 once approved.						
Azets Comments	Update noted as well as the revised date for completion.						

Rec No.	Management & Control Processes – Manual Processes 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.	Action Date Due	4th Agreed Revised Date	Priority	% Complete	Status
5a	Responsible Owner Agreed Response Head of Finance & Procurement	31 December 2020	31 March 2022	MEDIUM	50%	AMBER
Progress to Update	All Support Staff are now included on the ESS claims functionality and pilots are well underway within the wholetime cadre. Due to movement of key staff and reallocation of resources this is proving a longer task than anticipated. No issues have been highlighted for the rollout from an operational side and the rollout is proving positive, the delay is solely down to resourcing issues which will be rectified imminently.					
Outstanding actions to close the recommendation	Ongoing collaboration between Systems Team and Verification Team's and discuss their initial findings and feedback and implementation of improvements initiated as deemed appropriate. Continue rollout of all Service and always take feedback from pilots to Stakeholder group for discussion. Forward feedback logs and feedback email discussions as progress evidence. - Work linked to Rec 7b					
Azets Comments	Update noted as well as the revised date for completion.					
Rec No.	Management and Control processes – Approval of New Suppliers 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 & 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. Consider automating the signatory process (see approval process below)	Action Date Due	5th Agreed Revised Date	Priority	% Complete	Status
6a	Responsible Owner Agreed Response Finance Systems Manager	31 July 2020	31 March 2022	MEDIUM	40%	AMBER
Progress to Update	This is on the Systems Team workplan and progression has started. Working with Supplier to determine dates for implementation for portal – agreed purchase of this capability now complete. Work linked to 7c. Agreed inclusion within spec for new PTFA meantime date to be confirmed with TechOne for consultancy input					
Outstanding actions to close the recommendation	Working with the system developer around the cloud areas to agree dates. Delays due to consultancy availability with supplier but also now resource requirements within the team to support People Training Finance & Assets (PTFA) project. Finding resources on both sides is an increasing issue – PTFA is running later than scheduled and demand for internal resources is extending. Recommend this now moves to spec for new system under PTFA.					
Azets Comments	Update noted as well as the revised date for completion.					

Rec No.	Management & Control Processes – Approval Processes	Action Date Due	3 rd Agreed Revised Date	Priority	% Complete	Status
7a	<p>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.</p> <p>Utilise online banking processes which can facilitate approval electronically for high value payments using allocated user access privileges.</p>					
	<p>Responsible Owner Agreed Response Finance Systems Manager</p> <p>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. 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.</p>	31 Dec 2020	31 March 2022	MEDIUM	30%	AMBER
Progress to Update	Current Itrent functionality does not contain the capability for E signatures. Capability within Tech One still to be determined. Improvements considerations still remain on Systems Workplan, however resources required to support People Training Finance & Assets (PTFA) project will delay this work. Actively pursuing options in TechOne side but no value for money in purchasing additional modules for iTrent.					
Outstanding actions to close the recommendation	Suggestion would be that this moves forward as part of the PTFA project for spec in next System and inclusion as part of the implementation of the next System. Recommend this now moves to spec for new system under PTFA.					
Azets Comments	Update noted as well as the revised date for completion.					
Rec No.	Management & Control Processes – Approval Processes	Action Date Due	5 th Agreed Revised Date	Priority	% Complete	Status
7b	<p>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"> Expense claim forms as these could be subject to manipulation. 					
	<p>Responsible Owner Agreed Response Finance Systems Manager</p> <p><i>ESS project is currently being implemented which will remove manual forms.</i></p>	30 Sept 2020	31 March 2022	MEDIUM	50%	AMBER
Progress to Update	This has been fully rolled out to Support staff with the paper claim format in closing phase only to be used in Business Continuity circumstances if required. Pilot with Wholetime uniform progressing. All Control Staff are included and now on and North and East pilots have been finalised and next stage of rollout to full stations in West is in progress. Next stage of pilot is about to get underway which will bring on a significant number of users across the Wholetime group					
Outstanding actions to close the recommendation	Next stage of West rollout and then North and East areas will progress over June to September with any catch ups in October. Although not fully finalised, this has progressed enormously and feedback is positive. The pace of rollout has also proved beneficial for both recipients and key stakeholders, including verification teams and resourcing. Expectations that all areas will have rolled out by September and then we can move to remove all paper processes where appropriate. Communication to be issued to advise the phasing out of paper Process. Changes received via user feedback is being included in the next phase, updated training materials being created and dialogue open with stakeholders.					
Azets Comments	Update noted as well as the revised date for completion.					

Rec No. 7c	<u>Management & Control Processes – Approval Processes</u> 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"> Consider having a system which suppliers can access to update and confirm their own bank details (eg. a supplier portal) Utilise online banking processes which can facilitate approval electronically for high value payments using allocated user access privileges.	Action Date Due	3rs Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response Finance Systems Manager	31 March 2021	31 March 2022	MEDIUM	40%	AMBER
Progress to Update	This is with System Team's workplan and discussions have started with developers regarding looking at the different areas of finance. Demo's have been held and workdays scheduled in with Consultants around MTD (phase 1). Contractual amendments now finalised and licenses required have been purchased. Implementation work has now commenced This falls into same timeline and plan as 6a and to an extent 7a					
Outstanding actions to close the recommendation	Engagement with Compliance Team. Meetings still to be arranged due to lack of resource. Recommend this now moves to spec for new system under PTFA.					
Azets Comments	Update noted as well as the revised date for completion.					

Rec No. 9	<u>Monitoring & Speaking Up Processes – Speaking Up Processes</u> 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	2 nd Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response Head of POD	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.	31 March 2021	31 December 2021	MEDIUM	50%	GREEN
Progress to Update		Whistleblowing Policy has now been assigned a Lead to review Policy at part of the Overall schedule of Policies.					
Outstanding actions to close the recommendation		Work is progressing with the review process and it is estimated to be completed and presented to the People Board held on 11 th November 2021 and thereafter published on iHub.					
Azets Comments		Update noted and appears to be on track for completion.					
Rec No. 10b	<u>Reporting, communication & improvement actions – Fraud Response Plan</u> Update the Fraud Response Plan to state who is responsible for reporting to the Audit & 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.		Action Date Due	5 th Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response Risk & Audit Manager	Fraud Response Plan will be updated to reflect and an incident log created.	31 July 2020	31 October 2021	MEDIUM	90%	AMBER
Progress to Update		Similar to recommendation 2 Work has been undertaken & a draft policy has been developed for peer review by Risk & Audit Manager Incident Log is currently maintained but will be used more pro-actively to identify lessons learned The Fraud Policy was out for consultation with a closure date of 9 th August 2021. Fraud Policy reported to SLT 22 nd September 2021					
Outstanding actions to close the recommendation		Policy to be reported to ARAC on 14 th October 2021 and the SFRS Board on 28 th October 2021					
Azets Comments		Update noted and appears to be on track for completion.					

Rec No.		Action Date Due	2nd Agreed Revised Date	Priority	% Complete	Status
15	<p><u>Training & Guidance – Fraud Training</u> 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.</p>					
	<p>Responsible Owner Agreed Response Risk & Audit Manager</p> <p>Risk & 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 & Procurement. Points raised will be considered as part of the training.</p>	31 March 2021	31 October 2021	LOW	80%	GREEN
Progress to Update		<p>Similar to recommendation 3c Further Training Courses for additional identified staff has taken place. Agreement reached with SMB for separate workshop to be held. Training for SMB Members has been held. Development of a LCMS Course aligned to fraud training provided by CIPFA to be completed by Risk & Audit & forwarded to LCMS Team for creation of module. Fraud LCMS Module completed and developed within LCMS</p>				
Outstanding actions to close the recommendation		Plan is to launch module at same time as revised Policy is published				
Azets Comments		Update noted as well as the revised date for completion.				
Rec No.		Action Date Due	3rd Agreed Revised Date	Priority	% Complete	Status
18	<p><u>Management & Control Processes – System Access Controls</u> Proceed with automated signatory implementation. Consider employing data analytics to improve visibility and monitoring of transactions and system access.</p>					
	<p>Responsible Owner Agreed Response Finance Systems Manager</p> <p>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.</p>	31 March 2021	31 March 2022	LOW	70%	AMBER
Progress to Update		<p>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. Reporting and dashboards constantly under review to improve transparency and analysis of all transactions</p>				
Outstanding actions to close the recommendation		<p>Automated signatory implementation is continuing through the role based authorisation and automation of levels of authorisation through the grading process. Notes as per note 7a must be considered within this objective Suggestion would be that this moves forward as part of the support People Training Finance & Assets (PTFA) project for spec in next System and inclusion as part of the implementation of the next System. To be included in spec for new PTFA.</p>				
Azets Comments		Update noted as well as the revised date for completion.				

2020/21	RISK MANAGEMENT	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
					9	9	22%	0	0	2	0	0	0	7	0	0
Rec No. 1a	Risk Maturity Plan SFRS should identify where on the risk maturity scale they should aim to be put in place an implementation plain 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	3rd Agreed Revised Date		Priority	% Complete	Status						
	Responsible Owner Agreed Response Risk & Audit Manager	<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	31 July 2021		GRADE 2	90%	AMBER						
		A report was provided to SLT meeting 22/09/2021 outlining the risk maturity scale model and recommending a level of risk maturity the Service should work towards. Report provided and agreed by SLT on 22 nd September 2021														
Outstanding actions to close the recommendation		Awaiting minute of meeting from SLT on 22 nd September 2021.														
Azets Comments		Management's comments noted.														
Rec No. 1b	Risk Maturity Plan SFRS should identify where on the risk maturity scale they should aim to be put in place an implementation plain 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 Risk & Audit Manager	<i>The implementation plan will be aligned to the recommendations outlined within the Risk Management Internal Audit including training, the use of new technology and greater awareness and utilization of risk appetite as a management tool.</i>			30 April 2022	n/a		GRADE 2	90%	GREEN						
Progress to Update		Risk Maturity report provided to SLT on 22 nd September 2021 Draft risk Management Policy reported to SLT 22 nd September 2021.														
Outstanding actions to close the recommendation		Report identified action plan to ensure Risk Managed level of maturity can be demonstrated. Work to commence on managing this plan and to request AZETS to return to assess new risk maturity level at agreed date.														
Azets Comments		Management's comments 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	1 st Agreed Revised Date	Priority	% Complete	Status
2	Responsible Owner Agreed Response Risk & Audit Manager <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	31 October 2021	GRADE 2	90%	GREEN
Progress to Update		Discussion held with the Chair of ARAC for the revised risk management Policy to be submitted to the ARAC meeting in October. Draft Risk Management Policy reported to SLT 22 nd September 2021.				
Outstanding actions to close the recommendation		Awaiting minute of SLT meeting 22 nd September 2021 & for Policy to be published				
Azets Comments		Update noted and appears to be on track for completion.				
Rec No.	Risk Management Training 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	1 st Agreed Revised Date	Priority	% Complete	Status
4a	Responsible Owner Agreed Response Risk & Audit Manager <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	31 March 2022	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 Risk Management policy which is due to be forwarded to the October 2021 ARAC. Thereafter a LCMS training package will be developed.				
Azets Comments		Management's comments noted.				
Rec No.	Risk Management Training 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
4b	Responsible Owner Agreed Response Risk & Audit Manager <i>Once complete the training package will be delivered to relevant staff.</i>	30 April 2022	n/a	GRADE 2	0%	GREEN
Progress to Update		Work still to be progressed.				
Outstanding actions to close the recommendation		Relevant staff will be identified by SLT.				
Azets Comments		Management's comments noted.				

Rec No.	Risk Appetite 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	2nd Agreed Revised Date	Priority	% Complete	Status	
5a	Responsible Owner Agreed Response Risk & Audit Manager	<i>A Risk Appetite was held on 30th 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	31 July 2022	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. Discussions to be held with Acting Director of Finance & Procurement to develop further guidance and documentation on risk appetite and align with the Risk Management Policy. Risk appetite still to be communicated subject to SLT & Board approval.					
Azets Comments		Management's comments noted.					
Rec No.	Risk Appetite 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	1 st Agreed Revised Date	Priority	% Complete	Status	
5b	Responsible Owner Agreed Response Risk & Audit Manager	<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	31 March 2022	GRADE 2	0%	GREEN
Progress to Update		Recommendation aligned to 4a Work still to start					
Outstanding actions to close the recommendation		Work will commence on completion of the revised Risk Management policy which is due to be forwarded to the October 2021 ARAC. Thereafter a LCMS training package will be developed.					
Azets Comments		Management's comments noted.					

2020-21	Financial Systems Health Check	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
		1	0	0%	0	0	0	0	0	0	1	0	0	0	0	
Rec No. 1	Payroll Procedures Document We recommend that the payroll procedures are documented for each team contributing to the payroll for SFRS and that the procedures are reviewed regularly.				Action Date Due	Agreed Revised Date	Priority	% Complete	Status							
	Responsible Owner Agreed Response Accounting Manager	<i>The payroll procedures are considered to be current, to improve the control we agree these should be reviewed and dated accordingly to ensure the correct version is available. We will review the procedures over the coming months and add review date and version.</i>			31 December 2021	n/a	GRADE 1	75%	GREEN							
Progress to Update		Procedures are being actively reviewed by the Payroll Team to add details of preparer/reviewer, date plus date of review. This is progressing and expect to be completed by Due Date of 31 December 2021.														
Outstanding actions to close the recommendation		Complete review of payroll procedures														
Azets Comments		Management's comments noted.														

2020-21	Expenses Policy	Total No of Actions	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
					0	0	1	0	0	0	1	0	0	0	0	0
Rec No.	Managers should be reminded to check and approved expenses. This could be done through refresher line manager training or by sending a refresher email out to line managers at the end of the month reminding them to review their employees' expenses.				Action Date Due				1 st Agreed Revised Date		Priority		% Complete		Status	
2	Responsible Owner Agreed Response Head of Finance & Procurement	<i>The Finance systems team will develop a solution to send an automated email to remind line managers that they should review any expenses reports.</i>			31 July 2021				31 October 2021		Grade 2		40%		GREEN	
Progress to Update		The Financial Systems team are currently testing a reminder email function on the back of the burst reports function that sends out the original reports. The aim is to send out a reminder, to the same distribution list, reminding managers to respond to the verification team on their review of their reports														
Outstanding actions to close the recommendation		Finalise testing and roll out – scheduled for completion by the October 21 issue.														
Azets Comments		Update noted and appears to be on track for completion.														

2020-21	Procurement and Tendering			Total No of Actions	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	50%	0	0	1	0	0	0	0	1	0	0	0	0
Rec No.	We recommend that a periodic check of completeness of training records should be introduced to ensure that centralised training record is complete and up to date.					Report Agreed Date	2 ND Agreed Revised Date		Priority	% Complete	Status							
1	Responsible Owner Agreed Response Deputy Head of POD	SFRS accepts the recommendation. The learning & Development team have agreed a periodic check with Procurement on completeness of training records will be introduced.				30 September 2021	31 December 2021		Grade 1	20%	GREEN							
Progress to Update		The Leadership and Skills Development team is currently implementing Learning Partner arrangements. In the coming weeks, once established, the Corporate Skills Development Advisor (CSDA) aligned to Finance will meet with the Procurement Manager and team to review existing training records and establish regular engagement arrangements including the periodic check of completeness of training records and mapped qualifications by procurement role. A named CSDA has been aligned and initial contact has been made with the Finance and Procurement Function to progress the qualification mapping and review of training records.																
Outstanding actions to close the recommendation		Implement Learning Partner model including named CSDA aligned to the Finance and Procurement Function Establish a Procurement Qualifications Map identifying the qualification requirements for each Procurement role Review current centralised training records against, progress resulting actions to ensure centralised records are complete and qualification requirements are captured on the Learning Needs Analysis/Action Plan																
Azets Comments		Update noted and appears to be on track for completion.																

2020-21	Estates Asset Management & Maintenance	Total No of Actions	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
					0	0	1	0	0	1	0	0	0	0	0	0
Rec No. 1	An estates strategy should be developed and implemented which is informed by the outcome of the Service Delivery Model Programme. This should set out SFRS's long term strategy and approach to maintaining the existing estates, identifying and developing additional estate needs and where appropriate, rationalising the estate.			<i>Report Agreed Date</i>	<i>1st Agreed Revised Date</i>	<i>Priority</i>	<i>% Complete</i>	<i>Status</i>								
	<i>Responsible Owner Agreed Response</i> National Property Manager	<i>Property Services will develop an Interim Estates Strategy in the intervening period awaiting SDMP completion.</i>		31 December 2021	31 March 2023	Grade 3	2%	GREEN								
<i>Progress to Update</i>	The Interim Estates Strategy will be developed in conjunction with Asset Governance & Performance Manager (AGPM). In order to assist with the completion of this task recruitment of 2 additional staff within the Asset Governance & Performance section is on-going. Interviews Scheduled for week commencing 27th September 2021.															
<i>Outstanding actions to close the recommendation</i>	The Interim Estates Strategy is part of a suite of strategy document to be undertaken by the AGPM and work on this will follow on from the SFRS Board request for a new Fleet Strategy which is scheduled for completion In March 2022. There are a number of tasks involved in the creation of an Estates strategy, including work to align the strategy with the SDMP which is scheduled for completion in March 2023, Standard Station Design and the outcome of the Service Review.															
Azets Comments	Update noted as well as the revised date for completion.															

2020/21	Operational Equipment	Total No of Actions	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
					0	0	0	1	0	1	1	0	0	0	0	0
Rec No. 2	A detailed strategy/long term plan should be devised in respect of operational equipment which supports the implementation of the Asset Management Strategy. It is acknowledged that this will be informed by the outcome of the review of service delivery. However, the strategy should set out how SFRS will source and maintain equipment which best meets the operational needs of the organisation.			Action Date Due	1 st Agreed Revised Date		Priority	% Complete	Status							
	Responsible Owner Agreed Response Scottish Equipment Manager	Agreed. Operational Equipment strategy to be developed.		31 March 2022	31 March 2023		Grade 3	2%	GREEN							
Progress to Update		The Operational Equipment strategy will be developed in conjunction with Asset Governance & Performance Manager (AGPM). In order to assist with the completion of this task recruitment of 2 additional staff within the Asset Governance & Performance section is on-going. Interviews Scheduled for week commencing 27th September 2021														
Outstanding actions to close the recommendation		The Operational Equipment strategy is part of a suite of strategy document to be undertaken by the AGPM and work on this will follow on from the SFRS Board request for a new Fleet Strategy which is scheduled for completion In March 2022. Detailed work on the Operational Equipment strategy will commence after the HMFSI review of Operational and Protective Equipment scheduled for later this calendar year.														
Azets Comments		Update noted as well as the revised date for completion.														
Rec No. 3	The Asset Management Liaison Board (AMLB) should review its reporting arrangements to satisfy itself that it receives sufficient information in order to be able to give due consideration to the particular areas of performance stated within the Asset Management Strategy.			Action Date Due	1 st Agreed Revised Date		Priority	% Complete	Status							
	Responsible Owner Agreed Response Scottish Equipment Manager/AMLB	Agreed. KPI information to be reported to AMLB in line with Asset Management Strategy.		01 February 2022	31 March 2023		Grade 2	1%	GREEN							
Progress to Update		Planning stage of work; KPI's will be reviewed and updated as part of the actions from the Azets Audit reports; the Deloitte Audit and in particular the Board action with regards to the development of an Asset Management Performance Framework.														
Outstanding actions to close the recommendation		KPI information will be reviewed during the early stakeholder consultation stages in the development of the Operational Equipment Strategy. The final set of KPI's will require to be agreed as part of AMLB approval of the new Operational Equipment Strategy.														
Azets Comments		Update noted as well as the revised date for completion.														

SCOTTISH FIRE AND RESCUE SERVICE

Audit and Risk Assurance Committee



Report No: C/ARAC/33-21

Agenda Item: 8

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:	14 OCTOBER 2021						
Report Title:	AUDIT / INSPECTION ACTION PLAN UPDATE						
Report Classification:	For Scrutiny	Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
1	Purpose						
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.						
2	Background						
2.1	The Auditor General reports to the Scottish Government on our performance. Following the publication of the reports, action plans are prepared to address the issues or recommendations that are highlighted within the report.						
2.2	Similarly, HMFSI inspects and reports on the Scottish Fire and Rescue Service (SFRS) with the purpose of assuring the public and Scottish Ministers that we are working in an efficient and effective way, and to promote improvement in the Service.						
2.3	Prior to May 2020, progress of existing action plans from the Auditor General and HMFSI were monitored by the Performance Improvement Forum on a 6-monthly basis. Highlight reports were presented to the Corporate Assurance Board and Service Delivery Committee on a 6-monthly cycle.						
2.4	Following a review of the Performance Improvement Forum (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.						
2.5	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.						
3	Main Report/Detail						
3.1	ARAC is presented with the current Audit and Inspection overview dashboard, attached as Appendix A for noting. This provides high level details of all action plans (HMFSI Actions Plans and Auditor General Action Plans).						

3.2	Audit Scotland The Audit Scotland Report was published in May 2018. The action plan contains a total of 36 actions to address the issues raised. The action plan is attached as Appendix B .
3.3	The completion of 33 actions have already been agreed – these are shaded grey and do not need further scrutiny. ARAC members are asked to scrutinise the remaining 3 actions (those in white), and to raise any issues with the update given.
3.4	Two further recommendations have been completed within the reporting period, see 5.3c and 5.3e.
3.5	ARAC members are asked to note and scrutinise the following: <ul style="list-style-type: none"> The revised due date proposed at 1a.2– extension requested to continue negotiations for the standardisation of Retained Duty System (RDS) specific terms and conditions. It should also be noted that this action also includes the implementation of said terms and conditions and not just the reaching of an agreement.
3.6	All the above change has been marked on Appendix B in red for ease.
3.7	The overall RAG rating for this action plan is green and is noted as 98% complete (percentage completions are an estimate provided by the action owner).
4	Recommendation
4.1	ARAC is invited to: <ul style="list-style-type: none"> Note the Overview Dashboard, attached as Appendix A. Scrutinise the Audit Scotland action plan, attached as Appendix B.
5	Key Strategic Implications
5.1	Risk
5.1.1	There are no risks associated with the recommendations of this report.
5.2	Financial
5.2.1	There are no financial implications associated with the recommendations of this report.
5.3	Environmental & Sustainability
5.3.1	There are no environmental implications associated with the recommendations of this report.
5.4	Workforce
5.4.1	There are no workforce implications associated with the recommendations of this report.
5.5	Health & Safety
5.5.1	There are no health and safety implications associated with the recommendations of this report.
5.6	Training
5.6.1	There are no training implications associated with the recommendations of this report.

5.7 5.7.1	Timing Each HMFSI Action Plan will be reported to the ARAC on a quarterly cycle until completion.	
5.8 5.8.1	Performance This process supports robust challenge and scrutiny of our performance against Audit Scotland recommended improvements.	
5.9 5.9.1	Communications & Engagement There is no implication associated with the recommendations of this report.	
5.10 5.10.1	Legal 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.	
5.11 5.11.1	Information Governance A DPIA is not required for this report.	
5.12 5.12.1	Equalities An Equality Impact Assessment is not required for this this report.	
5.13 5.13.1	Service Delivery There is no implication associated with the recommendations of this report.	
6	Core Brief	
6.1	Not applicable	
7	Appendices/Further Reading	
7.1	Appendix A – Audit and Inspection Overview Dashboard	
7.2	Appendix B – Audit Scotland Action Plan	
Prepared by:	Louise Patrick, Temporary Performance and Strategic Planning Manager	
Sponsored by:	Richard Whetton, Head of Governance, Strategy and Performance	
Presented by:	Mark McAteer, Director of Strategic Planning, Performance and Communications	
Links to Strategy and Corporate Values		
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.		
Governance Route for Report	Meeting Date	Report Classification/ Comments
<i>Senior Management Board</i>	<i>11 August 2021</i>	For recommendation
<i>Audit and Risk Assurance Committee</i>	<i>14 October 2021</i>	For scrutiny

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	Moved to BAU	Void	% complete	RAG
May-18	Scottish Fire and Rescue Service Update	ARAC	Dec-21	Nov-21	36	Aug-21	Nov-21	0	1	0	33	0	0	0	2	98%	

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	Moved to BAU	Void	% 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	Dec-21	21	Sep-21	Dec-21	0	1	2	17	0	0	0	0	85%	
Feb-2019	Provision of Operational Risk Information	SDC	Mar-22		25	Aug-21	Nov-21	0	5	0	20	0	0	0	0	90%	
May-2019	Management of Fleet and Equipment	SDC	Mar-22		38	Aug-21	Nov-21	0	2	0	29	0	6	0	0	93%	
Mar-2020	Training of RDS Personnel	SGC	Mar-23		31	Aug-21	Nov-21	0	10	5	16	0	0	0	0	79%	
Dec-2020	Planning and Preparedness for COVID Review	SDC	May-26		17	Aug-21	Nov-21	0	8	0	9	0	0	0	0	75%	
Aug-2020	Command and Control: Aspects of Incident Command	SDC	Mar-22	Dec-23	25	Aug-21	Nov-21	0	11	0	14	0	0	0	0	82%	
Mar-2021	Assessing the Effectiveness of Inspection Activity	ARAC	-		0	-	-	-	-	-	-	-	-	-	-	-	

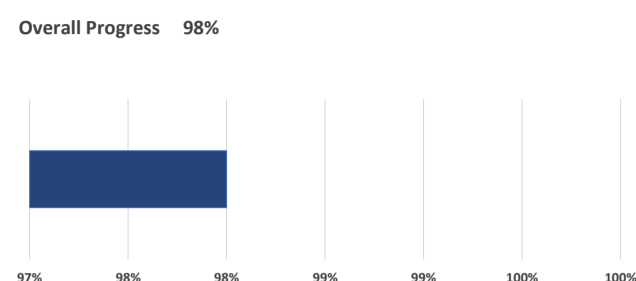
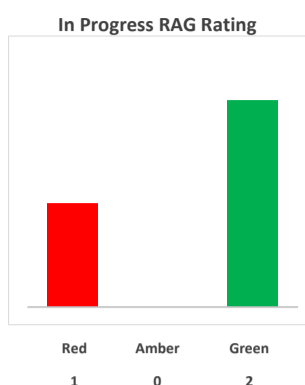
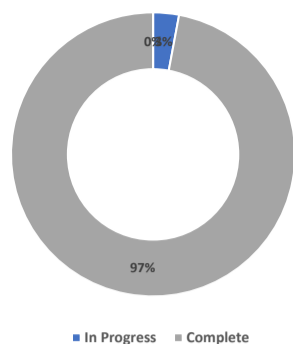
HMFSI Local Area Inspection Reports Progress Dashboard

Published	Title	Relevant Committee	Due Date	Revised Due Date	Total Actions	Last Update	Next Update	Not Started	In Progress	Deferred	Complete	Transferred	Cancelled	Moved to BAU	Void	% complete	RAG
N/A	Local Area Inspection National Recommendations	SDC	N/A	N/A	7	Sep-21	Dec-21	0	2	0	8	0	0	0	0	87%	
Feb-20	Dumfries and Galloway	N/A	Jun-21		12	Sep-21	Dec-21	0	4	0	7	1	0	0	0	100%	
Jun-20	Edinburgh City	N/A	Apr-21		11	Sep-21	Dec-21	0	5	0	0	6	0	0	0	100%	
May-21	Midlothian	N/A	Mar-22		7	Sep-21	Dec-21	0	3	0	4	0	0	0	0	74%	

HMFSI Audit Scotland - Action Plan Progress

Updated	Next Update
Aug-21	Nov-21

Status	Count
In Progress	1
Complete	33
Cancelled	0
Moved to BAU	0
Void	2



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	Mar-22	In Progress	19 May 21: Following further constructive discussions with representative bodies in Quarter 4, an improved offer was issued. This has been accepted by the Fire and Rescue Services Association issued. This has been accepted by FRSA and the FBU will undertake a consultative ballot with their members during Quarter 1 with the recommendation to accept. Engagement sessions with RVDS staff are planned for Quarter 1 during the ballot process. Due to original time slippage this action remains amber. 11 August 21: Following issue of a revised offer in relation to the standardisation of RDS Terms and Conditions in Quarter 4, a series of engagement events were completed in Quarter 1 across all RVDS locations to support the proposed offer and in preparation for ballot. SFRS are currently awaiting ballot dates from the Fire Brigades Union in order to progress. It is anticipated that agreement and implementation of new terms could take up until March 2022 (particularly implementation) and, as such, a new due date of March 2022 has been proposed. This action has moved from amber to red due to the slip in the original timescales.	95%		Red	
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	Develop and establish fair and equitable Pay and Reward Frameworks.	Linda MacKenzie	Mar-20	Sep-21	Complete	19 May 21: Following further constructive discussions and clarification on the terms of the SFRS final offer to standardise Instructor T&Cs, collective agreement was reached with the Fire Brigades Union. Progress continues on standardising T&Cs for RDS staff (see action above). The Covid-19 Recognition Scheme was successfully concluded in Quarter 4, with the Recognition Panel considering a significant number of nominations and reward vouchers issued. A communications plan has supported this to ensure the value and commitment of our people is known. A review process has commenced to inform the main Recognition Scheme later in 2021. A revised due date of September 2021 has been requested to align this action with the timescale of action 1a.2 above. This action has gone from amber to red due to the previous revised due date of Mar-21 not being met. 11 August 21: The POD directorate will always work to ensure fair and equitable Pay and Reward Frameworks are in place, and this features in our Directorate plan. Specifically, for this reporting period, the COVID 19 Recognition Scheme has now concluded, as well as Instructor Terms and conditions negotiations which have been agreed and will be as of 1 July. This action is now complete.	100%	Aug-11	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.	5.3e	Improve Equality Data Gathering and monitoring processes.	Rachael Scott	Mar-20	Jun-21	Complete	19 May 21: A system review is underway and a long term communications plan is being developed to encourage an improved return on sensitive employee information which will commence roll out in Quarter 1 - a revised due date of June 2021 has been requested to support this. This action remains amber due to slipped timescales. 11 August 21: An action plan has been developed to support continued improvement in this area, including system enhancements, ongoing/long term communications plan with employees and new starts, and streamlined reporting of workforce data to improve monitoring in this area which in turn will inform policy, practice and organisational decision making. This action is now complete and has gone from amber to green.	100%	Jun-21	Green	
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 e 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.
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		Void					A Project Termination Report for broadening the Firefighter role was submitted and approved by the Senior Management Board in February 2021. It is proposed that this action is now void.

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 retirals 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 retirals 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%	✓	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.	2.3	Identify an appropriate suite of local performance measures to support local challenge and evidence continuous improvement.	Alison Hastings/ Chris Fitzpatrick	Mar-20	Complete		100%	✓	SDA Performance Proposal Indicator List The Key Performance Indicators for the Service Delivery Areas have now been developed to support local challenges and evidence continuous improvement. This action has been marked complete and has gone from amber to green.
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		100%	✓	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	Void				SFRS Performance Management Framework 2021/22 SFRS BI Strategy 2021/24 SFRS BI Action Plan 2021/22 Microsoft Power BI Business Intelligence and Data Services has been restructured to deliver against objectives of the Business Intelligence Strategy. Performance management and analysis of Service data will be produced by this team and bespoke performance dashboards will be developed by in conjunction with individual departments. There is no requirement for training and development programmes at this time. Understanding of performance management will be supported and improved through the implementation of the SFRS BI Strategy and annual action plans. It is proposed that this action is void.
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	Complete		100%	✓	InPhase System SFRS Performance Management Framework 2021/22 SFRS BI Strategy 2021/24 SFRS BI Action Plan 2021/22 Microsoft Power BI The In-Phase system was procured and is in use. The new Performance Management Framework which has been developed to drive improvement in this area has been to the Strategic Leadership Team and is going to the SFRS Board in May 2021. Furthermore, the new SFRS Business Intelligence Strategy and Action Plan was approved by SFRS Board in March 2021. Further procurement of Microsoft Power BI is expected to complete in May 2021. This action is now complete and has gone from amber to green.

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.	5.1	Re-launch Equality Impact Assessment Process on iHub.	Elaine Gerrard	Nov-19	Mar-21	Complete	100%	✓	Equality Impact Assessments accompany Board papers and are published on the SFRS website. The action to relaunch the Equality and Human Rights Impact Assessment process is contained in the AOP for completion in 2021/22.	
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

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.	5.3b	Improve access to/support career development for underrepresented groups.	Karen Lewis	Apr-20		Complete		100%	Mar-20	✓	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.
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.	5.3d	Review and develop supportive Employment Policies and Procedures.	Mary Corry	Mar-20		Complete		100%	Mar-20	✓	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.

SCOTTISH FIRE AND RESCUE SERVICE

Audit and Risk Assurance Committee



Report No: C/ARAC/39-21

Agenda Item: 9

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:	14 OCTOBER 2021						
Report Title:	REPORT TO THE AUDIT AND RISK ASSURANCE COMMITTEE ON THE 'AUDIT DIMENSIONS AND BEST VALUE' FOR THE YEAR ENDED 31 MARCH 2021						
Report Classification:	For Scrutiny	Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
1	Purpose						
1.1	This report is the updated version of the Audit Dimensions and Best Value report presented to Audit and Risk Assurance Committee (ARAC) in August 2021.						
2	Background						
2.1	This report is the updated version of the Audit Dimensions and Best Value report presented to ARAC in August 2021.						
3	Main Report/Detail						
3.1	This report is the updated version of the Audit Dimensions and Best Value report presented to ARAC in August 2021.						
4	Recommendation						
4.1	The Committee is asked to scrutinise the report.						
5	Key Strategic Implications						
5.1	Risk						
5.1.1	This is an external report and therefore not applicable						
5.2	Financial						
5.2.1	This is an external report and therefore not applicable						
5.3	Environmental & Sustainability						
5.3.1	This is an external report and therefore not applicable						
5.4	Workforce						
5.4.1	This is an external report and therefore not applicable						
5.5	Health & Safety						
5.5.1	This is an external report and therefore not applicable						

5.6 5.6.1	Training This is an external report and therefore not applicable	
5.7 5.7.1	Timing This is an external report and therefore not applicable	
5.8 5.8.1	Performance This is an external report and therefore not applicable	
5.9 5.9.1	Communications & Engagement This is an external report and therefore not applicable	
5.10 5.10.1	Legal This is an external report and therefore not applicable	
5.11 5.11.1	Information Governance This is an external report and therefore not applicable	
5.12 5.12.1	Equalities This is an external report and therefore not applicable	
5.13 5.13.1	Service Delivery This is an external report and therefore not applicable	
6	Core Brief	
6.1	Not applicable	
7	Appendices/Further Reading	
7.1	Appendix A: Report to the Audit and Risk Assurance Committee on the 'Audit Dimensions and Best Value' for the Year Ended 31 March 2021	
Prepared by:	Deloitte LLP	
Sponsored by:	John Thomson, Acting Director of Finance and Contractual Services	
Presented by:	Deloitte LLP	
Links to Strategy and Corporate Values		
Governance Route for Report	Meeting Date	Report Classification/ Comments
<i>Audit and Risk Assurance Committee</i>	<i>14 October 2021</i>	<i>For Scrutiny</i>



Scottish Fire and Rescue Service

Report to the Audit and Risk Assurance Committee on the 'Audit Dimensions and Best Value' for the year ended 31 March 2021

Issued on 20 August for the meeting on 26 August 2021

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Introduction

The key messages in this report

Background

As set out in our audit plan, the Code of Audit Practice sets out four audit dimensions which set a common framework for all public sector audits in Scotland.

Our audit work has considered how the Service is addressing these and our conclusions are set out within this report.

Scope of audit

Our audit work was risk based and proportionate, covering the four audit dimensions as follows:

- Financial management;
- Financial sustainability;
- Governance and transparency; and
- Value for money.

We have also considered the accountable officers arrangements to secure Best Value ('BV') as part of this work.

I have pleasure in presenting our report to the Audit and Risk Assurance Committee ('the Committee') of the Scottish Fire and Rescue Service ('the Service') as part of our 2020/21 audit responsibilities. I would like to draw your attention to the key messages from this paper.

As discussed in our audit plan, the risk profile of public bodies for 2020/21 audits is significantly affected by the COVID-19 pandemic. Our audit work across each dimension has therefore been specifically focussed on how the Service has responded to these risks.

It is important to note that audits are by nature risk based. Where we don't identify any risks, being the areas likely to have the most good practice, we don't consider them in our work. Where we identify risks, being areas likely to have most room for improvement, we consider them in our work. Our work is by design therefore more likely to pick up areas for improvement; but where we identify good practice through our risk-based work we highlight it. This represents the most effective use of limited audit resources. It is important to stress that the audit therefore is not an opinion on the overall performance of SFRS, it is an opinion on parts of SFRS which have been identified as being most in need of audit as a result of a risk assessment.

Our overall conclusions on each dimension are summarised below, with full details provided in the main body of the report:

Financial Management – The Service has effective financial planning and management arrangements. However, there remains room for improvement in setting out savings targets and performance against these, how the budget is presented, the assumptions underpinning it, how it links to the Medium-Term Financial Model ('MTFM') and Long-Term Financial Strategy ('LTFS'), and how it will enable the Service to allocate its resources to drive improvement in outcomes.

The level of outstanding recommendations from internal audit, either overdue or with revised implementation dates, suggests an issue with capacity or focus on implementation. The arrangements for prevention and detection of fraud continue to require to be further improved, as was identified by an internal audit review.

Financial Sustainability – The Service achieved short-term financial balance in 2020/21. There is, as yet, insufficient evidence for us to conclude as to whether the Service can achieve short-term financial balance in 2021/22. While it is positive to note that the Service is actively assessing the financial impact of COVID-19, the anticipated impact has not yet been quantified or reported.

The Service is aware of the significant issues it faces with regards to capital investment. The Service's Capital Programme needs to tie in to the Asset Management Strategy ('AMS'), LTFS or the Service's change programme. It should also quantify the ongoing impact or risk of less than required investment. Reporting against the Capital Programme should provide sufficient evidence to conclude as to whether capital projects are delivered on time and on budget.

Introduction (continued)

The key messages in this report (continued)

Financial Sustainability (continued) - The LTFS developed by the Service is in line with good practice. However, the Service should ensure this document is used for ongoing decision making, is reported against, and is clearly linked to the MTFM, Capital Programme, Workforce and Strategic Resourcing Plan or Resource Budget. The LTFS should act as a strategic document that supports longer-term financial thinking.

Key to the Service's financial sustainability is the delivery of a comprehensive change programme. The Service is in the early stages of transitioning to a new change programme, following a comprehensive review of the Service's approach to change. We will continue to review the Service's approach to change as it progresses throughout 2021/22.

Governance and Transparency – The Service continues to have effective governance and scrutiny arrangements in place, although improvements should be made with regards to the implementation of these arrangements. Appropriate arrangements have been put in place in response to the COVID-19 pandemic. While the Service continues to be open and transparent, it could have permitted public access to meetings earlier than it did, and there remains room for improvement in this area.

The Service continues to have strong leadership in place. This has been particularly evident in the response to COVID-19. Changes to the management structure with the creation of a Service Delivery Directorate and a Service Development Directorate are positive steps as the Service moves to having transformation at a strategic level as part of normal Service business.

Value for Money – We recognise that the COVID-19 pandemic has had a significant impact on the Service. It is important that the Service take any lessons learned as it moves into the recovery phase to consider alternative approaches to service delivery. The Service has a clear and robust Performance Management Framework which is aligned to the National Performance Framework. However, performance reporting is inconsistent and reporting improvements that demonstrate how different parts of the Service are performing comparatively should be deployed. Performance reporting would benefit from more narrative which clearly sets out how indicators and outcomes tie in together.

Best Value – The Service has sufficient arrangements in place to secure Best Value with a focus on continuous improvement, although there is room for improvement in the Service's internal processes for identifying areas for improvement and implementing the necessary changes, as well as in the pace of improvement.

Emerging issues

Deloitte's wider public sector team prepare a number of publications to share research, informed perspective and best practice across different sectors. We have provided the most relevant to the Service on page 31 of this report.

In particular, we have provided a high level assessment of where the Service is in its response to the Climate Change Agenda, discussed on pages 28 and 29.

Next steps

An agreed Action Plan is included on pages 34 to 46 of this report, including a follow-up of progress against prior year actions. We will consider progress with the agreed actions as part of our 2021/22 audit.

Added value

Our aim is to add value to the Service by providing insight into, and offering foresight on, financial sustainability, risk and performance by identifying areas for improvement and recommending and encouraging good practice. In so doing, we aim to help the Service promote improved standards of governance, better management and decision making, and more effective use of resources.

This is provided throughout the report. In addition, we have shared invites to relevant Deloitte-led webinars with the Service.

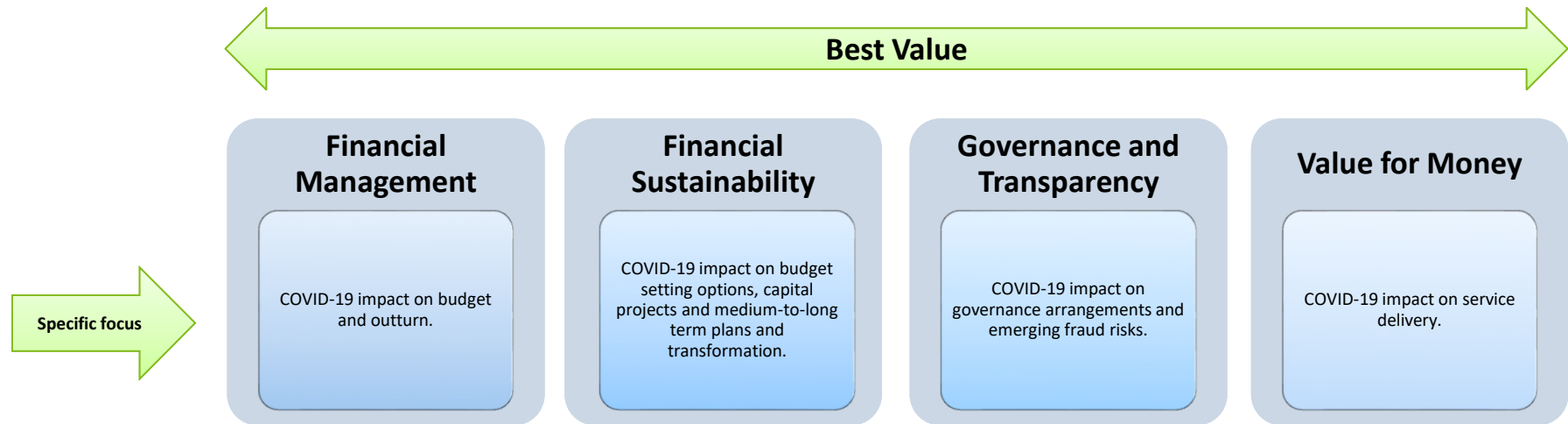
Pat Kenny
Audit Director

Audit Dimensions and Best Value

Overview

As set out in our audit plan, public audit in Scotland is wider in scope than financial audits. This report sets out our findings and conclusions on our audit work covering the areas set out below.

The risk profile of public bodies for the 2020/21 audits is significantly affected by the COVID-19 pandemic. Our audit work across each dimension has therefore been specifically focussed on how the Service has responded to these risks.



Financial Management

Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Areas considered

Our approach to the audit dimensions is risk focused. Within our audit plan, we confirmed that while there was no specific risk in relation to financial management, we would continue to review the Service's financial management arrangements including the extent to which there is effective scrutiny over both operational spend as well as delivery of savings plans.

Current year financial performance

2019/20 conclusion: The Service reported an underspend of £1.4m against total cash Departmental Expenditure Limit. The main contributory factor to this underspend was as a result of an underspend on employee costs.

2020/21 update: The 2020/21 budget was approved by the Board on 26 March 2020. The 'resource' budget remained static at £276m throughout the year, although the Service returned £1m to the Scottish Government as a result of a net saving from the impact of COVID-19. The 'capital' budget moved from £32.5m to £39.6m over the same period.

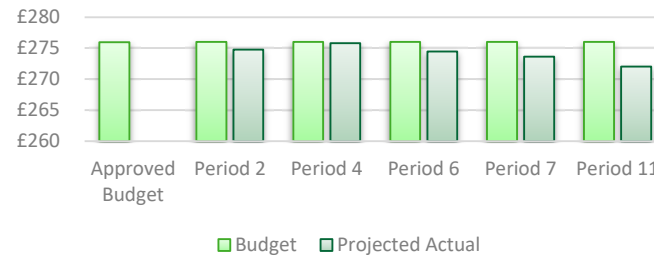
Is financial management effective?

Are budget setting and monitoring processes operating effectively?

Is there sufficient financial capacity?

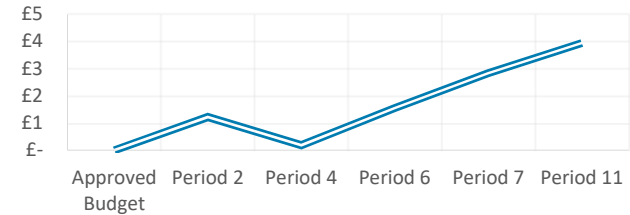
Financial Management

Resource budget performance (£m)



The projected resource outturn is £272.1m, representing an underspend of £3.9m against the original resource budget. This underspend is primarily due to the impact of COVID-19, which has resulted in net savings of £3.035m in 2020/21 (although some of these 'savings' are expected to result in additional cost pressures in future years, for example on training and development).

VARIANCE AGAINST BUDGET (£M)

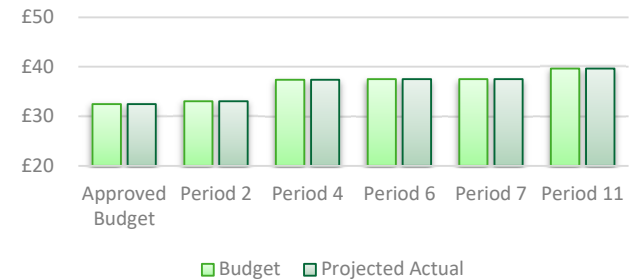


COVID-19 impact - 2020/21 (£m)



Projected capital outturn is £39.6m, in line with the revised capital budget. The two drivers of the revision to the budget is the receipt of £4.35m of additional Scottish Government funding for minor works, with a further £2.72m received from Transport Scotland to purchase electric vehicle charging infrastructure and lease low emission electric cars.

Capital budget performance (£m)



Financial Management (continued)

Current year financial performance (continued)

2020/21 conclusion: In line with previous years, the Service continues to have effective financial planning and management arrangements in place, with the projected outturn expected to be largely in line with the revised budget. The revisions to the budget in the year were due to COVID-19 and additional external capital funding – rather than indicating an issue with the budgeting process itself.

Revisions to the budget and performance – both actual to date and forecast – were clearly reported in both the Resource Monitoring Reports and the Capital Monitoring Reports.

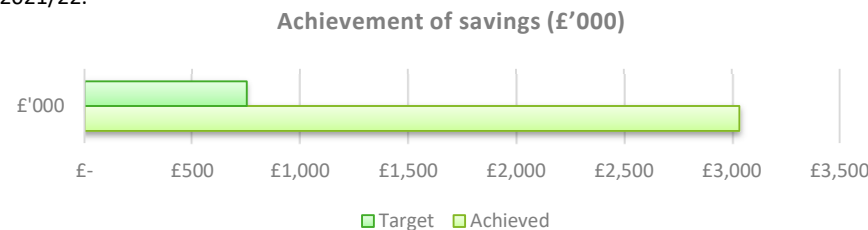
Savings Plans

2019/20 conclusion: Not specifically considered in 2019/20.

2020/21 update: In the 'Budget Strategy', presented to the Board in February 2020, savings are not specifically referred to. In the 'Resource Budget', presented to the Board in March 2020, non-employee cost savings of £0.753m are noted, but no detail is given on them other than noting this number. There is no discussion of employee-related cost savings. More information from earlier Board development sessions on setting the budget should have been included. The budgeted efficiency savings represent 0.3% of the total budget, against a general Scottish Government target of 3%. More information on how the budget has incorporated efficiency savings targets to reach this target should have been included.

In the Resource Monitoring Reports presented to the Board throughout the year, there is reference to savings. Improvements should be made to be clear if these are efficiency savings, recurring or non-recurring, non-cash, or deferred costs. It is not clear whether these were part of the initial target of £0.753m noted in the original budget, what the total savings achieved are (or expected to be), whether these savings are recurring or non-recurring, and to what extent they are offset by growth in the budget due to demand or other cost pressures. Whilst information is provided on savings during the year in terms of variance reporting, there is no summary information provided in the Resource Monitoring Reports on the general efficiency savings achieved or not achieved.

In 2020/21, 'savings' of £3.035m were achieved due to the impact of COVID-19. The Service recognises that these one-off savings are likely to lead to future recovery costs, but information on this is not provided. The Service notes that it has estimated these costs but that at the time of the budget setting for 2021/22, these costs were not fully known. The Service should continue to develop these during 2021/22.



2020/21 conclusion: The savings targets set by the Service should be clearer and more detail should be included in the budget report and the subsequent Resource Monitoring Reports to enable appropriate scrutiny and challenge. From the information provided, it is not possible for the Board to satisfy themselves as to whether or not the Service is meeting the Scottish Government's 3% efficiency savings target, whether savings planned in the budget are being delivered, whether savings are recurring or non-recurring, and how these efficiency savings are being used to reinvest in the Service or offsetting cost pressures. Similar to the information provided on the COVID-19 'savings', it is not clear from reporting whether the general efficiency savings achieved in the year are actual savings or could simply be due to delayed costs. **(Recommendation 1.5 and 1.6)**

In addition, from our review of the Service's MTFM and LTFS within 'Financial Sustainability', we noted that the savings included in the budget and the Resource Monitoring Reports are not linked to the MTFM or the LTFS. We recognise that by their nature the MTFM and LTFS are refreshed less regularly than the budget and the Resource Monitoring Reports. However, it is important to set out how the short-term decisions tie in with the longer-term models and strategies. The annual budget setting process should be used to consider the impacts on the longer-term funding gaps identified by the Service in these documents. **(Recommendation 1.4)**

Financial reporting

2019/20 conclusion: From a review of in-year budget monitoring reports, reviewing whether financial balance would be achieved for 2019/20, we concluded that the underlying financial performance is transparently presented. This includes a discussion for the primary reasons for any in-year actual and projected budget variances (adverse and favourable), as well as actions to bring variances in line with budget. Financial performance is presented to the Strategic Leadership Team ('SLT') and Board.

2020/21 update: The Board approved its 2020/21 budget on 26 March 2020, following various Board seminars and workshops and a 'Budget Strategy' report to the Board in February 2020. The Strategic Leadership Team and Board regularly review progress against budget throughout the year, with quarterly reporting to the Board. From review of the reporting throughout the year, variances are clearly reported and explained – both actual and forecast.

Financial Management (continued)

Financial reporting (continued)

2020/21 update (continued): The budget report presented to the Board itself is a summary document, consisting of 10 rows of numbers. This is supported by another appendix, also a single page, which shows how the Service gets from the 2019/20 budget 'base position' to the 2020/21 budget.

There is no information provided on the assumptions underpinning the budget. There is no detail provided on how the budget links to outcomes, other than a simple statement of fact in the 'Budget Strategy' that "this budget is provided to enable SFRS to deliver against its priorities and objectives [...] with a focus on broadening SFRS's contribution to public sector outcomes." The Service notes that the budget setting process includes a Board development day where more information is provided on budget formulation and on the assumptions and financial risks underpinning it. This information should be referenced or included in the final budget report to improve scrutiny and transparency.

The Service should make it clearer how the budget compares to the MTFM or the LTFS. The Service should also make it clearer how by using the resources available to the Service, the budget allocates these to improve performance in line with the Service's strategic priorities.

2020/21 conclusion: As set out under 'current year financial performance' on page 6, we are satisfied that the Service has effective financial planning and management arrangements in place. However, the usefulness of the information available to the Service can and should be enhanced so that it is designed in a manner that it can be used to drive change and improvement.

From our review, it is not clear how the Board could have satisfied itself as to the budget as a standalone item, as it did not contain any of the detail necessary to ensure appropriate scrutiny and challenge. The Service notes that the Board satisfied itself based on a combination of Board development days and the final report. It is essential that all information on the budget setting process is included in the final report to ensure appropriate scrutiny and challenge and to demonstrate openness and transparency (as discussed further on page 21.) **(Recommendation 1.1)**

The Service sets a budget as it is statutorily required to do so. Budgets can and should be used to demonstrate how the Service will allocate its resources to deliver improved outcomes. The budget is reported in isolation, making it difficult without extensive cross-referencing and individual research to assess how the budget links in with the Strategic Plan, how it is expected to drive improved performance in line with the Annual Operating Plan, how it ties in with the LTFS or MTFM, how it utilises the workforce and drives progress towards the Target Operating Model set out in the Workforce and Strategic Resourcing Plan, and how it links in with the extensive other commitments that the Service has made (for example, on climate change). **(Recommendation 1.2 and 1.3)**

Financial capacity

2019/20 conclusion: Not specifically considered in 2019/20.

2020/21 update: The finance function has a stable staff base and members of the finance function have significant cumulative experience in the Service. In early 2021/22, the Director of Finance and Contractual Services was seconded to the Scottish Government for a year.

Following this, we have been advised that there are expected to be changes to the finance and asset management team structures, triggered by the secondment of the Director of Finance and Contractual Services. This follows a restructure in January 2020, which followed an approved restructure in September 2017 following the implementation of a new HR/Payroll solution across the Service. The 2020 restructure was triggered by the fact that the Service has evolved since 2017, and there was therefore an opportunity to revisit and modify the structure to align with the Service's objectives and resource needs. There has not been reporting to Committees or the Board on restructures to the function.

COVID-19 has impacted the workforce across the Service (see 'Workforce Planning' on page 17), including the finance function, due to additional reporting requirements to the Scottish Government and the need to monitor and report on the financial impact of COVID-19.

The Service should broaden the risk it has identified arising from capacity issues on its ability to demonstrate effective planning and control of financial resources to include strategic financial capacity and effectiveness of training within the finance function, with this risk reported and reviewed by Committee or the Board. We note that no Committee within the Service currently has responsibility for financial matters (see 'Governance and scrutiny arrangements' on page 19). We were initially informed that the Service intended to establish a committee specifically responsible for financial matters in 2021/22, although this is no longer the case.

2020/21 conclusion: We welcomed the proposed establishment of a committee with responsibility for financial matters within the Service, with this additional layer of accountability at an opportune time to ensure that the improvements to the use of financial information and financial planning as identified in our work are embedded across the Service. We would encourage the Service to reconsider its changed intention not to establish such a committee or allocate specific responsibility for finance to an existing committee.

Financial Management (continued)

Financial capacity (continued)

2020/21 conclusion (continued) The structure of the finance function is an operational matter and restructures have followed appropriate Service approvals. However, there have been varying restructures in recent years and recent changes at a senior level. The frequency of restructures, including additional proposed changes following the secondment of the Director of Finance and Contractual Services, appears ad-hoc and high by comparison to other public bodies. The relevant committee or Board should ensure that it considers whether the process by which management have determined the structure of the finance function is sufficiently robust to enable the Service to make full and effective use of the finance function to drive improvements in the reporting of use of resources, as recommended throughout our work. **(Recommendation 1.7)**

Whilst the Service benefits from a consistent and experienced workforce in the finance function, management need to ensure that systems exist to ensure that the function is appropriately trained and possesses the requisite skills and competencies to perform financial planning and reporting in line with developing expectations around budgeting for and reporting against the use of resources in delivering improved outcomes. **(Recommendation 1.8)**

Internal audit

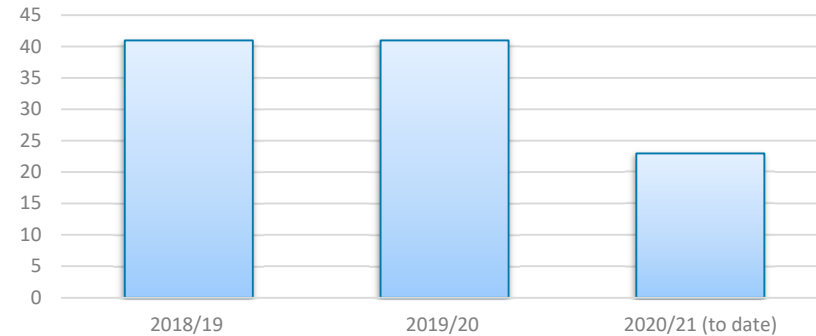
2019/20 conclusion: Based on a review of internal audit reports issued in the year, attendance at ARAC meetings, updating our understanding of key processes that feed into the financial reporting process, and audit procedures carried out during the course of the audit, we were satisfied that the Service has adequate systems of internal controls in place.

2020/21 update: The 2020/21 internal audit plan was approved by the Board on 27 August 2020. This comprised 8 individual audits and additional follow ups. The internal audit plan noted there were 150 audit days planned for the year.

As part of our year-end audit, we will assess the internal audit function, including its nature, organisational status and activities performed. For our work on the audit dimensions, we have analysed the work performed by internal audit, including the number of recommendations made in the year compared to previous years.

COVID-19 has not had a noticeable impact on the delivery of the internal audit plan, with all planned audits due to be completed by the end of the year and reported to the July 2021 Audit and Risk Assurance Committee meeting. The recommendations arising from internal audits in 2020/21 are not COVID-19 specific. From our review of prior internal audit recommendations, we noted that 50% of outstanding actions had revised dates (high levels of revised implementation dates being an ongoing issue evident in previous years too), with one action outstanding from 2018/19 and 20 from 2019/20 as the Service heads into 2021/22.

Internal Audit Recommendations



In 2020/21, the number of recommendations arising from internal audits has declined somewhat, from 41 in 2018/19 and 41 in 2019/20 to 23 in 2020/21. While it is important to note that this information is based on a situation whereby some internal audits remain outstanding, on a pro-rata basis, the recommendations made are slightly lower than previous years.

2020/21 conclusion: We have reviewed the work of internal audit. The conclusions have helped inform our audit work, although no specific reliance has been placed on this work. We will also consider the work of internal audit as part of our audit work on the Annual Governance Statement and report our conclusions in our final report to the Committee in October 2021.

The number of recommendations raised by internal audit remained consistent in 2018/19 and 2019/20, with a slight decline in 2020/21. However, as has been identified by the Committee previously, there remain a significant number of recommendations outstanding from previous years, with a high number of these having revised implementation dates, which has been recognised by both internal audit and the Service. This suggests that either capacity or focus on implementation is not at the necessary level. The Service notes that in the past, management responses tended to be too optimistic in targeting resolution of audit actions as quickly as possible and more realistic dates are not being proposed. **(Recommendation 1.9)**

Standards of conduct for prevention and detection of fraud and error

2019/20 conclusion: We reviewed the Service's arrangements for the prevention and detection of fraud and irregularities. Overall we found the Service's arrangements to be operating effectively.

Financial Management (continued)

Standards of conduct for prevention and detection of fraud and error (continued)

2020/21 update: We have assessed the arrangements for detecting fraud and error, including specific considerations in response to the increased risk of fraud as a result of COVID-19.

We note that the Service's Anti-Fraud Policy was issued in November 2013 and due for review in December 2015. Whilst we are aware that a new Anti-Fraud Policy is due to be issued in 2021/22 (and has been delayed to reflect the recommendations from previous audits), the fact that the current policy has been in place for so long beyond its review date raises questions about whether the Service's arrangements as they presently stand are appropriate.

We are aware that an internal audit of the Service's fraud risk management arrangements was reported to the Audit and Risk Assurance Committee in early 2020/21. This specific internal audit made 27 recommendations which needed to be addressed to ensure that the Service demonstrates best practice in relation to the management of fraud risk. At the end of 2020/21, 12 of these actions were noted as outstanding.

Audit Scotland noted in 2019/20 that procurement fraud is a risk across the public sector. In September 2020, the Service developed a specific action plan in response to these procurement fraud risks. The Service has a Procurement Strategy which ran from 2019 – 2021. Underpinning the Strategy, there is an action plan, containing 6 actions. These actions are vague, such as "continue to progress strategy actions", "fully resource the procurement structure", "report progress in our annual procurement report". Despite not having specific targets associated with the strategy, management believe good progress has been made.

Against this action plan, there are 13 performance measures. These measures have no targets. In the 2019/20 Annual Procurement Report two of the measures were not measured. For the remainder, it is not possible based on the information available to assess whether performance is on target or not, or whether it is improving or declining. We note the Annual Procurement Report states that "progress continues with the delivery of Procurement Strategy Action Plan". This is vague.

In early 2021/22, the Service published a revised Procurement Strategy, running from 2021 – 24. We are pleased to note that the revised Procurement Strategy has 23 KPIs, with reporting frequencies and targets embedded. We also noted that the revised Strategy has 45 actions, with specific target dates and owners and KPIs associated. This is a noticeable improvement on the 2019 - 21 Strategy.

2020/21 conclusion: We have reviewed the Service's arrangements for the prevention and detection of fraud and irregularities. We have not identified any issues with regards to fraud or irregularities themselves.

The revised Procurement Strategy represents a significant improvement on the previous version, enabling a much more robust process of monitoring and assessment of improvement. We note that internal audit are due to report on procurement and tendering in 2021/22.

In addition to the above, the fact that the Anti-Fraud Policy remains out of date and that the Service has been found by internal audit to not be demonstrating best practice in 27 areas – with 12 of these areas still outstanding – suggests that the Service's arrangements as they currently stand are not fully designed effectively and appropriately implemented.

Deloitte view – Financial Management

The Service has effective financial planning and management arrangements which are robust enough to manage financial activity and capture and address any challenges to the achievement of financial targets. The financial position and variances were transparently reported to the Board throughout the year. However, savings targets are unclear and other than the net savings as a result of COVID-19, it is not clear what level of savings the Service aimed to achieve or actually achieved. There is also room for improvement in setting out how the budget is prepared, the assumptions underpinning it, how it links to the MTFM and LTFS, and how it will enable the Service to allocate its resources to drive improvement in outcomes. Overall, while the Service has demonstrated effective operational financial management, there is room for improvement in a number of areas, to bring the Service in line with both developed and emerging good practice, as set out in the Action Plan at the end of this report.

The capacity of the finance team has remained consistent during the year, following a restructure in 2019/20. There have been changes subsequent to 2020/21 and plans for a further consideration of the structure. We will monitor the outcome of the ongoing review as part of our 2021/22 audit.

The level of outstanding recommendations from internal audit, either overdue or with revised implementation dates, suggests an issue with capacity or focus on implementation. The arrangements for prevention and detection of fraud continue to require improvement, as was identified by an internal audit review.

Financial Sustainability

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

Areas considered

Our approach to the audit dimensions is risk focused. Within our audit plan we identified the following risks:

- *“There is a risk that the Service is not financially sustainable in the medium-to longer term.”*
- *“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.”*

Budget setting

2019/20 conclusion: The impact of COVID-19 on the ability to achieve short-term financial sustainability presented a risk to the Service. We noted the Service should ensure that they review, and where appropriate revise their financial strategy during 2020/21 to reflect on the impact of COVID-19. We noted that it was important that the Service also build into the scenarios the impact of demand pressures on costs to the Service along with the estimated changes in funding to get a fuller picture of the likely challenges that it faces.

2020/21 update: The Service approved a balanced budget of £284.7m for 2021/22 on 25 March 2021. This incorporates £4.81m of ‘non employee cost savings’, representing 1.7% of total expenditure (a significant increase on the £0.753m – 0.3% - required in 2020/21). The approach to and information included in the budget for 2021/22 is identical in all material respects to the 2020/21 budget. As with 2020/21, the ‘cost savings’ are not underpinned by detailed savings plans. Our comments on the 2020/21 budget and savings plans, set out under ‘Financial management’, are therefore equally relevant to the 2021/22 budget.

Prior to the 2021/22 budget, there was a Board seminar. There was a useful presentation to the Board setting out the underpinning assumptions in the budget, and these should be reproduced to a degree in the budget itself.

Discussion with the Service has indicated that the budget is ‘zero based’ in relation to significant cost areas. The 2021/22 budget, just like the 2020/21 budget, is presented as the previous year’s budget adjusted for anticipated changes, with expected savings essentially balancing the budget. The presentation in the Board seminar and reporting of the budget itself to the Board presents all 2021/22 budgets as being the 2020/21 budget +/- changes in the assumptions.

In 2021/22, the Service’s resource budget will be £8.7m (3.1%) higher than the revised 2020/21 budget, whilst the capital budget is flat. Reporting should more clearly set out how the Service plans to use this increased allocation to deliver improved performance or outcomes, or why the increased funding might not enable improvements to be delivered (for example, if the increased funding is simply offsetting delayed COVID-19 costs).

The risks recognised in setting the budget in 2020/21 and 2021/22 have changed slightly. In 2020/21, the risk associated with COVID-19 costs not being reimbursed was given a score of ‘12’ (out of 25), whereas in 2021/22, after discussions with the Scottish Government, it has a score of 8 (also out of 25). One other risk from 2020/21 – that an affordable agreement on harmonisation of Retained Duty Service firefighters terms and conditions might not be reached – does not occur in 2021/22, although such agreement has not yet been obtained. In 2021/22, there are two additional risks – that investments in new initiatives is delayed due to recruitment and other challenges, and that the ongoing impact of COVID-19 results in SFRS being unable to address backlogs in training, recruitment, etc.

The budget for 2021/22 is presented on a ‘business as usual’ basis, taking what has gone before and adding/subtracting for various areas, rather than setting out what the Service actually needs to deliver improved outcomes. It should be clearer how the resources are actually allocated based on need or aligned to the Strategic Priorities. In the Service’s view, the budget supports improvement via the Annual Operating Plan and maintaining the significant ongoing requirements of ‘business as usual’, based on Service need.

The 2020/21 and 2021/22 budgets do not include any consideration of an impact arising from withdrawal from the EU. This was maintained as a risk to the Service. In the Resource Monitoring Report presented to the Board in March 2021, it was noted that the Service did not expect to incur any additional costs in respect of this during 2020/21. It is not clear whether the Service expects any impact in 2021/22. The Service notes that it is experiencing additional cost pressures from the COVID-19 pandemic rather than withdrawal from the EU.



Financial Sustainability (continued)

Budget setting (continued)

2020/21 conclusion: The Service has received a substantial uplift in resource funding in 2021/22 compared to 2020/21. However, there has been a significant increase in the required savings to achieve a balanced budget despite this, and SFRS itself notes the financial implications of the COVID-19 pandemic are not yet fully understood. It is not possible based on the information currently available to conclude as to whether efficiency targets are realistic or to conclude with any certainty as to whether the Service can achieve short-term financial balance in 2021/22.

In setting the budget, there are Board seminars and workshops, to ensure appropriate Board engagement. This culminates in a report on the Budget Strategy being presented to the Board, which is then followed by the budget itself. The level of Board involvement at the 'input' stage for budget setting is to be welcomed. However, the Board needs to ensure, as set out in 'Financial Reporting' on page 7, that the budget is able to serve as a standalone report and captures the output of the Board engagement that has occurred. **(Recommendation 2.6)**

The style of reporting the budget for the Service has changed each year since 2017/18, with these changes being minor year-on-year but significant cumulatively. Year on year there has been less information provided on savings and cost pressures which underpin the budget strategy – to the extent that 'savings' are not mentioned in the 2021/22 strategy, and the only cost pressure referred to is pay inflation. The Service should reinstate links to long-term financial sustainability and Information on the timetable and approach to budget setting. Our view from review of the Budget Strategy documents is that they have become substantially less useful as a strategic document in the period from 2017/18 – 2021/22. **(Recommendation 2.7)**

Capital planning and asset management

2019/20 conclusion: Not specifically considered in 2019/20.

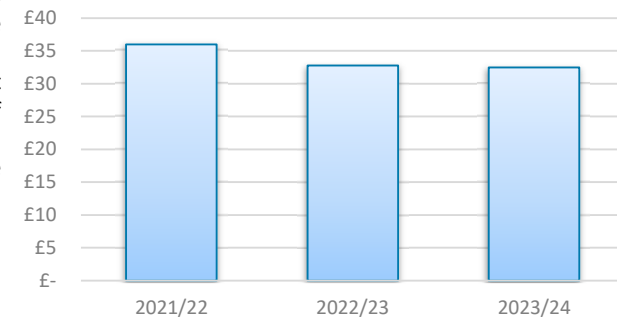
2020/21 update: The Service has a 3 year Capital Programme, refreshed each year, which currently runs from 2021 – 24. The Capital Programme assumes that funding from the Scottish Government for capital projects will remain flat at £32.5m for the foreseeable future. Given the long-term nature of capital projects, it is unusual that the Capital Programme covers a shorter period than resource monitoring (which has the MTFM covering to 2028/29 and the LTFS covering to 2026/27).

The Capital Programme seeks to address but does not make specific reference to the investment backlog which has been identified by the Service in its AMS. While the Service notes that the Capital Programme is prioritised to best meet the needs of the Service, this is not set out within the Capital Programme, and further clarity should be added to set out how the Capital Programme deals with what the Service itself noted as a significantly increased risk of asset failure based on the projected level of investment. The Capital Programme notes that during 2021/22, work will be undertaken in conjunction with the Scottish Government to set out in detail the challenges that the Service faces in relation to capital investment.

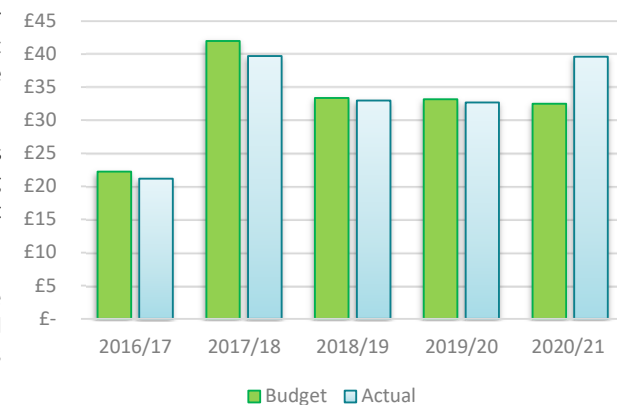
The risks associated with the Capital Programme include a high risk identified by the Service that market conditions result in higher than anticipated prices being incurred in the delivery of the programme. It should be made clearer when the capital projects actually expect to be delivered, rather than being aggregated at a high level. As present, it is difficult for the Board to be assured as to whether capital projects are delivered on time and on budget.

We note from reviewing the Capital Programme that it says performance monitoring is through the Capital Monitoring Reports. However, the Capital Monitoring Reports do not provide any detail on whether the individual projects within the Programme are being delivered on time and on budget, just whether the overall spend in the year is in line with the Capital Programme. Whilst the Service notes that capital funding is typically fully utilised to support Service objectives and to address the known asset backlogs, more information should be presented to the Board to enable them to fully understand how individual projects within the Capital Programme are being delivered to time and budget.

Capital programme (£m)



Capital Programme: Spend vs Original Budget (£m)



Financial Sustainability (continued)

Capital planning and asset management (continued)

2020/21 update (continued): The AMS notes that "despite significant investment", "there remains a substantial inherited backlog to enable all assets to achieve satisfactory ratings of condition and suitability" totalling £389m and that "Audit Scotland has recognised the need for action". This view was provided to us in every interview we conducted and seems to underpin the Board and management views as to sustainability of the Service's asset base.

Audit Scotland noted in 2017/18 (in their 'Scottish Fire and Rescue Service: an update' report) that the backlog – totalling £389m – was "insurmountable without transforming the current model for delivering services and additional investment". The focus from our interviews was on the latter part of that conclusion - additional investment - rather than the former - transforming the current model for delivering services. The AMS notes that SFRS "will develop detailed medium-long term asset management plans, by asset category". These have not yet been developed, although management have advised that a recent appointment in asset management is tasked with this action. The AMS should be revised to link with the new Strategic Risk Register. Reporting against performance on Asset Management is to the Asset Management Liaison Board, on five broad areas, with 13 specific areas reported against. None of these have actual, measurable targets. Management have confirmed that they aim to make progress on this area in 2021/22 also.

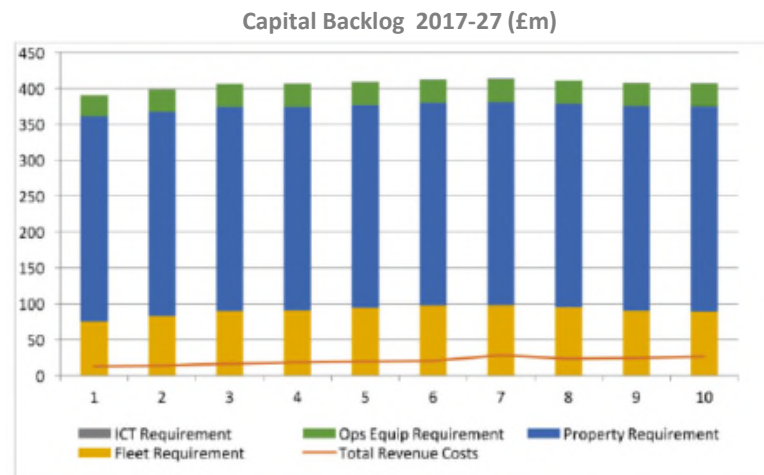
The LTFS notes that if there is £32.5m of capital resource per year, the backlog of investment will increase by £28m and there will be additional running costs of £23.7m. It also notes that the risk of asset failure would increase significantly. Given that the Service is now 4 years into the LTFS and the resource allocation remains £32.5m (and is projected to be the same for years 5 – 7), the Service should present the revised backlog figures and maintain these moving forward to understand the impacts on running costs and to assure itself that it is delivering value for money.

2020/21 (conclusion): The Service is undoubtedly faced with legacy issues with regards to capital investment. While the AMS and LTFS note the recurring cost impacts of delayed capital investment (due to increased maintenance, etc.), the Capital Programme should set out how the level of funding over the programme ties in with these strategic documents and how the lower-than-required funding is expected to impact on the resource budget over the period. **(Recommendation 2.8)**

Similarly, despite these strategic documents noting an increased risk of asset failure due to lower than required levels of funding, the Capital Programme does not set out how the Service is mitigating this risk.

While the Service has a strong track record of accurate capital budgeting, reporting against the Capital Programme does not enable assurance to be gained as to whether capital projects are delivered in line with the original budget and timescales. **(Recommendation 2.9)**

The AMS requires updating, and should be linked in with the Service's change programme. In reviewing the capital investment needs of the Service with the Scottish Government in 2021/22, the Service needs to ensure that its AMS is updated to reflect these needs and that it is tied in with the change programme vision of the future asset needs of the Service. In order to assess the increasing risk of asset failure from delayed investment, the revised AMS – and subsequent Capital Programmes – should clearly differentiate between investment required to replace old assets as the Service transitions from its current asset base to the identified required asset base for the future and backlogged maintenance/repairs/replacements to maintain current assets until that transition has occurred. **(Recommendation 2.1 and 2.2)**



*Projected capital backlog with £32.5m capital spend per annum per LTFS

Financial Sustainability (continued)

Medium-to long-term financial planning

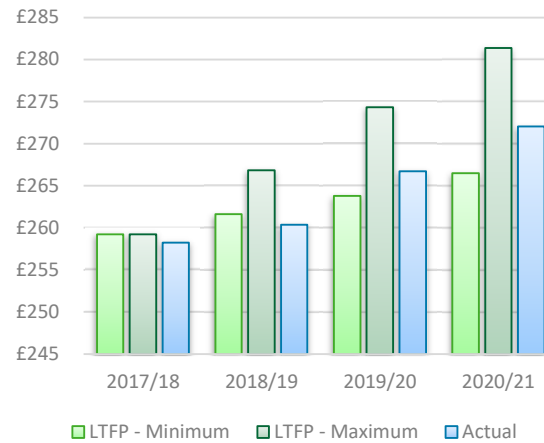
2019/20 conclusion: A LTFS covering the period to 2026/27 was approved by the Board in December 2017. This incorporates 4 different scenarios across a spectrum of best and worst case scenarios. The pessimistic scenario is a funding gap of £77.2m, the optimistic scenario is a funding surplus of £43.4m, and the midpoint is a funding gap of £16.9m.

The strategy that SFRS will work towards adopting is in line with the 'Spreading like Wildfire' scenario which assumes an existing budget plus CPI inflation in each of the next 10 years, plus a net addition of £6.4m added to core funding from 2018/19, followed by a further £4m spread across 2021/22 and 2022/23, reflecting the Service's contribution to wider public sector outcomes.

2020/21 update: The Service has a LTFS, a MTFM and the annual budget. The LTFS includes scenario planning (four scenarios), as well as a 'maximum', 'minimum' and 'midpoint' in terms expected positions. This approach is in line with good practice in developing long-term planning, based on the Best Value Toolkits. The midpoint funding gap by 2026/27 (the end of the plan) is £16.934m per annum.

The accuracy of the LTFS to date has been good – in 2017/18 and 2018/19, the 'actual' spend was slightly lower than 'minimum' per the LTFS. In 2019/20 and 2020/21, the 'actual' is in line with the midpoint between 'minimum' and 'maximum'.

Long-Term Financial Strategy: Forecast vs Actual (£m)

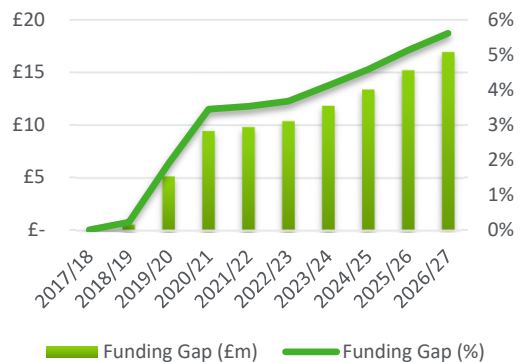


However, it should be made clearer how the LTFS ties up to the annual budget or the MTFM. The information in the MTFM notes that by 2026/27, the annual funding gap will be £33.945m (against £16.934m in the LTFS). The LTFS has not been updated since 2017 and is not reported against. The MTFM is not reported to committees or the Board.

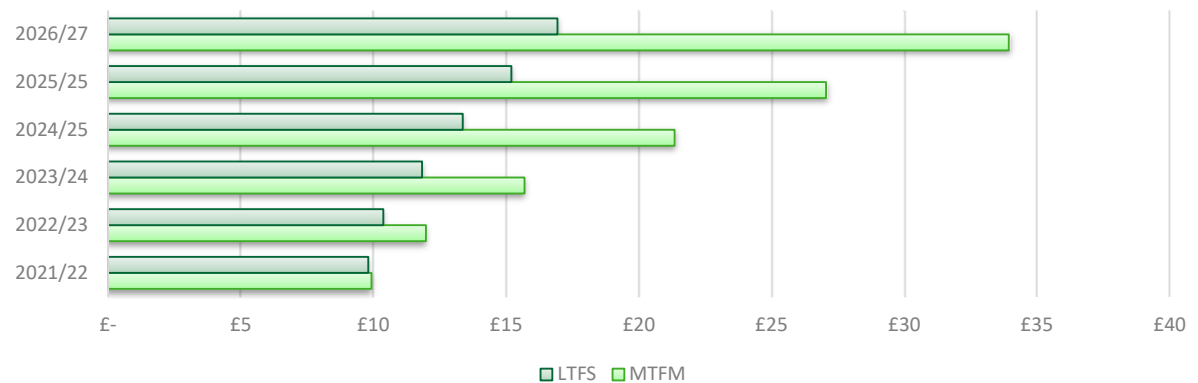
Neither the MTFM nor LTFS set out the outcomes expected to be achieved or how resources will be allocated over the longer-term to deliver outcomes (acknowledging that to achieve outcomes, some areas require more up-front spend than others, others require consistent spend every year, etc.)

The annual budget and the Resource Monitoring Reports should refer to either the MTFM or the LTFS where appropriate.

Long Term Financial Outlook



Funding Gap: Medium-Term Financial Model vs Long-Term Financial Strategy (£m)



Financial Sustainability (continued)

Medium-to long-term financial planning (continued) Transformation Strategy

2020/21 conclusion: The LTFS developed by the Service is in line with good practice. However, it should be linked to ongoing decision making and it is not reported against. It should be clearly linked to the MTFM, Capital Programme, Workforce and Strategic Resourcing Plan and Resource Budget. The current approach reduces the usefulness of the LTFS as a strategic document to support longer-term financial thinking.

In many areas, the Service is involved in prevention and delivering outcomes that require significant investment over numerous years to see improvement in desired outcomes. The LTFS – implemented by the MTFM and Resource Budget – should clearly set out how resources are expected to be allocated over the longer-term to drive improvements in outcomes over the period. **(Recommendation 2.3)**

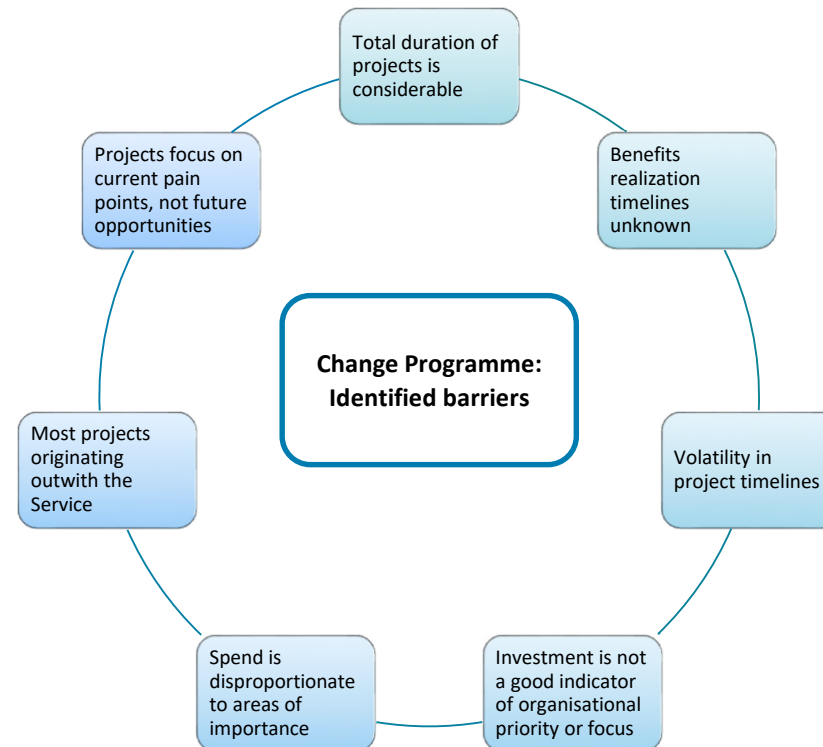
While it is not necessary to update and publish the LTFS every year, regularly referring to the Strategy and indicating how it is embedded in the Service's key decision making models and operational delivery is key to ensuring that longer-term financial thinking is embedded in the Service. In setting the Workforce and Strategic Resourcing Plan, Resource Budget and Capital Programme, the Service should ensure that there is clear information provided on the current position against what the LTFS projected, and the anticipated position over the remainder of the life of the Strategy, including appropriate tie-up to the MTFM. This will enable the Board to understand the long-term financial implications of the short-term decisions that they are making. **(Recommendation 2.4)**

2019/20 conclusion: Not specifically considered in 2019/20.

2020/21 update: The Service has historically had a Transformation Programme and a programme of 'Major Projects'. A review by the Scottish Government's Programme and Programme Management Centre of Excellence concluded that there were significant issues requiring management attention. In response, significant changes to the Service's approach to transformation are being implemented.

In 2019/20, the Service developed a Service Delivery Model Programme. In 2020/21, the Service established a Service Development directorate. In early 2021/22, the Service combined the existing transformation programmes into a revised 'Change' programme.

In progressing these changes, an independent strategic review of the programme for change was carried out. This was underpinned by a Strategic Leadership Team workshop, 34 interviews with Board members, the Strategic Leadership Team and Directorates, 9 interactive workshops and 4 deep-dive workshops on thematic areas. This strategic review acknowledges societal and economic impacts of COVID-19, underpinned by a PESTDEL analysis. This review sets out the below barriers to effectively implementing change within the Service.



Financial Sustainability (continued)

Transformation Strategy (continued)

2020/21 update (continued): In carrying out this review, the Service's capability to deliver change was considered. Against 35 metrics underpinning 8 key themes, the review concluded that the required capability was not evident in 3 areas, basic in 10 areas, evident in 15, consistent in 7 and embedded in none. These are supported by 35 recommendations.

Progress against the existing Transformation Programme and Major Projects continued, throughout 2020/21, to be reported as the Service transitions to the new model.

In the Major Projects, there are 5 projects – 4 of which are not expected to be delivered either on time or on budget. It is unclear how this ties in to reporting against the Capital Programme.

In the Transformation Programme, there are 8 projects – 2 of these have no 'project health' information provided in the latest update at the time of writing the report, whereas the other 6 are noted as being delivered on time, on budget, with the appropriate skills and resources to deliver expected quality. It is difficult to reconcile this reporting – which suggests minimal issues in the programme - with the issues identified in the Scottish Government review of the programme – which identified significant issues.

2020/21 conclusion: The Service is aware that progress against its historical Transformation Programme and Major Projects has not been as expected. The Service is in the early stages of transitioning to a new change programme, and has carried out commendable and extensive work in reviewing its current approach and how to improve as it transitions to the new programme. The establishment of a Service Development directorate and establishment of executive leadership of the change programme are also welcome moves. The Service has recognised the need for additional skills – for example, in project management – and has taken active steps in acquiring those skills externally where it has been recognised they do not exist in sufficient quantities internally. All of these are welcome, and we will continue to review the Service's approach to change as it progresses throughout 2021/22 to assess whether the Service's revised approach to change is improving delivery of it.

One of the key issues identified in the Scottish Government review of the Service's Transformation Programme was that there was a lack of understanding about what the Service will look like in the short, medium and long term. This is in line with our views on the Service's other strategic documents – for example, the LTFS and AMS. It is important that as the Service develops this understanding and a change programme to transition to this, that there is clear joined-up thinking and planning across the Service's other strategic documents.

Recovery from COVID-19

2019/20 conclusion: Not specifically considered in 2019/20.

2020/21 update: The Service has recognised that in a very short space of time, it has had to rapidly transform the way it works in response to the COVID-19 pandemic, in order to maintain essential services, including changing the way that it delivers some services and making difficult decisions in respect of standing down others. Staff have been deployed to help deliver these essential services, keep communities safe and protect those most in need.

COVID-19 has had a significant impact on SFRS, as an emergency service. There has been a significant impact on the delivery of the Annual Operating Plan, delays to the Transformation Programme and Major Projects, and wider knock-on effects on the workforce. These impacts are in line with the impacts we have seen across the public sector.

The Service prepared a 'Routemap' which clearly sets out what SFRS' ambition is in relation to COVID-19, underpinned by the Service's Organisational Values and COVID-19 Operating Principles. These are in addition to, rather than changing, the Service's Strategic Plan.

While the indicative timeline is now significantly out of date, the Routemap itself is a comprehensive document that sets out how the recover, reset and renew phases against the COVID-19 pandemic need to be considered by the Service as it plans for the future, to demonstrate continuous development and improvement.

The Service is due to review its Strategic Plan over the coming year, which will provide an opportunity to embed the lessons learned from COVID-19 into the Service's future planning.

2020/21 conclusion: In recognition of the significant impact of COVID-19 on SFRS, it is positive to note that a comprehensive report was prepared in July 2020 setting out the Routemap to Reset and Renew. Given the pace of change in the period since the Routemap was prepared, there is a need to ensure that it is regularly reviewed and reported against to monitor the effectiveness of its implementation. Given the nature of the COVID-19 pandemic, it is still too early to conclude on the effectiveness or otherwise of the Service's approach to recovery and plans for the future. We will continue to monitor this as the future situation becomes clearer.

Financial Sustainability (continued)

Workforce Planning

2019/20 conclusion: Not specifically considered in 2019/20.

2020/21 update: The Service has a Workforce and Strategic Resourcing Plan that runs from 2018 – 21. The Plan notes that it is due to be reviewed annually, however, from our review of Board and committee meetings, we cannot see that this has been reviewed recently. While management note that workforce planning is continually considered, there is no evidence of a review of the Workforce and Strategic Resource Plan actually being carried out as set out in the plan itself. The Workforce and Strategic Resourcing Plan notes that "where required, reports may be presented to Board members who will ensure the effective scrutiny of its planning and implementation". This is vague, and from our review, did not occur in 2020/21.

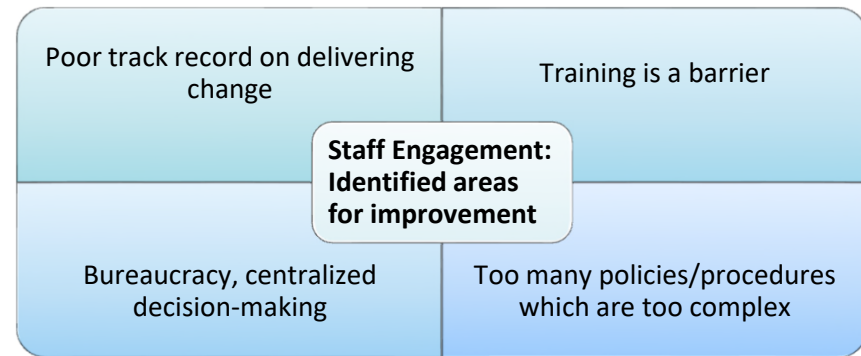
The Workforce and Strategic Resourcing Plan notes that it is based on the Audit Scotland Workforce Planning Good Practice Guide, and the NHS Six Steps Methodology to Integrated Workforce Planning.

The Training Strategy notes that it supports the intended outcomes of the Strategic Plan, the Training and Employee Development Review, and the People and Organisational Development Directorate plans. It is not particularly clear how it intends to do that.

The Training Strategy notes the strategic objective is to develop and deliver high quality training and development, with this underpinned by 7 strategic priorities. This is then supported by 9 key themes, with these broken down into 25 sub-themes.

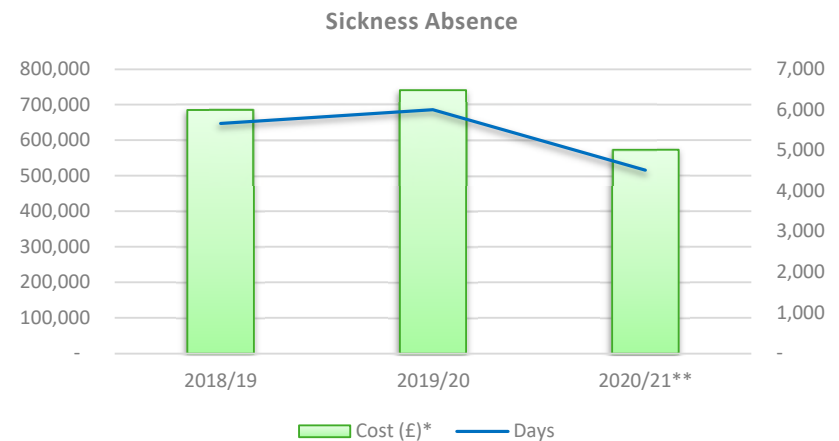
We have noted that spend on Training and Development has dropped from £16.4m in 2018/19, to £16.3m in 2019/20, and to £13.8m in 2020/21. This represents a decline based on 2019/20 full-time equivalent figures from an annual spend of £2.2k per employee to £1.9k per employee over the three year period. Despite this drop in expenditure, performance against the training performance indicators - reported to the Staff Governance Committee - either maintained or improved from 2019/20 in 14 areas, with declining performance noted in 6 areas. From the reporting, it is not clear how these movements in performance relate to the lower spend in the year.

Following the rejection of a pay offer by members of the Fire Brigade Union in 2020, the Service carried out significant staff engagement. The output of this engagement was a report to the Board on staff engagement for the development of a long-term strategic vision for the Service. Initial engagement was undertaken to support this report, with 800 responses received (approximately 11% of the workforce). Key areas for improvement arising from this engagement are noted across.



Throughout 2020/21, the Service carried out various 'Pulse' surveys to measure staff opinion. In addition, there were weekly live broadcasts by the Chief Officer, which allowed staff to engage directly with the leadership of the Service. There has also been a programme of weekly briefings from the Communications Team to provide updates to staff throughout the pandemic.

In the year, sickness absence has decreased by approximately 25%, and staff turnover has remained relatively consistent. This indicates that there has been an effective response by the Service to the COVID-19 pandemic in supporting and retaining its workforce.



*Cost of sickness absence calculated using Service's median salary

**2020/21 data based on information to end of Q3, extrapolated for the remainder of the year

Financial Sustainability (continued)

Workforce Planning (continued)

2020/21 conclusion: Throughout 2020/21, the Service has used innovative methods to keep staff informed – including live broadcasts by the Chief Officer and weekly briefings by the Communications Team – which is to be commended. The use of Pulse surveys to monitor staff opinion and guide decision making throughout the year is also welcome.

The Workforce and Strategic Resourcing Plan is useful in that it has significant detail on the current workforce structure and in a number of cases provides details of the Target Operating Model - however, not consistently. The Workforce and Strategic Resourcing Plan does not provide much detail on how SFRS plans to bridge the gap between the two, and over what period. There are actions, however, these are vague and there are no timescales attached to them. It is not clear how effectively they are monitored.

It is not clear how the Workforce and Strategic Resourcing Plan is actually aligned to the Strategic Plan (other than that it notes that it is), or to the LTFS / MTFM. **(Recommendations 2.5, 2.11 and 2.12)**

There are no targets included in the Training Strategy. There is no discussion of where SFRS currently is, where it needs to be, and how it gets from the former to the latter. There is no reporting against the Training Strategy, and overall, it is difficult to assess whether it is being implemented or to consider its effectiveness. **(Recommendation 2.10)**

Deloitte view – Financial Sustainability

As discussed on page 6, the Service achieved short-term financial balance in 2020/21. While the Service has set a balanced budget for 2021/22, there is insufficient evidence for us to conclude as to whether efficiency targets are realistic or whether the Service can achieve short-term financial balance in 2021/22.

While it is positive to note that the Service is actively assessing the financial impact of COVID-19, the anticipated impact has not yet been quantified or reported. There does remain a risk regarding the impact, therefore it is important that the position is closely monitored and is reflected in reporting to the Board.

The Service is faced with significant issues with regards to capital investment. While the Service is aware of these issues, its Capital Programme does not effectively tie in to the AMS, LTFS or the Service's change programme, or quantify the ongoing impact or risk of less than required investment. Reporting against the Capital Programme does not provide sufficient evidence to conclude as to whether capital projects are delivered on time and on budget.

The LTFS developed by the Service is in line with good practice. However, it is not referred to in ongoing decision making, is not reported against, and is not clearly linked to the MTFM, Capital Programme, Workforce and Strategic Resourcing Plan or Resource Budget. It is not clear how the LTFS therefore acts as a strategic document that supports longer-term financial thinking.

Key to the Service's financial sustainability is the delivery of a comprehensive change programme. The Service is aware that progress against its historical Transformation Programme and Major Projects has not been sufficient. The Service is in the early stages of transitioning to a new change programme, following a comprehensive review of the Service's approach to change. This is welcome, and we will continue to review the Service's approach to change as it progresses throughout 2021/22.

Governance and Transparency



Areas considered

Our approach to the audit dimensions is risk focused. Within our audit plan we identified the following risks:

- *“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.”*
- *“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.”*

Leadership

2019/20 conclusion: SFRS has strong leadership and has a clear vision for what it wants to achieve for the future as documented within a number of strategy documents such as the Strategic Plan 2019-22, Annual Operating Plans, the Performance Management Framework and the transformation plan, which is still in development. The Board and staff support the vision.

2020/21 update: Since the establishment of the Service in 2013, there has been a significant amount of change in the Strategic Leadership Team. Other than the establishment of a Service Delivery and a Service Development Directorate, there were no changes in 2020/21, although we are aware of one change in early 2021/22. From our interviews, there is a perception that the current Strategic Leadership Team is more cohesive than had previously been the case as it is no longer derived primarily as a legacy team from the Service’s predecessor bodies, with a view that there is now a culture of high cohesion and high challenge.

The composition of the Board has remained largely consistent throughout 2020/21, with one member retiring in October 2020. There will be changes to the composition of the Board in 2021/22 and 2022/23 as the terms of Board Members come to an end.

While Board and committee meetings were held remotely, as were SLT meetings, members of SLT continued to work in SFRS Headquarters early in the pandemic, given the need to maintain visibility with the workforce and as the Service is an emergency organisation. The working arrangements of SLT subsequently altered in alignment with guidance from the Scottish Government as that was amended throughout the pandemic.

2020/21 conclusion: The Service continues to have strong leadership in place. This has been particularly evident in the response to COVID-19, the streamlined decision-making arrangements and the arrangements for developing the Reset and Renew Routemap, as discussed further under ‘Transformation strategy’ on page 15. Changes to the structure of the Strategic Leadership Team to include a Service Delivery and a Service Development Directorate are positive steps as the Service moves to having transformation at a strategic level as part of normal Service business. There is a positive culture within the Service, and effective arrangements will need to be put in place to ensure that this is maintained as changes to membership of the Board occur over the short-to-medium term.

Governance and scrutiny arrangements

2019/20 conclusion: We have concluded that overall the Service’s arrangements are appropriate and adequate in supporting effective governance and accountability.

2020/21 update: In response to the COVID-19 pandemic, arrangements were set out to dispense with normal Board governance arrangements during the COVID-19 pandemic where necessary due to urgency of decision making. However, following our interviews and review of minutes, we note that these arrangements were not used and governance continued largely in line with pre-COVID-19, other than the suspension of public access to Board meetings.

The Service’s Code of Corporate Governance requires to be updated. While the Code is aligned with CIPFA’s Good Governance Standard for Public Services, the structure of the Code should be improved to demonstrate that it is comprehensive, covering all SFRS’s arrangements, not just those arrangements that align to the CIPFA Standard. The Code reads more like a ‘self assessment checklist’ against good practice, rather than a Code in and of itself. How all the elements of Corporate Governance within the Service are linked up to each other, and how these work in practice, should be made clearer.

Governance and Transparency (continued)

Governance and scrutiny arrangements (continued)

2020/21 update (continued): The Code of Corporate Governance notes that the Audit and Risk Assurance Committee should "scrutinise the effectiveness of the Code of Governance as part of their review of the Annual Governance Statement". This is intended to "demonstrate how well the Code has operated in practice, based on an annual assessment of the effectiveness of the arrangements underpinning each of the principles of good governance." In the review of the Annual Governance Statement presented to the Committee on 9 July 2020, the Code is referred to, but there is no assessment of the effectiveness of the items listed in the Code. In the minutes of the meeting, there is also no reference to any discussion of the Code itself.

We have reviewed the Members' Code of Conduct and the Terms of Reference of the committees and noted that the Code of Conduct is based on and largely accords with the Model Code of Conduct. No significant gaps, other than no committee having responsibility for financial matters, was identified in our review of the Terms of Reference.

From our review of the Standing Orders, we have not identified any issues. The Standing Orders helpfully set out what items will 'normally' be considered at SFRS Board meetings and in what order.

In 2020/21, internal audit reviewed the implementation of the corporate governance structure, strategy and reporting. Internal audit concluded that the Service has generally effective corporate governance arrangements. Internal audit noted that these are supported by procedures covering recording, monitoring and reporting processes and that these are well designed and generally reflect good practice.

The Board last considered the Committee/Board structure in September 2020 and decided to retain the existing structure. We are aware that in 2021/22, the Board considered establishing a committee with responsibility for finance, which we welcomed. We have been subsequently advised that the Board opted not to allocate responsibility for finance to a committee, which we would encourage the Board to reconsider.

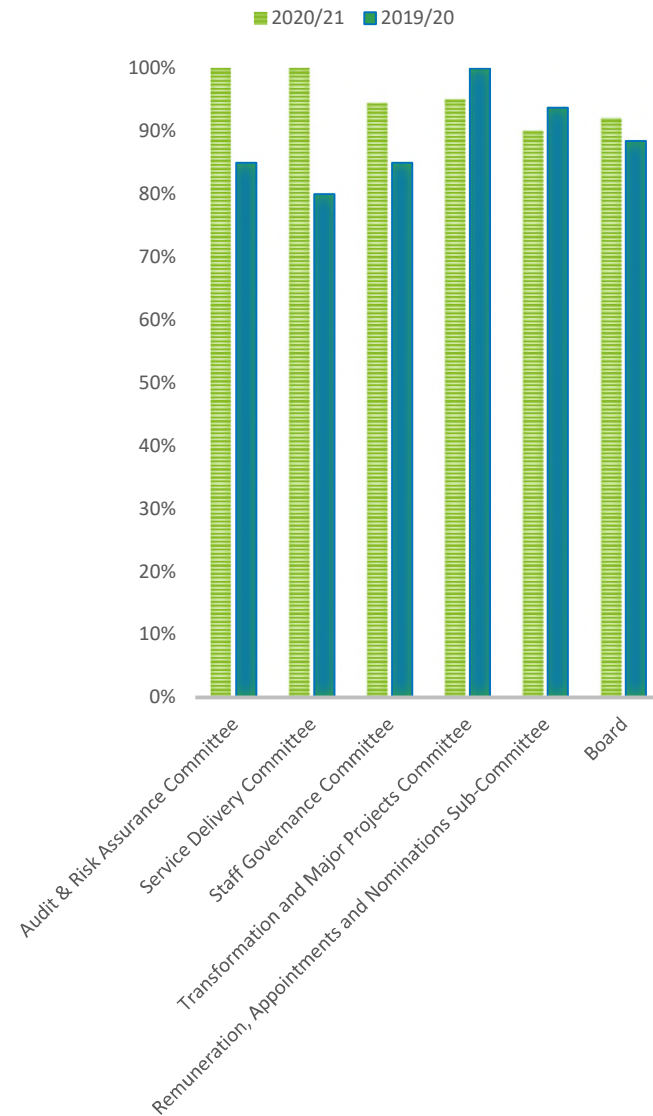
There are annual self-assessments carried out by committees and the Board. These self-assessments generally highlight positive views about the performance of the Board with no significant issues highlighted.

In addition to these self-assessments and the Board Member's own development plans, the Board has between 6-7 Strategy / Information and Development days per year, covering a range of topics but with significant focus on Boardroom development, effectiveness and engagement, risk and performance management, and transformation.

We note that the Risk Management Policy requires to be reviewed. However, internal audit noted that the policy itself is comprehensive. Six recommendations have been made by internal audit to underpin continuous improvement.

Following the internal audit, the Service's Risk Registers are undergoing review, to address the comments made by internal audit that there is room for improvement in ensuring that risk descriptions are clear and specific, developing a clear risk appetite, developing a risk maturity action plan, embedding governance arrangements in the Risk Management Policy, and ensuring that risk managers are appropriately trained.

ATTENDANCE AT MEETINGS



Governance and Transparency (continued)

Governance and scrutiny arrangements (continued)

2020/21 conclusion: The Service put in place appropriate plans to amend the governance arrangements, as needed, in response to the COVID-19 pandemic. These plans were ultimately not needed. Attendance at committee and Board meetings is strong. The Service has a comprehensive set of governance documents – a Code of Corporate Governance, Standing Orders, Code of Conduct, Terms of Reference, and a large number of supporting Strategies and Policies.

The existence of these documents in and of themselves does not demonstrate that governance arrangements are effective, or that there is sufficient and effective scrutiny and challenge. The fact that weaknesses have been identified in what are fundamental documents for any Board – the Anti-Fraud Policy and the Risk Registers – is a cause for concern, as are the issues we have highlighted with regards to openness and transparency (below). The Service's Code of Corporate Governance could be a more helpful document, and the assessment of its effectiveness that is meant to be carried out annually should be more comprehensive and robust.

We would encourage the Service to ensure that the review of core policies and frameworks is carried out at the point agreed or in as timely a manner as possible if circumstances delay any such review. In general, we agree with the conclusion of internal audit that the Service has generally effective arrangements, however, improvements are needed with regards to the implementation of these arrangements. **(Recommendation 3.1)**

Openness and transparency

2019/20 conclusion: We considered the Service's approach to openness and transparency, how good the Service's information is; and its commitment to improving openness and transparency and concluded:

- that there is effective leadership with effective scrutiny and challenge by leadership;
- that all reports are clearly defined with preparer, objectives and conclusions. This is demonstrated from a review of Board and ARAC meeting minutes which document the key decisions and actions taken and by whom;
- that there is evidence of a culture of continual improvement in trying to improve openness and transparency in terms of consulting and engaging with staff and other stakeholders (e.g. transformation consultation and staff survey); and
- that key strategy documents are available to the public via the website, such as the Strategic Plan and Annual Operating Plan.

2020/21 update: The Service's Communications and Engagement Strategy requires to be reviewed and updated. We have been advised that the approach to engagement is being reviewed in 2021/22, with work underway to set out what needs external engagement, what does not, and how this should be done. Through our work, we have seen examples of externally facilitated workshops for staff/stakeholders, consultation on the long-term vision for the Service, consultations on change programmes, and noted that the Service has mechanisms in place for gathering feedback on Local Fire and Rescue Plans.

The current Communications and Engagement Strategy is very high level, identifying stakeholders at a high level ('third sector', 'advocate groups', etc.), and noting that further work is required on stakeholder mapping to identify the communication and engagement activity required to support key issues and organisational projects.

The Strategy outlines four areas - external, internal, engagement, messaging - with these supported by a total of 32 actions that SFRS notes its strategy will focus on. In terms of monitoring and evaluation, the Strategy notes that SFRS will set out an Annual Communications Plan with key objectives, that these will be reviewed and reported in SFRS' Annual Report, that these will include KPIs and that SFRS will employ specialist communication measurement services to provide independent verification of communications / engagement impact. From our review of the Annual Report and Accounts from 2017/18 to 2019/20 and discussion with management, we have not seen evidence of this in practice. The Service should set out how it will report progress against its strategy and annual plan as part of its review of the Communications and Engagement Strategy in 2021/22.

Across our interviews, the consensus was that the Service is a very open and transparent organisation. This was felt to be a mindset embedded within the Service, underpinned by legislative requirements and strong processes to ensure that significant information is made available to the public through publication on the Service's website.

In March 2020, as the COVID-19 pandemic occurred, the Board approved a proposal to move to Board meetings without public access. Minutes or meetings and all accompanying reports continued to be made available online. This was based on the premise, set out in the Board paper, that: "There will be no facilities for stakeholders or members of the public to attend and observe SFRS Board or Committee meetings or for any suitable recordings of the public session of the SFRS Board to be captured".

The Fire (Scotland) Act 2005 requires meetings to be held in public. The Standing Orders require this to be the case except where items are confidential. The initial premise for holding meetings in private during COVID-19 was that it was not possible to allow public access. The Standing Orders within the Service allow for private meetings where confidential issues or confidential papers are or may be considered.

Governance and Transparency (continued)

Openness and transparency (continued)

2020/21 update (continued): A review into the suspension of public access was carried out in August 2020. The review noted that it was now possible to allow public access to video conferences. The Board chose to continue to meet without public access being enabled notwithstanding this. The Board asked for further work to be carried out by October 2020. Work was carried out throughout 2020/21, with a decision taken that from April 2021, all meetings would be recorded and published and we note that the Board meeting from 25 March 2021 was published online. The Service has confirmed that public access will continue to be reviewed, including virtual recording methods, and longer-term options will be considered once restrictions are eased.

In April 2021, we noted that the Agenda for the Board meeting on 29/4/21 stated that "Please note that this meeting will be recorded for the purposes of minute taking only. The recording will be destroyed following final approval of the minutes." The meeting has now been published online notwithstanding this notice.



Source: Openness and transparency, Audit Scotland

2020/21 conclusion: The Service is an open and transparent organisation. Decision making is clear in reporting, and there is effective engagement with wider stakeholders. However, monitoring of the effectiveness of engagement is underdeveloped and monitoring of delivery of the Communications and Engagement Strategy was insufficient to identify the issues identified through our work.

In line with other public bodies, we understand the reasons to initially suspend public access to Board meetings when the Service moved to holding remote meetings. By August 2020, when the review into suspension of access was carried out, the premise on which the original decision was made was not applicable given that the report itself acknowledged that the facilities for allowing public access did now exist. Despite this, the Board chose to continue with meetings without public access.

For comparison, the two bodies mentioned in the original SFRS report allowed for restarted public access from April and August 2020, respectively. By November 2020, an updated report for SOLACE noted that half of local authorities in Scotland were permitting public access to their meetings. The Service did not until March 2021. The Service notes that when it began to record Board meetings and place them online in March 2021 was in line with many other public services, although it accepts it nevertheless could have possibly moved more swiftly.

By August 2020, it is not clear how the decision by the Board to continue with the suspension of public access complied with the Fire (Scotland) Act 2005 requirement that Board members act "in a way which is as accountable and transparent as is reasonably practicable". We would question if the current practice of recording and publishing meetings rather than allowing the public to watch 'live' meets this requirement. **(Recommendation 3.2)**



Source: Openness and transparency, Audit Scotland

Governance and Transparency (continued)

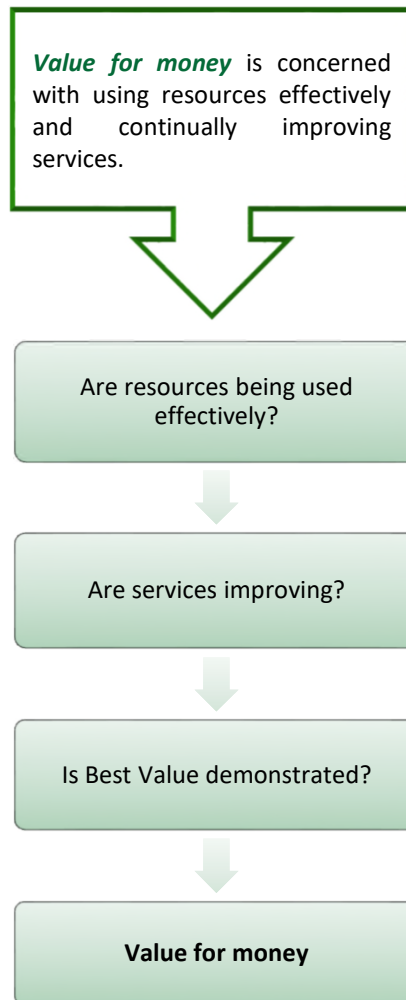
Deloitte view – Governance and Transparency

The Service continues to have effective governance and scrutiny arrangements in place, although improvements are needed with regards to the implementation of these arrangements. While the Service's governance framework is underpinned by a comprehensive suite of governance documents, there is room for improvement in the scrutiny and monitoring of performance against the Service's key governance and strategic documents. Appropriate arrangements have been put in place in response to the COVID-19 pandemic, although the Service could have permitted public access to meetings earlier than it did, and there remains room for improvement in this area.

The Service continues to have strong leadership in place. This has been particularly evident in the response to COVID-19, the streamlined decision-making arrangements and the arrangements for developing the Reset and Renew Routemap. Changes to the management structure with the creation of a Service Delivery and Service Development Directorate is a positive step as the Service moves to having transformation at a strategic level as part of normal Service business. The impact of COVID-19 has delayed this.

The Service continues to be open and transparent. In the interest of continuous improvement, it should consider if there are any lessons learned from other public bodies or other ways of engaging with wider stakeholders.

Value for Money



Areas considered

Our approach to the audit dimensions is risk focused. Within our audit plan we identified the following risks:

- *“There is a risk that performance reporting has not been timely, reliable, balanced, transparent and appropriate to users’ needs.”*
- *“There is a risk that continuous improvement is not achieved without proper direction.”*

Performance management framework

2019/20 conclusion: The Service continues to engage with reporting on its national contribution.

2020/21 update: The Strategic Plan highlights 4 outcomes that the Service aims to progress, linked to the 10 priorities in the 2016 Fire and Rescue Framework. Underpinning these 4 outcomes are 16 strategic objectives. The Strategic Plan does not include the baseline position nor does it include KPIs or targets, although these are set out in the Performance Management Framework.

The Performance Management Framework was revised in 2020/21, with further revisions to performance reporting expected in either 2021/22 or 2022/23. This refers to the National Performance Framework, the Justice in Scotland vision, the Fire and Rescue Framework for Scotland and the Strategic Plan.

There is a clear map showing how the Service’s Strategic Plan outcomes are linked to strategic objectives and how these address the priorities in the Fire and Rescue Framework for Scotland.

The Performance Management Framework also provides a clear map as to how evidence of action is captured in performance measures, how these measures answer relevant questions about performance, how these questions deliver the strategic objectives and how by delivering these objectives, the outcomes sought in the Strategic Plan can be delivered. The four outcomes, underpinned by the 16 objectives, are measured by 62 performance indicators.

The Performance Management Framework notes that SFRS are "exploring opportunities to benchmark with other Fire and Rescue Services, other organisations and internally where true useful comparators can be identified to drive improved results." From our interviews and review of relevant documentation, this benchmarking is not yet widely used in practice – although we note that it is used in monitoring call handling and response times. While management have explained the various activities undertaken to identifying and implementing improvement (for example, conducting self-assessment through operational assurance exercises following operational incidents, with learning and improvements that follow shared throughout the Service), a more focused and systematic approach to operational self-assessment – which is one of the cornerstones of demonstrating value for money and Best Value – should be operationalised by the Service, rather than relying on external bodies (such as internal audit and the Scottish Government) to identify improvements required in the Service.

Views in the Staff Engagement report (see page 17) and the staff survey results going back to 2018/19 noted that one of the lowest scores was on different parts of SFRS not working well together or working in silos. Given this, it seems clear that internal benchmarking between different areas of SFRS, if carried out, could address these areas by encouraging cross-comparison of good practice and identification of areas where there is an outlier of good or bad performance that could be improved by improved cross-organisational working.

2020/21 conclusion: The Service has a clear and robust Performance Management Framework in place and in line with best practice, its performance measures align to the National Performance Framework. The evidence map in the Performance Management Framework, is clear and sets out in an understandable manner how the actions of the Service will be captured in performance measures, how these measures will achieve the objectives of the Service and how these objectives will deliver desired outcomes as set out in the Strategic Plan. We have assessed how this is applied in practice in reporting on performance on page 25.

Value for Money (continued)

Performance management framework (continued)

2020/21 conclusion (continued): The Service is a national organisation, broken down into three strategic areas (North, West, East), with local plans for each local authority area (32 in all). While there are differences in these areas and benchmarking will not be possible in all areas, it should be possible to perform benchmarking for significant parts of service delivery and provide supporting narrative for differences which are explained by differences in, for example, geography. This will enable the Board to be assured as to the performance of not only the organisation as a whole but its component parts, and provide evidence of cross-organisational learning and application of continuous improvement. **(Recommendation 4.1 and 4.2)**

Performance data

2019/20 conclusion: SFRS's performance for 2019/20 was measured against targets laid out in the Performance Management Framework. The performance indicators were aligned with the National Performance Framework.

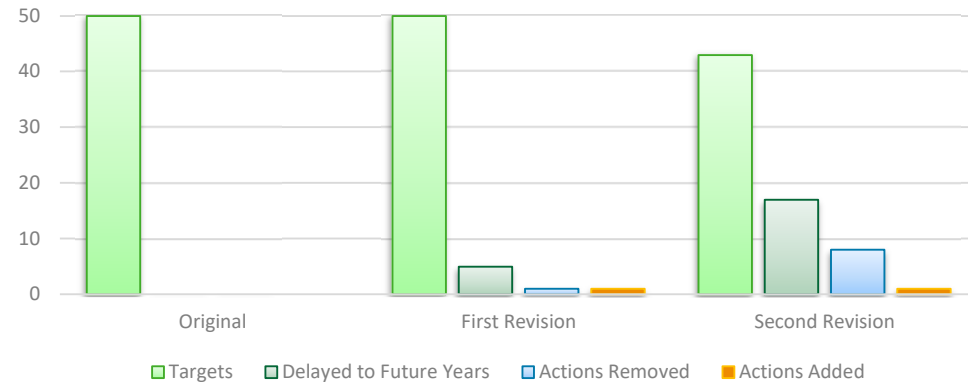
The Service has reported against its delivery of its KPIs. It is noted that the KPI calculations were based on provisional data and that finalised data would be available in time for the annual statistical returns. This is in line with prior years and was appropriately disclosed within the Annual Report and Accounts.

2020/21 update: The Annual Operating Plan for 2020/21 was initially prepared prior to the COVID-19 pandemic. The Annual Operating Plan identifies 50 actions, which are underpinned by myriad milestones to be achieved during the year. As agreed by the Board, the Annual Operating Plan was revised twice in the year to account for to the impact of COVID-19 on the Service.

The first revised Annual Operating Plan was presented to the Board in August 2020. In total, 25 actions (50% of all actions) had due dates extended (only 5 actions were deferred beyond 2020/21), 1 action was removed and 1 was added.

A second revision was presented to the Board in October 2020. In total, 8 actions (16%) were removed from the Annual Operating Plan, and 1 (2%) was added. A further 12 (24%) had due dates extended into future years. This was a significant deterioration on the situation presented to the Board two months earlier.

Annual Operating Plan: 2020/21

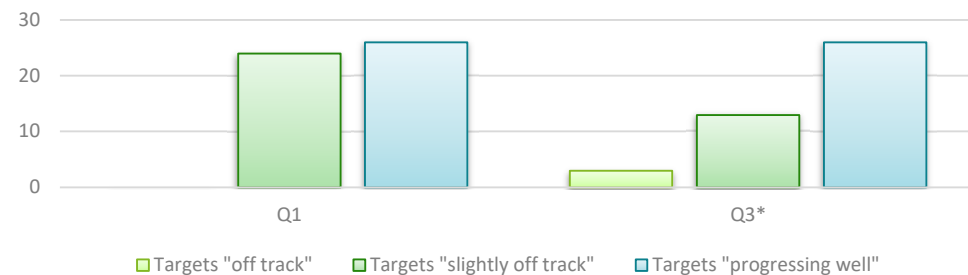


In addition to the 12 actions which had due dates extended into future years, 9 targets carried forward from 2019/20 have still not been implemented as at the end of 2020/21.

A significant proportion of the milestones are not sufficiently specific - e.g. "investigate opportunities", "identify and develop viable options" - which makes it difficult to assess their deliverability. The Annual Operating Plan appears to be a standalone document, with no observable tie ins to other key strategic documents (such as the Workforce and Strategic Resourcing Plan, LTFS, AMS, etc.), beyond the Strategic Plan. Each of the actions are linked to a strategic objective, which are in turn linked to a strategic outcome as set out in the Strategic Plan. The Service notes that the quarterly scrutiny process for the AOP ensures that progress on agreed actions and milestones are noted and any issues arising that have hindered expected progress is also noted for Board members to scrutinise.

Performance is reported quarterly to relevant committees and the Board. Performance reporting is in line with the Performance Management Framework – in that it sets out measures, how these link to performance questions, strategic objectives and strategic outcomes. There were significant movements in reported performance in the year.

Performance Reporting: 2020/21



*Q3 performance is reported against the 'Second Revision' to the Annual Operating Plan

Value for Money (continued)

Performance data (continued)

2020/21 conclusion: We recognise that the COVID-19 pandemic has had a significant impact on the Service. It is important that the Service take any lessons learned as it moves into the recovery phase to consider alternative approaches to service delivery and as discussed earlier, it is positive to note that a comprehensive report has already been approved by the Service to set out the emerging priorities for reset and renew.

Performance reporting within the Service is not fully standardised. Performance reporting against the Annual Operating Plan includes whether the Service is 'on target'. It would be helpful if – as with the Quarterly Performance Report that is scrutinised at the Service Delivery Committee – the AOP contained trend data to enable improved scrutiny and to demonstrate if continuous improvement is being achieved. The Combined Risk and Performance Report which is scrutinised by the Board could make clearer what it means when an indicator is 'being monitored' and why some indicators do not have an improvement target, which will also enhance links to the Performance Management Framework. This is particularly important for the significant amount of indicators that are noted as being for monitoring, without an actual target. This approach differs to performance reporting on the Service's Performance Framework KPIs. **(Recommendation 4.3)**

While the structure of the Performance Management Framework and the subsequent performance reporting is clear in aligning indicators with outcomes, there is a need for more narrative to clearly set out how these tie in together, and how the performance when combined has impacted on the desired outcome. In so doing, the Service can continually assess whether performance indicators are actually appropriate for identifying improvements in outcomes that they are meant to measure. **(Recommendation 4.4)**

Equalities

2019/20 conclusion: Not specifically considered in 2019/20.

2020/21 update: There is a comprehensive Equality Impact Assessment process in place, supported by an annual 'Mainstreaming and Equality Outcomes Report'. The application of these processes is evident through key strategic documents such as the Strategic Plan and the Climate Response Plan. In forward planning, consideration of equalities is embedded – for example, in the Service Delivery Model Programme, the development of the 'Community Risk Index Model' will enable a data and evidence based assessment of risk and consideration of inequalities across different communities and how the Service responds to those.

The Service is required to contribute to Local Outcome Improvement Plans across Scotland, which are designed to identify and reduce inequalities across local areas.

2020/21 conclusion: The Service has a highly developed approach to considering equalities. The consideration of equalities is embedded throughout the strategic planning process, and annual reporting on progress is comprehensive. This reporting demonstrates that there has been improvements made in, for example, addressing the gender pay gap between 2017 and 2021. However, other than this, it is difficult to assess improvements from previous years given the style of reporting. **(Recommendation 4.5)**

Deloitte view – Value for Money

We recognise that the COVID-19 pandemic has had a significant impact on the Service. It is important that the Service take any lessons learned as it moves into the recovery phase to consider alternative approaches to service delivery.

The Service has a clear and robust Performance Management Framework which is aligned to the National Performance Framework. However, performance reporting is inconsistent and it is unclear how different parts of the Service are performing comparatively. While there are differences across the Service and benchmarking will not be possible in all areas, the Service should perform benchmarking for significant parts of service delivery and provide supporting narrative for differences.

While the structure of the Performance Management Framework and the subsequent performance reporting is clear in aligning indicators with outcomes, there is a need for more narrative to clearly set out how these tie in together, and how the performance when combined has impacted on the desired outcome.

Best Value

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

The duty of Best Value, as set out in the SPFM

- To make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost; and in making those arrangements and securing that balance.
- To have regard to economy, efficiency, effectiveness, the equal opportunities requirement and to contribute to the achievement of sustainable development.

The SPFM sets out nine characteristics of Best Value which public bodies are expected to demonstrate. The refreshed guidance issued by the Scottish Government in 2011 focused on 5 generic themes and 2 cross-cutting themes, which now define the expectations placed on Accountable Officers by the duty of Best Value.

Five themes:

1. Vision and Leadership
2. Effective Partnerships
3. Governance and Accountability
4. Use of Resources
5. Performance Management

Cross-cutting themes:

1. Equality
2. Sustainability

BV arrangements

The Service has a number of arrangements in place to secure Best Value. This is evidenced through the Strategic Plan and performance reporting.

As noted elsewhere within this report, the Service has an established governance framework and strong leadership. There is a culture of continuous improvement, evidenced by the strategic review of change, the establishment of the Service Delivery and Service Development Directorate and consideration of the committee structure.

The Service has had a 'Transformation Programme' for a number of years, although this is now undergoing significant review and will be replaced by a new change programme.

The Service recognises that it must deliver services within the financial resources available and, as noted elsewhere in this report, further work is required to achieve medium-to longer term financial sustainability.

Deloitte view – Best Value

The Service has sufficient arrangements in place to secure Best Value with a focus on continuous improvement, although there is room for improvement in the Service's internal processes for identifying areas for improvement and implementing the necessary changes, as well as in the pace of improvement.

Emerging issues

Climate change

Background

As noted in our Audit Plan, climate change is likely to drive some of the most profound changes to businesses in our lifetime. The global response to the COVID-19 pandemic could inform the fight against climate change and advantages taken of the inevitable response, such as less unnecessary air travel for business meetings and more home working, supported by better videoconferencing facilities. In collaboration with the ICAEW, Deloitte have launched a site to support considering what climate change means for finance professionals, accessible at: www.deloitte.co.uk/climatechange

Service preparedness

As part of our audit work in 2020/21, we have carried out a high level assessment of the work that the Service has done in relation to preparing for the impact of climate change and concluded as follows:

Baseline expectations

Governance: Climate change is a strategic issue and should be on the Service's agenda. Explain how you assess climate change risk as a strategic issue.

Scottish Fire and Rescue Service position

Climate change is clearly on the Service's agenda, as evidenced from the following examples:

- The Service developed a Climate Change Response Plan towards the end of 2019/20. This plan takes into account the latest information from the United Nations, Paris Climate Agreement, Scottish Government targets and support available for public bodies. SFRS notes that it will develop a 25 year carbon reduction program, underpinned by 5 year Carbon Management Plans.
- Following the development of the Climate Change Response Plan, an Energy and Carbon Strategy 2020-30 was developed in early 2020/21. The Energy and Carbon Strategy notes that the cost of powering the existing asset base is due to rise by 16% by 2025. It is not clear how this – or the Strategy in general – ties in with the LTFS or MTFM.
- The Energy and Carbon Strategy is supported by a Carbon Management Plan 2020-25. The 'Carbon Map 2020' in the Energy and Carbon Strategy and the same map in the Carbon Management Plan do not align. Similarly, the 'carbon cost' in the Strategy and the Plan (both taken from 2018/19 figures) do not align. This raises questions as to how effective the links are between the two, and as to the accuracy of the information contained within them.

The Service should monitor the impact of implementation of the Carbon Management Plan and revise the Strategy and Response Plan where required.

Emerging issues (continued)

Climate change (continued)

Service preparedness (continued)	
Baseline expectations (continued)	Scottish Fire and Rescue Service position (continued)
<p>Risks and Strategy: Articulate clearly whether climate change represents a principal or emerging risk and how it is being managed.</p>	<p>Climate change is not included on the Service's Strategic Risk Register. There is a clear consideration of risk across the Carbon Management Plan, the Energy and Carbon Strategy, and the Climate Change Response Plan.</p>
<p>Targets and metrics: If targets and metrics are disclosed, explain how those targets or metrics fit into strategic targets/approach.</p>	<p>The Climate Change (Scotland) Act 2009 set a long-term target to reduce emissions of greenhouse gases by at least 80% in 2050. However, recent scientific evidence, presented to the Committee on Climate Change, has set out that a greater level of change is needed.</p> <p>The Scottish Government passed the Climate (Scotland) Act which received Royal Assent on 31 October 2019. This Act legislates new, more stringent, targets for carbon reduction. The Service recognised the need for a greater degree of action to further enhance the Service's role in addressing climate change and reducing its carbon footprint.</p> <p>The Service has developed a comprehensive suite of strategies and plans in response to climate change. Medium-term Carbon Management Plans support a longer-term Energy and Carbon Strategy, which itself supports the Climate Change Response Plan 2045. As it is still in the initial stages of implementation, it is not possible to assess the effectiveness of implementation at present.</p> <p>The Carbon Management Plan notes that there will need to be £48.4m investment over five years to achieve the targets set within it. These projects are included in the Capital Programme only where funding is confirmed, which raises immediate questions as to the deliverability of the plan.</p> <p>We will continue to monitor in future if progress is being made, and how this is reported to the Strategic Leadership Team and Board, as set out in the Energy and Carbon Strategy.</p>
<p>Reporting/Financial Statements: Transparency in the Annual Report and Accounts.</p>	<p>There was narrative included in the 2019/20 Annual Report and Accounts as part of the 'Public Value Spotlight: Our environmental commitments'. The Service also reported on climate change within the Sustainability Report section of the Annual Report and Accounts.</p>

Sector developments



Scottish Futures Trust - New Frontiers for Smarter Working, Work and Workplace post COVID-19

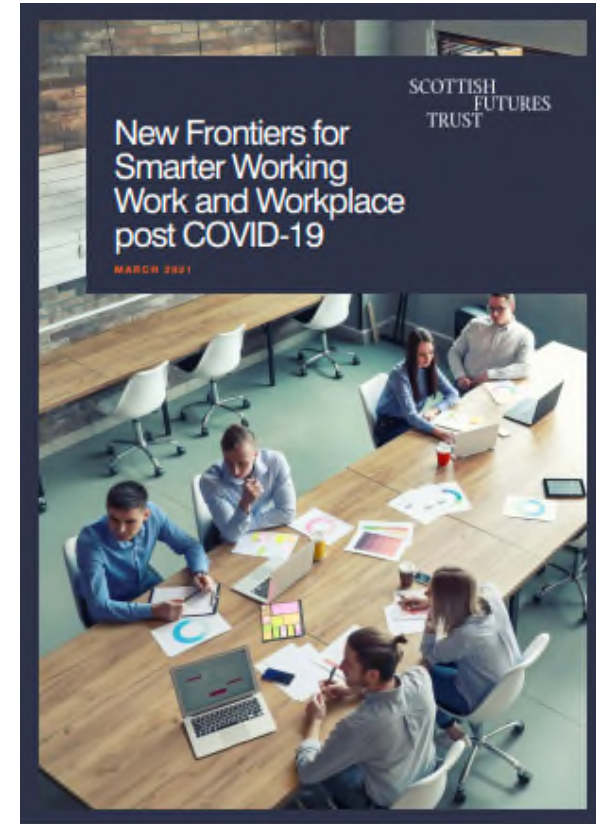
Background and overview

COVID-19 has fast-tracked a social revolution where a wider range of working choices could be on the horizon for hundreds of thousands of workers.

A new report by infrastructure experts, the Scottish Futures Trust reveals that the workforce of the future - predominantly those who have been office based - will want to make informed choices of where and how to work most productively and more beneficially for their wellbeing.

Post the pandemic, organisations should consider the three 'Hs' of working - from Home, a nearby hub or local location, where employees can meet clients or have time to concentrate on projects, or the HQ and head office, where people can gather to socialise, brainstorm ideas or collaborate face-to-face.

The "New Frontiers for Smarter Working, Work and Workplace Report" also finds that this new blended future will depend on how employers gauge the benefits from the improved working set up while ensuring the wellbeing of employees.



Next steps

The report reveals a new future for best work, productivity and wellbeing. The full report is available at

https://www.scottishfuturestrust.org.uk/storage/uploads/new_frontiers_report_march2021.pdf

Appendices



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 help the Audit and Risk Assurance Committee and the Board discharge their governance duties. Our report includes our work on the following:

- Financial management;
- Financial sustainability;
- Governance and transparency;
- Value for money; and
- Best Value.

The scope of our work

We described the scope of our work in our audit plan.

Use of this report

This report has been prepared for the Service, 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.


What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to the Service.

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, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the procedures performed in fulfilling our audit plan.

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



Pat Kenny, CPFA
For and on behalf of Deloitte LLP
 Glasgow | 20 August 2021

Action plan

Recommendations for improvement – Financial Management

No.	Area	Recommendation	Management Response	Responsible person	Target Date	Priority
1.1	Financial Reporting	The annual budget should be able to serve as a stand-alone item, capable of scrutiny and challenge on its own merits rather than by reliance on previous reporting and assumed knowledge. This should include clearly setting out the assumptions underpinning the budget.	Agreed. SFRS have provided information to the Board on the annual budget as part of Board development/information sessions and then this is consolidated at the Board meeting where the budget reports are approved. In our opinion cumulatively, this gives the Board sufficient information to scrutinise the annual budget. SFRS however accepts the recommendation and will reference outputs from the information sessions to improve transparency and provide a standalone report for the Capital and Resource budgets for Board approval.	Acting Director of Finance & Procurement	31/3/2022	High
1.2	Financial Reporting	The annual budget should be explicitly referenced to the Service's key strategic documents, for example the Strategic Plan, Workforce and Strategic Resourcing Plan and LTFS, to demonstrate how the Service is allocating its resources on a short-term basis to drive the long-term change it recognises is needed in these strategic documents.	The annual budget supports the achievement of the outcomes and objectives set out in our strategic plan. The recommendation is accepted and moving forward the annual budget will allocate resources with reference to other strategic documents including the Workforce and Strategic Resourcing Plan and the Long Term Financial Strategy.	Acting Director of Finance & Procurement	31/3/2022	High
1.3	Financial Reporting	The annual budget should provide a high-level summary of how resources are allocated against the Service's outcomes, to enable the Board to challenge whether resources are appropriately allocated and sufficiently targeted to address areas of poor performance.	SFRS agree with this recommendation and will seek to engage with the Board on the presentation of the budget to demonstrate how resources are allocated to outcomes to aid scrutiny.	Acting Director of Finance & Procurement	31/3/2022	High

Action plan (continued)

Recommendations for improvement – Financial Management (continued)

No.	Area	Recommendation	Management Response	Responsible person	Target Date	Priority
1.4	Savings Plans	The budget should clearly set out how the savings target included within it links in with the savings requirements identified in the MTFM and the LTFS.	Agreed. SFRS will be explicit about the targeted budgeted savings anticipated as part of the budget setting process. The Medium Term Financial Model (previously validated by Deloitte) is updated on an annual basis to include the latest assumptions such as inflation or pay awards used in the annual budget setting process. The model is then used to run various financial scenarios and support strategic decision making and where appropriate identify potential funding gaps that require efficiencies to be achieved. The Long Term Financial Strategy will be updated to reflect the latest position on savings.	Acting Director of Finance & Procurement	31/3/2022	Medium
1.5	Savings Plan	Resource Monitoring Reports should include clear, summary information on the total amount of efficiency savings achieved in the year. This should set out whether savings are recurring or non-recurring. Cost delays should be clearly differentiated. This should include reporting on the specific targets identified in the budget and provide an update on those savings not identified in the budget but subsequently identified by the Service.	Agreed. The finance team as part of monthly monitoring activity track cashable efficiency savings (recurring and non-recurring) for the resource budget during the year with budget holders as well as identifying cost pressures. This information will be summarised and referenced back to the targeted efficiencies as set by the budget setting process. Our financial reporting will be developed to summarise progress and included in our financial monitoring reports to SLT and Board. Where possible information on whether savings for example COVID-19 savings (already reported) are delayed costs will be identified.	Acting Director of Finance & Procurement	31/3/2022	Medium
1.6	Savings Plans	The annual budget should clearly set out efficiency savings targets, including where these are expected to be achieved. The budget should identify which savings have already been identified and can be specifically reported against in the year, with a 'RAG' risk rating for those savings yet to be identified in terms of the risk of the Service being able to deliver them.	Agreed. All targeted savings are identified and included in the budget setting process. Moving forward budgeted savings will be tracked and the associated RAG status will be provided and reported against. The reporting of progress against budgeted efficiencies will be reported to the Board as part of the resource monitoring report.	Acting Director of Finance & Procurement	31/3/2022	Medium

Action plan (continued)

Recommendations for improvement – Financial Management (continued)

No.	Area	Recommendation	Management Response	Responsible person	Target Date	Priority
1.7	Financial Capacity	The relevant committee or Board should ensure that it considers whether the process by which management have determined the structure of the finance function is sufficiently robust to enable the Service to make full and effective use of the finance function to drive improvements in the use of resources, as recommended throughout our work.	Disagree. As highlighted in the commentary of the report the structure of finance is an operational matter designed to meet the needs of the Service. The process for agreement on structural changes for Finance and Procurement is consistent with the Service's governance process on people changes with restructure requests requiring approval by the Director of People and Organisational Development and the Director of Finance and Contractual Services (now the Acting Director of Finance and Procurement). If additional budget is required the Senior Leadership Team approve any change. The restructures supported the improvement in our strategic procurement capability and in finance reallocating resources from transactional processing to the added value areas of decision support, accounting, risk and audit, and finance systems based on continuous improvement activities. The Chief Officer as the accountable officer discussed the secondment of the Director of Finance and Contractual Services with the Board and the subsequent temporary appointments of the Acting Director of Finance and Procurement and Acting Director of Asset Management.	Acting Director of Finance & Procurement	Recommendation not accepted.	Medium
1.8	Financial Capacity	Given the various changes recommended to financial planning and reporting as identified in our work, management should perform a review of the required skills and competencies to embed these within the Service and ensure that the finance function has these either currently, through planned training or through acquiring external expertise.	Agreed. The Acting Director of Finance and Procurement is confident that the various improvements recommended by Deloitte can be delivered through existing finance resources but will seek external support should this be required. The Acting Head of Finance and Procurement will complete a training needs analysis (skills and competencies) to determine gaps in training across Finance with initial emphasis on Decision Support. The acting Head of Finance and Procurement will use a relevant finance maturity model to determine future training needs.	Acting Director of Finance & Procurement	30/9/2022	Medium

Action plan (continued)

Recommendations for improvement – Financial Management (continued)

No.	Area	Recommendation	Management Response	Responsible person	Target Date	Priority
1.9	Internal Audit	In assessing the findings and recommendations of internal and external audit and management's response to those, the relevant committee or Board should ensure that it is satisfied that management have both the capacity and are sufficiently focussed to deliver the recommendations.	<p>The Service's progress on completion of audit actions is reported via Azets (our internal auditors) to the Audit and Risk Assurance Committee on a quarterly basis and there has been a focus on improving the closure of audit actions of earlier years. On appointment, Azets reviewed the approach and suggested that management were too optimistic in setting completion dates and that this should include completion of governance processes, evidence gathering to close the action and take account of business as usual activities. Progress has been made and management believe sufficient focus is being maintained on audit actions with regular follow up meetings with those responsible for audit actions to make satisfactory progress. In some occasions the Service is dependent on external input to close an action and this takes additional time.</p> <p>The chair of ARAC supported by Azets to consider whether ARAC are of the opinion that management are making sufficient progress on audit actions based on Deloitte's recommendation.</p>	Chair of ARAC	31/3/2022	Medium

Action plan (continued)

Recommendations for improvement – Financial Sustainability

No.	Area	Recommendation	Management Response	Responsible person	Target Date	Priority
2.1	<i>Capital Planning and Asset Management</i>	Following completion of work with the Scottish Government in assessing the capital investment needs of the Service, the AMS should be reviewed to ensure that it aligns with this need, the Strategic Plan and the Change Programme.	The AMS is part of a suite of strategy documents (Fleet, Property and Equipment) to be undertaken by the newly recruited Asset Governance & Performance Manager. The priority is to work on the SFRS Board request for a new Fleet Strategy. The intention is for the new AMS to be aligned to the outcomes of the SDMP, Standard Station Design and the Service Review as well as the Strategic Aims and Objectives of the Service.	Acting Director of Asset Management	31/3/2022	High
2.2	<i>Capital Planning and Asset Management</i>	Instead of reporting against a single 'backlog' figure, the Service should differentiate between required capital investment to transition from the current asset base to the required asset base, and actual maintenance/repair/replacement backlogs, to enable appropriate assessment of the risk of asset failure and the impact of delayed capital investment on service delivery.	As part of the work for the new Asset Strategy documents for Fleet, Property and Equipment, a detailed examination of current maintenance backlog figures will be undertaken. The intention will be to differentiate the backlog figure between required capital investment to transition from the current asset base to the required asset base, as well as to highlight actual maintenance/ repair/ replacement backlogs.	Acting Director of Asset Management	31/3/2022	High
2.3	<i>Medium-to-Long-Term Financial Planning</i>	The LTFS should be revised to demonstrate how the Service plans to allocate resources against outcomes over the length of the Strategy. Alternatively, the MTFM could be revised to serve this purpose.	Agreed. As indicated at 1.3 the Service will review the LTFS and will include how the service applies budget resources to outcomes.	Acting Director of Finance & Procurement	31/3/2022	High

Action plan (continued)

Recommendations for improvement – Financial Sustainability (continued)

No.	Area	Recommendation	Management Response	Responsible person	Target Date	Priority
2.4	<i>Medium-to-Long-Term Financial Planning</i>	Going forward, key documents which are expected to have longer-term financial implications – such as the Workforce and Strategic Resourcing Plan, Capital Programme and Resource Budget – should include clear, quantitative links to the LTFS, setting out how the decisions taken in the short-term impact the position in the long-term.	Agreed. As indicated in 1.2 the Service will ensure documents that have an impact on the LTFS will be linked to it.	Acting Director of Finance & Procurement	31/3/2022	High
2.5	<i>Workforce Planning</i>	Subject to ongoing work on the vision for the future, the Workforce and Strategic Resourcing Plan needs to be reviewed to clearly set out how it is aligned to the Strategic Plan, LTFS, and other key strategic documents – including any successor to the Transformation Programme.	Agreed. The Service will ensure that this is achieved via the Strategic Workforce & Resourcing Plan (WFP) which is already commissioned by the POD Workforce Planning and Resourcing Team with an expected publish date of Q4 2021/22. This document is developed in line with the aims of the SFRS Strategic Plan, the Future Vision, AOP, and any other relevant future plans via focus groups which assess the key data and ensure it is integrated into the WFP. The plan is organic in nature and is adjusted in accordance with any change factors identified via the aforementioned Forums and will align in the same way with any future strategic plans. These are scrutinised and approved via through a chain of governance from POD DMT through to the SFRS Board and any challenges, risks and mitigations are identified in the relevant Risk Registers.	Director of People and Organisational Development	31/12/2022	High
2.6	<i>Budget Setting</i>	The budget report to the Board should set out the process through which the budget was developed, the extent to which there has been consultation and how this consultation was reflected in the budget, so as to enable the Board to satisfy themselves as to the robustness of that process in approving the budget.	Agreed, the budget setting process for 22/23 will include the consultation completed with budget holders, SLT and the Board.	Acting Director of Finance & Procurement	31/3/2022	Medium

Action plan (continued)

Recommendations for improvement – Financial Sustainability (continued)

No.	Area	Recommendation	Management Response	Responsible person	Target Date	Priority
2.7	<i>Budget Setting</i>	Given the recommendations made through our work, the Service should holistically review its budget setting process and reporting style to ensure that the process and reporting are designed to reflect best practice and address these recommendations, rather than making further ad-hoc changes.	The Service will review the budget setting process taking account of good practice. Where appropriate changes will be made to the financial reporting during this financial year based on both Deloitte's recommendations and the needs of the Board. Any improvements identified in the budget setting process will be included as part of the budget setting for 22/23.	Acting Director of Finance & Procurement	31/3/2022	Medium
2.8	<i>Capital Planning and Asset Management</i>	The Service should ensure that the Capital Programme is linked to the LTFS, AMS and Resource Budget, setting out how the Capital Programme progresses these and the anticipated consequences of the capital investment decisions on the resource budget over the period.	Agreed. The Service recognises that capital funding received is less than required to fully address the asset backlog from legacy services. SFRS has worked with Scottish Government to secure additional funding where possible and has agreed to share premises at 51 stations with other public sector organisations including police and ambulance service. SFRS has applied for funding to support decarbonisation of its activities and this includes fleet and property which will partially support addressing our asset backlog. SFRS will continue to work with Scottish Government to seek additional funding where this is available. Within this context, the Service will update the LTFS, based on the revised AMS and highlight the impacts on the resource budget.	Acting Director of Asset Management	31/3/2022	Medium
2.9	<i>Capital Planning and Asset Management</i>	Monitoring of performance against the Capital Programme should include summary information on the number of projects expected to be (or which have been) delivered in line with the original timescales and original budgets.	Agreed. The Service already provides information on all major projects to the change portfolio committee and this provides information on time, cost and quality. The recommendation is to expand this to cover the timeline around all capital projects and to report at a summary level to the Board. In reality, the capital programme is delivered throughout the year to maximise the funding available which requires many projects to be delivered within the financial year. In line with the recommendation the Service will provide additional summary information on the delivery of projects against original timelines recognising the many detailed projects involved in the programme.	Acting Director of Asset Management	31/3/2022	Medium

Action plan (continued)

Recommendations for improvement – Financial Sustainability (continued)

No.	Area	Recommendation	Management Response	Responsible person	Target Date	Priority
2.10	Workforce Planning	The Training Strategy should be clearly linked to the Strategic Plan and the Workforce and Strategic Resourcing Plan, including measurable actions and targets.	The foreword of the Training Strategy specifically mentions the following “The Training Strategy supports the intended outcomes of the SFRS Strategic Plan 2019-22, the findings of the Training and Employee Development (TED) Review and compliments the People and Organisational Development (POD) Directorate plans”. With regards measurable actions and targets, 7 priorities (Actions) are identified with dates identified as quarters across a number of years. Recovery plans are now in place and they also support the delivery of the strategy with dates and targets. Within the Training Function the Continuous Improvement Plan Actions and Targets are set with dates and support the delivery of the Strategy. In recognising the comments made, the strategy will be reviewed to strengthen the link to the POD Resourcing Plans.	Director of Training, Safety and Assurance	31/3/2022	Medium
2.11	Workforce Planning	Progress on implementing the Workforce and Strategic Resourcing Plan should be considered on a periodic basis the relevant committee or the Board, to ensure that there are effective targets in place and to assess performance against them.	Agreed. This will be done via the People Board and People Committee which will agree targets and monitor progress against them.	Director of People and Organisational Development	31/3/2022	Medium
2.12	Workforce Planning	The Workforce and Strategic Resourcing Plan should be reviewed to clearly set out the Target Operating Model for the entire workforce, and what actions it plans to take to transition from the current workforce to the workforce required in the future.	Agreed. This will continue to be implemented via the Strategic Workforce and Resourcing Plan and will be monitored via the People Board and agreed with SLT, People Board and SFRS Board as appropriate.	Director of People and Organisational Development	31/3/2023	Medium

Action plan (continued)

Recommendations for improvement – Governance and Transparency

No.	Area	Recommendation	Management Response	Responsible person	Target Date	Priority
3.1	<i>Governance and Scrutiny Arrangements</i>	The Board should consider where external findings have been made on key governance documents – such as the Anti-Fraud Policy, Risk Registers, compliance with Standing Orders, review of effectiveness of Code of Corporate Governance – why the Board's internal processes were insufficient to prevent, or detect and correct, the identified issues. The Board should update its processes to ensure that they are effectively designed and implemented to reduce the reliance on external bodies to identify areas for improvement.	<p>Agreed. The Board remain committed to improving its decision-making processes and will review them in line with identified good practices across the public sector. A revised Governance Framework for the Service will be presented to the Board during 2021/22. The framework will continue to ensure relevant internal audit or improvement initiative findings on policy issues and governance processes are fully reported to the Board. Service policies will continue to be reviewed in line with the published timeframe and the policy review process will be monitored by the Good Governance Board with the Director of SPPC reporting any issues to the Board as appropriate.</p> <p>The Fraud Policy has been revised and is currently out for consultation. Once comments have been received, the policy will be reviewed and reported to the Audit & Risk Assurance Committee in October 2021. The creation of an LCMS training package will assist in developing awareness of fraud as a risk to the Service, developing additional awareness and ownership throughout the Service.</p> <p>The Risk Management Policy will be revised and reported to the Audit & Risk Assurance Committee in October 2021. The revision will align the policy with the current risk management framework which has undergone significant change in the last few years. The review already undertaken of the Service's risk register will provide SMART actions, additional assurance on progress made against control actions and will assist Board Members in their scrutiny of the framework.</p>	Director of Strategic Planning, Performance and Communications	31/3/2022	High
3.2	<i>Openness and Transparency</i>	The Service should reconsider its approach to allowing public access to Board meetings, to ensure that Board members are being as accountable and transparent as reasonably practicable, as required under the Fire (Scotland) Act 2005.	<p>Agreed. Throughout 2020 the Board reviewed its ability to continue to ensure its commitment to full public access to its meetings, papers and decisions. Following Scottish Government guidance in person attendance at meetings was suspended and meetings moved online. ICT system issues prevented public access to online meetings until the introduction of Microsoft Teams in early 2021. Since August 2021 stakeholders are able to view the proceedings live by joining via Microsoft Teams. Prior to August 2021 recordings of Board meetings have been posted online to ensure members of the public who cannot view the meeting live can view Board meetings. The Board will return to full in person meetings, including by members of the public, when Government guidance deems that appropriate.</p>	Director of Strategic Planning, Performance and Communications	31/8/2021	High

Action plan (continued)

Recommendations for improvement – Value for Money

No.	Area	Recommendation	Management Response	Responsible person	Target Date	Priority
4.1	<i>Performance Management Framework</i>	The Service should report on the process it has undertaken to attempt benchmarking of performance internally, in order to ensure that local areas learn from good practice elsewhere in the Service. This report should identify those areas where effective benchmarking can be carried out and how this will be done going forward, as well as reporting on those areas where effective benchmarking cannot be carried out and why this is the case.	Agreed. As part of the annual review of the Performance Management Framework (PMF) an annual performance report detailing trends in performance including relevant benchmarking data from Services elsewhere in the UK will be produced for the Board. The Business Intelligence and Data Services Team continues to support the Service Delivery Directorate on internal benchmarking and sharing of improvement practices across the Service. The development of performance monitoring across the service will be reported to Good Governance Board. This will include reporting on benchmarking of internal performance.	Director of Strategic Planning, Performance and Communications	31/3/2022	High
4.2	<i>Performance Data</i>	Performance reports should include targets and trend data to enable a meaningful assessment of performance.	Agreed. As part of the annual review of the Performance Management Framework all performance reports are reviewed. Existing reporting against targets and trend data, for example Health and Safety Reporting, Quarterly Performance, will continue. The PMF includes targets and key performance indicators. Progress against these will continue to be reported to the SFRS Board. This will include trend data. Targets contained within directorate or service areas and trends will also be reported on.	Director of Strategic Planning, Performance and Communications	31/3/2022	High

Action plan (continued)

Recommendations for improvement – Value for Money

No.	Area	Recommendation	Management Response	Responsible person	Target Date	Priority
4.3	<i>Performance Management Framework</i>	Consideration should be given to the development of a systematic programme of operational self-assessment to demonstrate the Service's commitment to continuous improvement.	<p>Agreed. SFRS does not have at this time a specific forward looking plan for service improvement. The service improvement team work proactively with Directorates to support Service Improvement across the Service to ensure appropriate methodologies are being used and good practice applied. A Service Improvement Framework to ensure the systematic approach to continuous improvement will be developed to demonstrate the commitment to continuous improvement across the service.</p> <p>That is to say, we do not have a defined framework in place today that has a specific and structured approach to Self-Assessment required to assess SFRS wide performance and for the identification of service wide improvements. The Deloitte finding is specific to operational self-assessment. SFRS do align to and train our internal employees on the use of the Public Service Improvement Framework (PSIF) designed by NHS National Education for Scotland (NES) for continuous improvement and are currently going through a 2nd cohort of training delivered by NHS. However, the Embedding of those skills, practices and frameworks that allow for self-assessment and continued improvement across SFRS that is seen as sustainable would be our next maturity step. In addition, the forward looking objective has to be how we integrate self-assessment into our existing planning and review frameworks, along with how we introduce a process of identification and prioritisation of improvement to ensure we align organisation resources appropriately. Lastly, we need to consider how we might bring transparency and visibility to the results of these assessments and share widely within the organisation and highlight agreed actions resulting from it.</p> <p>The target date set across for this recommendation is for the development of the relevant framework, with adopting and embedding across the Service expected to occur beyond this date.</p>	Director of Service Development	31/03/2022	High

Action plan (continued)

Recommendations for improvement – Value for Money (continued)

No.	Area	Recommendation	Management Response	Responsible person	Target Date	Priority
4.4	<i>Performance Data</i>	Consideration should be given to how to improve performance reporting – either the quarterly progress reports or a consolidated report – to consolidate performance indicators associated with each outcome and set out how that performance and those indicators demonstrate an impact on the outcome being sought. This should also include reference to external information that demonstrates an impact on the outcome.	Agreed. As part of the implementation of the Business Intelligence Strategy regular progress reports are presented to the Good Governance Board which considers how the Service seeks to improve performance reporting. The SFRS Board will receive a consolidated performance report against the PMF, including trend information, which will be published formally in 2022/23. Further work will be undertaken to review reporting against outcomes.	Director of Strategic Planning, Performance and Communications	31/3/2022	High
4.5	<i>Equalities</i>	Annual reporting on equality outcomes should provide reporting against targets (where they exist) and summarised trend data to demonstrate where inequalities are being reduced and where further work is required.	Agreed. This will be collated throughout the year and summarised for the Annual Report.	Director of People and Organisational Development	31/12/2022	Medium

Action plan (continued)

Follow-up previous year actions

We have followed up the recommendations made in our previous years audits and are pleased to note that 2 of the recommendations have been fully implemented, with 1 partially implemented. The following recommendation has been partially implemented. We will continue to monitor this as part of our 2021/22 audit work.

Area	Recommendation	Management Response	Responsible person	Target Date	Priority	2020/21 Update
Financial sustainability	The Service should continue to ensure that they review, and where appropriate revise their financial strategy during 2020/21 to reflect on the impact of COVID-19, it is important that the Service also build into the scenarios the impact of demand pressures on costs to the Service along with the estimated changes in funding to get a fuller picture of the likely challenges that it faces.	Work has been carried out on an ongoing basis since before the start of the Covid-19 lockdown in the UK. This has resulted in the preparation of a Routemap To Delivering Reset and Renew to allow the SFRS to navigate through the impact of Covid-19. This covers 8 key themes: People, Workplace, Operational Strategy, Governance and Compliance, Technology, Leadership, Partnership Working and Communications and Engagement. Finance is a factor in all of these themes and the impact of Covid-19 has been reflected in budget monitoring reports to the Board and will be considered when preparing the budget for 2021/22.	Director of Finance and Contractual Services	March 2021	Medium	<p>Partially implemented.</p> <p>Updated management comment: The budget setting process considered the impact of COVID-19 based on the Service's experience to date and anticipated costs and savings were reflected in the budget for 2021/22. The impacts of COVID-19 in terms of recovery activities were considered in March and Directorates presented initial business cases to SLT in April 2021 for approval. The business case process was led by the Deputy Chief Officer and SLT subsequently approved a revised set of business cases guided by the Medium-Term Financial Model. The revised business cases were then included in the budget for 2021/22. A summary of business case process was presented to the Board in July 2021 as part of a Board information day. A business case tactical action group including Heads of Function reviews progress and this is linked to the Reset and Renew routemap. The Reset and Renew programme continues to be developed as the Service starts to recover from COVID-19 but this is anticipated to take a number of years to complete.</p> <p>Revised target : 31/3/2023</p>



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SCOTTISH FIRE AND RESCUE SERVICE

Audit and Risk Assurance Committee



Report No: C/ARAC/38-21

Agenda Item: 10

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:	14 OCTOBER 2021						
Report Title:	DRAFT ANTI-FRAUD AND CORRUPTION POLICY						
Report Classification:	For Scrutiny	Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
1	Purpose						
1.1	The purpose of this report is to provide the Audit and Risk Assurance Committee (ARAC) with the draft Anti-Fraud and Corruption Policy.						
2	Background						
2.1	The aim of the Anti-Fraud and Corruption Policy is to outline the Scottish Fire and Rescue Services (SFRS) approach to Fraud. SFRS is fully committed to the public services value of accountability, probity and openness and recognises the need to ensure the highest standards of probity by actively reducing the risk of fraud and to develop an anti-fraud culture.						
2.2	ARAC will provide independent assurance to the Board and Accountable Officer on the adequacy and effectiveness of the policies, procedures and systems relating to internal controls, risk management and governance. ARAC will scrutinise, challenge and ensure continuous improvement in relation to the Anti-Fraud and Corruption Policy						
2.3	The Strategic Leadership Team (SLT) will provide assurance to SFRS that appropriate systems of control are in place and operating effectively, improving accountability, transparency in decision making and ensuring that key Service priorities are met.						
2.4	In relation to Fraud the Good Governance Board (GGB) will support the regular review of the Anti-Fraud and Corruption Policy, providing assurance to the Audit and Risk Assurance Committee and SLT that appropriate systems of controls are in place and operating effectively.						
3	Main Report/Detail						
3.1	The policy defines the Fraud Framework established for SFRS, attached in Appendix A, aligning with other relevant policies of the Service to minimise the risk of fraud and corruption and enhancing the Services overall systems of control.						
3.2	The policy was forwarded for consultation in July 2021 and reported to the GGB in August and has been updated to reflect comments received. Once agreed by ARAC the final policy will be forwarded to SFRS Board for approval.						
3.3	Initial fraud awareness sessions have been delivered to identified groups of staff and a fraud LCMS training package is now being finalised to deliver awareness across all Services.						

3.4	In support of the framework, and aligned to the Annual Governance Statement, Appendix B, provides the SFRS Fraud Risk Assessment guidance, including examples of potential areas for consideration. The outcome of the assessment, where required, will identify additional actions necessary to minimise any risk(s) identified.
3.5	Raising awareness and ownership of the policy and the associated framework will be discussed with the Communications and Engagement Team, ensuring that wider knowledge of our responsibilities become embedded throughout the Service. Discussions will also be held with Directorate Management Teams to raise awareness.
4	Recommendation
4.1	The Audit & Risk Assurance Committee is asked to: <ul style="list-style-type: none"> • Scrutinise the Anti-Fraud and Corruption Policy, confirming it provides assurance that appropriate processes are in place
5	Key Strategic Implications
5.1	Risk
5.1.1	The management of Fraud forms part of the Services wider governance and assurance framework and aims to minimise the Services exposure to risk.
5.2	Financial
5.2.1	The publication and adherence to the Policy will minimise the risk of financial loss to the Service.
5.3	Environmental & Sustainability
5.3.1	There are no direct environmental or sustainability issues.
5.4	Workforce
5.4.1	All employees of the Service are subject to the policy and will have a direct role in minimising the risk of fraudulent actions that may impact upon the Service.
5.5	Health & Safety
5.5.1	There are no direct Health & Safety implications associated with this report.
5.6	Training
5.6.1	An Learning Contents Management System (LCMS) package will be provided to all staff to raise awareness and ownership of the roles and responsibilities associated with the Policy.
5.7	Timing
5.7.1	The timing of this report is aligned to our reporting requirements for ARAC.
5.8	Performance
5.8.1	The report and associated reporting on fraud provides assurance on the adequacy and effectiveness of management responses to this activity.
5.9	Communications & Engagement
5.9.1	Following agreement and publication of the policy discussions will be held with the Communications and Engagement Team to raise awareness across all directorates of their role and responsibilities.

5.10	Legal	
5.10.1	Feedback has been received from legal and their advice reflected within the anti-Fraud and Corruption Policy.	
5.11	Information Governance	
5.11.1	There are no direct Information Governance implications arising from this report.	
5.12	Equalities	
5.12.1	An Equality impact assessment, Appendix C, has been undertaken for the Anti-Fraud and Corruption Policy.	
5.13	Service Delivery	
5.13.1	There are no direct implications arising from this report on Service Delivery	
6	Core Brief	
6.1	Not Applicable	
7	Appendices/Further Reading	
7.1	Appendix A – Draft Anti-Fraud and Corruption Policy	
7.2	Appendix B – Fraud Risk Assessment	
7.3	Appendix C – Equality Impact Assessment	
Prepared by:	David Johnston, Risk and Audit Manager	
Sponsored by:	John Thomson, Acting Director of Finance and Procurement	
Presented by:	David Johnston, Risk and Audit Manager	
Links to Strategy and Corporate Values		
<p>The Anti-Fraud and Corruption Policy forms part of the Services Governance arrangements and links back to Outcome 4 of the 2019-22 Strategic Plan, specifically Objectives 4.2 & 4.4</p> <ul style="list-style-type: none"> • Outcome 4: We are fully accountable and maximise our public value by delivering a high quality, sustainable fire and rescue service for Scotland. • Objective 4.2: We will minimise the risks we face through effective business management and high levels of compliance with all our responsibilities. • Objective 4.4: We will strengthen performance management and improvement arrangements to enable robust scrutiny, challenge and decision making nationally and locally. • 		
Governance Route for Report	Meeting Date	Report Classification/ Comments
<i>Strategic Leadership Team</i>	<i>22 September 2021</i>	<i>For Scrutiny</i>
<i>Audit and Risk Assurance Committee</i>	<i>14 October 2021</i>	<i>For Scrutiny</i>
<i>SFRS Board</i>	<i>28 October 2021</i>	<i>For Approval</i>

FINANCE AND CONTRACTUAL SERVICES

Anti-Fraud & Corruption Policy

Original Author/Role	David Johnston, Risk & Audit Manager
Date of Equality Impact Assessment	4 September 2020
Date of Impact Assessment (commenced)	12 December 2019
Date of Impact Assessment (concluded)	4 September 2020
Quality Control (name)	Lynne McGeough, Acting Head of Finance & Procurement
Authorised (name and date)	John Thomson, Acting Director of Finance & Procurement
Date for Next Review	October 2023

VERSION HISTORY

Version	Change	Who	When
1.0	First Version Issued	David Johnston	October 2021

DRAFT

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1. POLICY STATEMENT

The aim of this policy is to outline Scottish Fire and Rescue Service (SFRS) approach to fraud. SFRS is fully committed to the public service values of accountability, probity and openness and recognises the need to ensure the highest standards of probity by actively reducing the risk of fraud and to developing an anti-fraud culture.

2. INTRODUCTION

SFRS is committed to the [Scottish Government's zero tolerance](#) approach to fraud. All SFRS staff are required at all times to act honestly and with integrity and to safeguard the public resources for which they are responsible.

SFRS will not accept any level of fraud or corruption and any cases of actual or suspected fraud will be thoroughly investigated and dealt with appropriately.

3. SCOPE

This policy defines the principles of the SFRS Anti-Fraud & Corruption process and is aligned to the [SFRS Whistle Blowing Policy](#).

The Whistleblowing policy outlines the Services commitment to the highest possible standards of openness and accountability and employees with serious concerns about illegality, malpractice, wrongdoing or serious failures in standards of work are encouraged to come forward and voice their concerns without fear of reprisal.

Both policies allow for the reporting of Fraud and the Acting Director of Finance and Procurement and the Director of People and Organisational Development will determine the most applicable policy to be followed.

4. RESPONSIBILITIES

4.1 SFRS Board

The SFRS Board is responsible for ensuring effective arrangements are in place to provide assurance on risk management, governance and internal control. The Board will approve any amendments to the Anti-Fraud and Corruption Policy.

4.2 Chief Officer

In accordance with the SFRS [Financial Regulations](#), paragraph 4.10 – Prevention of Fraud, Corruption and Bribery, the Chief Officer is responsible for identifying and managing the risk of fraud and corruption, for ensuring that appropriate risk management, internal control and governance arrangements are in place and for ensuring that Best Value is achieved.

The Chief Officer will notify Internal Audit and the Chair of the Audit & Risk Assurance Committee of any relevant matters that arise and will make arrangements to keep records of, and prepare and forward to Scottish Government (SG) an annual report on Fraud and Theft suffered by the Service notifying SG at the earliest opportunity of any unusual or major incidents.

The annual reporting of any significant issues will be incorporated within the Annual Governance Statement and will be reported through this framework.

4.3 Audit & Risk Assurance Committee (ARAC)

The overall purpose of the Committee is to provide independent assurance to the Board and Accountable Officer on the adequacy and effectiveness of the policies, procedures and systems relating to internal control, risk management and governance.

In relation to fraud ARAC will scrutinise, challenge and ensure continuous improvement on the appropriateness of the internal control environment, Anti-Fraud and Corruption policies and corporate oversight for fraud and irregularities.

The Committee will be provided with the annual Governance Statement which will provide information on any significant issues arising in the year and will receive quarterly fraud updates from the Acting Director of Finance & Procurement.

4.4 Acting Director of Finance and Procurement

Overall responsibility for managing the risk of fraud has been delegated to the Acting Director of Finance & Procurement whose specific responsibilities will include:

- Developing a fraud risk profile and undertaking a regular review of the fraud risks associated with each key organisational objective in order to keep the profile current.
- Establishing an effective anti-fraud policy, and associated framework, commensurate to the level of risk identified in the fraud risk profile.
- Designing an effective control environment to prevent fraud, commensurate with the fraud risk profile.
- Establishing appropriate mechanisms for:
 - Reporting fraud risk to the Audit & Risk Assurance Board, the Good Governance Board or other appropriate bodies as required.
 - Reporting significant incidents of fraud to appropriate Executive & Non- Executive Bodies
 - Co-ordinating assurances about the effectiveness of anti-fraud policies to support the Statement of Internal Control.
- Liaising with the Audit and Risk Assurance Committee, providing a quarterly report of areas of fraud identified, or more regularly depending upon the nature of the fraud

- Making sure that all staff are aware of SFRS Anti-fraud and Corruption Policy and know what their responsibilities are in relation to combating fraud.
- Developing skills and experience competency frameworks in relation to anti-fraud.
- Ensuring that appropriate anti-fraud training and development opportunities are available to appropriate staff.
- Ensuring that vigorous and prompt investigations are carried out if fraud occurs or is suspected.
- Ensuring that appropriate action is taken against perpetrators of fraud, in conjunction with the Director of People and Organisational Development.
- Ensuring that appropriate action is taken against supervisors where failures have contributed to the commission of fraud, in conjunction with the Director of People and Organisational Development.
- Ensuring that appropriate action is taken in relation to staff who fail to report fraud, in conjunction with the Director of People and Organisational Development.
- Taking appropriate action to recover assets or losses.
- Ensuring that appropriate action is taken to minimise the risk of similar frauds occurring in future.

The Acting Director of Finance and Procurement, in conjunction with the Director of People and Organisational Development, will be responsible for determining the applicable policy for reporting purposes with the Acting Director of Finance and Procurement responsible for authorising the reporting of criminal activities, in relation to Fraud and Corruption, to Police Scotland where they feel it appropriate to do so.

Once action is agreed the Acting Director of Finance & Procurement will authorise the relevant Senior Officer to contact Police Scotland for further guidance. Once investigations are complete the Senior Officer will provide a report to the Acting Director of Finance and Procurement detailing the outcome of Police investigations.

4.5 Director of People and Organisational Development

The Director of People and Organisational Development will ensure that they maintain a [Capability Policy and Procedure](#) and a [Disciplinary Policy and Procedure](#) within which managers can work with employees to maintain satisfactory standards with regards to the fulfilment of their employment contract and conduct.

The Director of People and Organisational Development should ensure that appropriate disciplinary action is taken against perpetrators of fraud, supervisors whose gross negligence has contributed to fraud, any employee unreasonably failing to report fraud through gross negligence or any employee making malicious false claims under this policy.

When notified of an actual or suspected fraud the Director should:

- If appropriate, based on the prima facie evidence, arrange to suspend the employee or employees accused pending the outcome of any investigations (and review the notice of suspension at regular intervals throughout the period of the investigation). Any suspension will be undertaken in line with the [SFRS Disciplinary Policy and Procedure](#).
- Appoint an Investigating Officer, if appropriate. It should be noted that fraud investigations can be undertaken by Internal Audit or an Investigating Officer depending on the circumstances and agreement should be reached between the Director of People and Organisational Development and the Acting Director of Finance and Procurement as to the most appropriate course of action
- Consider, in consultation with the line manager, the sensitivity of the allegations in terms of public interest and whether the Communications team, Chief Officer or Chair of the Board should be briefed
- When appropriate, implement disciplinary procedures against the perpetrators of fraud, supervisors whose gross negligence has contributed to the fraud, any employee unreasonably failing to report fraud through gross negligence or any employee making malicious false claims of fraud

- Consider any action to be taken if lesser instances of misconduct have been identified during the investigation

The Director of People and Organisational Development, in conjunction with the Acting Director of Finance and Procurement will be responsible for determining the applicable policy for reporting purposes and where they believe it to be appropriate to do so will also be responsible for authorising the reporting of criminal activities to Police Scotland.

4.6 Good Governance Board (GGB)

The purpose of the GGB is to provide assurance to SFRS that appropriate systems of controls are in place and operating effectively, improving accountability, transparency in decision making and ensuring that key Service priorities are met.

The GGB will keep under review the organisations whistleblowing, anti-fraud and corruption policy including supporting reporting processes and support the regular review of the Anti-Fraud and Corruption Policy.

4.7 Internal Audit

Internal Audit will assist management by examining, evaluating and reporting on controls in order to provide an independent assessment of the adequacy of the internal control system. To achieve this, the Internal auditor, should:

- Analyse the internal control system and establish a review programme
- Identify and evaluate the controls which are established to achieve objective in the most economic and efficient manner
- Report findings and conclusions and, where appropriate, make recommendations for improvement
- Provide an opinion on the reliability of the controls in the system under review; and

- Provide an assurance based on the evaluation of the internal control system within the organisation as a whole

Based on its activity, Internal Audit is responsible for reporting significant risk exposures and control issues identified to the Audit & Risk Assurance Committee and to Senior Management, including fraud risks, governance issues and other matters needed or requested by the Board.

4.8 SFRS Managers

All SFRS Managers are directly responsible for the prevention and detection of fraud within their own areas. They must adhere to the Anti-Fraud and Corruption Policy and through the [Fraud Risk Assessment](#) assess the types of risks involved in the areas for which they are responsible, ensuring that an appropriate level of internal control exists to safeguard against the risk of fraud and corruption, review and test the control systems regularly to ensure that such controls are being complied with and work effectively.

SFRS managers are responsible for implementing new controls necessary to reduce the risk of similar frauds occurring where frauds have taken place.

In particular, SFRS managers should ensure that duties are organised so that no one person can carry out a complete transaction without some form of checking process being built into the system. Control of any key function should not be vested in one individual.

Managers are also required to take seriously any allegations of fraud reported to them and be assured that there are reasonable grounds for concern. Where this is the case, they must notify the Acting Director of Finance and Procurement without delay.

4.9 All SFRS Employees and Board Members

All SFRS employees and Board members will act in line with the relevant SFRS Code of Conduct and have a critical role to play in the prevention of fraud and corruption. Specifically, SFRS employees and Boards members should:

- [Act in accordance with the Bribery Act 2010](#)
- Conduct themselves in accordance with the principles of public life in Scotland, aligned to the Nolan Principles:
 - Selflessness
 - Integrity
 - Objectivity
 - Accountability
 - Openness
 - Honesty
 - Leadership
 - Public Service/Duty
 - Respect
- Comply with the SFRS Anti-Fraud and Corruption Policy and other related policies aimed at minimising risk to the Service.
- Be alert to the possibility that unusual events or transactions could be indicators of fraud.
- Report details immediately through the appropriate channels if they suspect that a fraud has been committed or see any suspicious acts or events.
- Co-operate fully with anyone conducting internal checks or reviews or fraud investigations.
- Act with honesty, impartiality and transparency with regard to the acceptance of gifts and/or hospitality and adhere to the principles of the [SFRS Gifts, Hospitality and Interests Policy](#).

4.10 Procurement Staff

The Procurement Team, and those undertaking procurement activity for the Service, should be aware of the fraud risks that exist in undertaking the procurement process. This could relate to the risk of collusion among contractors, between procurer and bidder and potential risks exposed to the Service during procurement processes. SFRS specifically requires that all involved in the procurement process declare any interests in line with the Gifts, Hospitality and Interests Policy.

The [Red Flag Procurement report undertaken by Audit Scotland](#), published in October 2019, provides assistance to auditors to recognise a red flag type event where audit programmes may need to be reviewed, ensuring current controls provide a suitable level of control. Further information on this can be found within the audit Scotland website and provides red flag examples and implications to the Service:

5. DEFINITIONS

5.1 Definition of Fraud

Fraud is any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain.

Fraud can be used to describe a wide variety of dishonest behaviour such as forgery, deception, extortion, corruption, theft, false representation and the concealment or material facts.

The following are examples of the types of activity that can be regarded as fraud:

- Manipulation or misreporting of financial information
- Misuse of ICT equipment
- Fraudulent completion or falsifying documentation
- Misrepresentation of qualifications to obtain employment

- Non-disclosure of personal or business interests
- Collusion
- Asset misappropriation
- Bribery

5.2 Definition of Bribery

A bribe is an offer or promise of a financial or other advantage, designed to induce another person to perform improperly or to reward another person for performing improperly in their position of trust and responsibility (whether the activity concerned is performed directly by the same person receiving the bribe or by someone else).

The Bribery Act 2010 is UK-Wide legislation that:

- Makes it a criminal offence to give, promise or offer a bribe and to request, agree to receive or accept a bribe either at home or abroad.
- Increases the maximum penalty for the more serious cases of bribery from seven to ten years imprisonment, with an unlimited fine.
- Introduces a corporate offence of failure to prevent bribery by persons working on behalf of a business.

5.3 Fraud Risk Assessment (FRA)

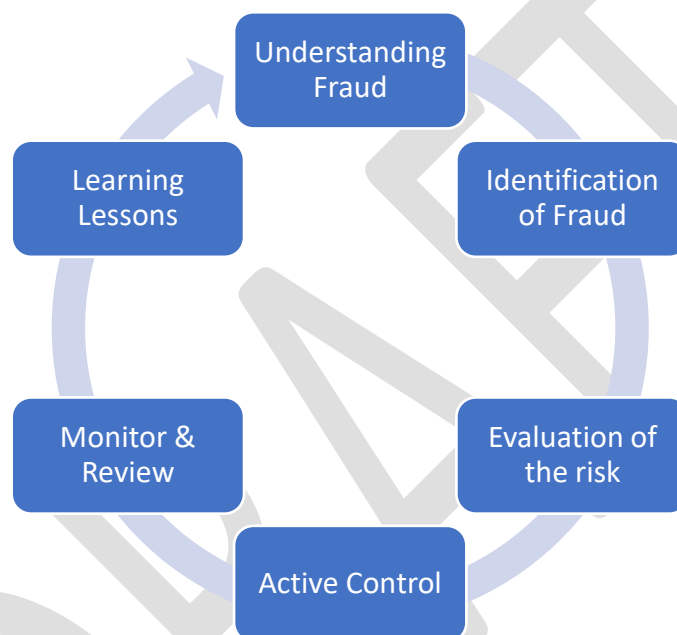
The purpose of the FRA is to focus resources based on the fraud risks identified. It details who might defraud the organisation, how they could do it, the controls currently in place and provides an overall assessment of the risk to the Service. Critically, the assessment also requires the responsible officer to identify way in which the risk can be better managed.

All Senior Officers, Directors and Heads of Function, are asked to complete the assessment as part of the [Annual Assurance Framework](#).

6. THE FRAUD FRAMEWORK

Accountable Officers are responsible for establishing and maintaining sound internal controls that support the achievement of the organisations policies, aims and objectives. The system of control is designed to respond to and manage the range of risks presented to the organisation by fraud, both internal and external.

In broad terms managing the risk of fraud involves:



Awareness and ownership of risk

- Understanding the danger signs
- The fraud triangle (Opportunity, Motivation and Rationalisation)

Assessing the Services overall fraud risk

- Fraud risk assessment

Responding to fraud risk

- Preventative and Detective

Monitoring and review

- Adhere to governance processes

Learning Lessons

- Minimise likelihood of reoccurrence

6.1 Understanding Danger Signs and Reacting to Concerns

Managers and staff must always be alert to the risk of fraud, theft and corruption and understand the danger signs of both internal and external fraud.

Danger signs of internal fraud which include:

- Evidence of excessive spending by staff in cash/contract work.
- Inappropriate relationships with suppliers
- Reluctance of staff to take leave
- Undue possessiveness of or anomalies between work records.
- Pressure from colleagues to avoid normal control procedures.
- Abnormal Travel and Subsistence claims, overtime or flexible working patterns.

Concerns of internal fraud by staff should be reported when:

- Any dishonest or fraudulent act has occurred
- Forgery or alteration of documents or accounts
- Misappropriation of funds, supplies or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Profiting from an official position
- Accepting or seeking value from third parties by virtue of official position or duties
- Disclosure of official activities or information for advantage
- Theft or misuse of property, facilities or services

6.2 Danger signs of external fraud:

- Photocopies of documents when originals would be expected.
- Discrepancies in information, e.g., signatures and dates.
- Unexpected queries from stakeholders or suppliers, e.g., bank account detail changes.
- Requests for non-standard types of payment.
- Unexpected trends or results, e.g., form reconciliations.

Concerns over an external organisation should be reported when:

- Being offered a bribe or inducement by a supplier
- Receiving fraudulent invoices from a supplier
- Reported allegations of corruption or deception by a supplier

6.3 The Fraud Triangle

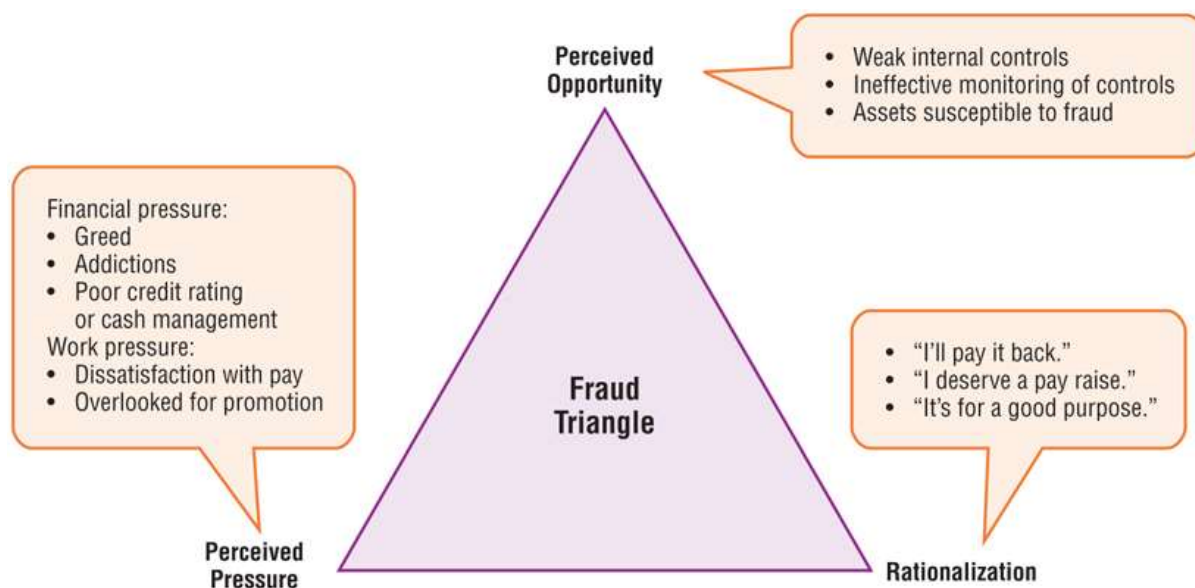
To manage the risk of fraud more effectively the Service needs to understand some of the motivations for committing fraud and in doing so identify better ways in which occurrence of such instances can be reduced.

The fraud triangle is a model used to explain the main reasons behind an individual's decision to commit fraud and consists of three elements:

Opportunity to commit fraud is the means by which the individual will defraud SFRS/the organisation. This is where internal controls are weak and access to assets and information allows fraud to occur.

Motivation or a need/pressure for committing fraud. This can be for financial reasons such as a drug or gambling addiction, or other motivating factors.

Rationalisation that justifies fraudulent behaviour. This can be for a variety of reasons.



By putting in place controls to minimise or manage these risks the Service will reduce the potential for fraud to impact upon the organisation.

6.4 Fraud Risk Assessment (Appendix 1)

In order to evaluate the Services exposure to fraud a fraud risk assessment process has been incorporated within the Annual Governance Framework

The purpose of the FRA is to focus resources based on the fraud risks identified. It details who might defraud the organisation, how they could do it, the controls currently in place and provides an overall assessment of the risk to the Service. Critically, the assessment also requires the responsible officer to identify ways in which the risk can be better managed.

The key stages of the fraud risk assessment are:

- Identification of specific fraud risks that will lead to fraud
- Identifying the current counter measures in place to mitigate the risk
- Complete residual risk describing how it could still happen
- Assess and score the likelihood (1-5) and the impact (1-5)
- Prioritise actions to the agreed risks that need to be reduced

6.5 Systems of Control

Appropriate **preventive** and **detective** controls should be put in place to counter the risk of fraud.

- **Preventive** controls are designed to limit the possibility of a fraud occurring e.g., separation of duties.
- **Detective** controls are designed to spot errors, omissions and fraud after the event e.g., supervisory checks and reconciliations.

Managers with responsibility for awarding contracts, making payments, authorising grants and other financial transactions must ensure they have clear control procedures.

It is important that:

- There is adequate separation of duties and proper authorisation processes for payments.
- Staff dealing with these procedures are familiar with them.
- Accounting and other records, such as cash balances, bank balances, physical stock counts, are reconciled with the actual position.
- Where staff make SFRS aware of any private matters or criminal convictions which may impact their public duties, steps will be put in place to resolve any conflicts that may arise to protect that public interest. This will be in line with the SFRS Code of Conduct or any other relevant policy.

6.6 Monitoring & Review

Monitoring of fraud risk will be undertaken through the Executive Boards and Committees of the Service to ensure its effectiveness.

The governance framework ensures that the right level of assurance is used to inform decision making within an overall framework, clearly indicating the separation of scrutiny roles across the organisation.

Lessons learned through the risk assessment process, monitoring and reporting and effective scrutiny will be used to inform and develop the framework through policy review.

7.0 REPORTING FRAUD

The danger signs highlighted in this policy are not exhaustive and any indication of fraudulent activity must be reported. Managers and staff must always be alert to the risk of fraud, theft, bribery and corruption and follow established procedure to ensure any suspicions are reported.

The reporting of fraud may be made directly to the Acting Director of Finance and Procurement, in line with the Anti-Fraud and Corruption Policy, other through the Whistleblowing Policy where an employee has a reasonable belief that a criminal offence is being, has been, or is likely to be committed.

In the event of a fraud, attempted fraud or other illegal or criminal act being suspected, employees should immediately report the matter to their line manager. If there is a concern that line management may be involved, the matter should be reported to the next appropriate level.

Managers are required to take seriously any allegations of fraud reported to them and be assured that there are reasonable grounds for concern. Where this is the case, they should notify the Acting Director of Finance and Procurement delay.

The responsibility for managing the risk of fraud has been delegated to the Acting Director of Finance & Procurement Services who, in conjunction with the Director of People and Organisational Development, will also be responsible for authorising the reporting of an incident to Police Scotland where they feel it appropriate to do so.

8.0 ENFORCEMENT

All cases of actual or suspected fraud will be vigorously and promptly investigated and appropriate action will be taken.

Where SFRS receives an allegation of fraud that it considers merits an investigation, consideration must be given to report any criminal allegations to Police Scotland. In circumstances where contact with Police Scotland is required this will be undertaken by the Acting Director of Finance and Procurement. Where the requirement to report to Police Scotland is unclear, assistance can be sought from Legal Services.

In addition to any disciplinary action undertaken in line with the SFRS Disciplinary Policy & Procedure against those members of staff found to have perpetrated frauds, or the manager whose negligence is held to have facilitated frauds, will be subject to the SFRS Capability Policy and Procedure, save for circumstances where the managers' conduct is so grossly negligent that it requires the involvement of the SFRS Disciplinary Policy and Procedure. Committing fraud and facilitating fraud through gross negligence can be held to constitute gross misconduct, the penalty for which may include summary dismissal.

9.0 ASSOCIATED DOCUMENTS / REFERENCES

- [The Bribery Act 2010](#)
- [SFRS Whistleblowing Policy](#)
- [SFRS Gifts, Hospitality & Interests Policy](#)
- [SFRS Disciplinary Policy & Procedure](#)
- [SFRS Capability Policy & Procedure](#)
- [Scottish Government's Zero Tolerance Approach](#)
- [SFRS Code of Conduct](#)
- [SFRS Assurance Framework](#)
- [SFRS Scheme of Delegation](#)
- [Financial Regulations](#)



SCOTTISH FIRE AND RESCUE SERVICE FRAUD RISK ASSESSMENT

Author/Role	John Thomson, Head of Finance & Procurement
Quality Control (name)	David Johnston, Risk and Audit Manager
Authorised (name and date)	Sarah O'Donnell, Director of Finance and Contractual Services
Last reviewed/amended (name and date)	First issue
Date for Next Review	31/3/2022

Safety. Teamwork. Respect. Innovation.

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- 3. Development of a Fraud Risk Assessment**
- 4. Monitoring and Review**

1. INTRODUCTION

- 1.1 SFRS is committed to the Scottish Government's zero tolerance approach to fraud. All SFRS staff are required at all times to act honestly and with integrity and to safeguard the public resources for which they are responsible.
- 1.2 In developing its response to fraud, and specifically guidance on fraud risk assessment, SFRS has reviewed the Scottish Public Finance Manual and recommendations received following Internal Audit activity.
- 1.3 To embed the fraud risk assessment process SFRS has integrated fraud risk assessment within the Annual Assurance Framework of the Service, requiring senior officers to complete the assessment as part of the Internal control checklist.

2. PURPOSE

- 2.1 According to the International Public Sector Fraud Forum – “A fraud risk assessment details who might defraud the organisation and how they could do it. It also includes what the likelihood and impact of it coming to pass are.”
- 2.2 The purpose of the fraud audit assessment is to then focus resources based on the fraud risks identified. The key fraud risks from the assessment should be communicated to and understood by those responsible for leading the organisation.

3. DEVELOPMENT OF A FRAUD RISK ASSESSMENT

- 3.1 It is important to recognise that a fraud risk assessment should be undertaken across the organisation and not restricted to a particular Directorate.
- 3.2 The key stages of the fraud risk assessment are:
- Identification of specific fraud risks that will lead to fraud
 - Identifying the current counter measures in place to mitigate the risk
 - Complete residual risk describing how it could still happen
 - Assess and score the likelihood (1-5) and the impact (1-5)
 - Prioritise actions to the agreed risks that need to be reduced
- 3.3 The SFRS Fraud Risk Assessment template has been provided within Appendix 1. The table details the information required under each heading and provides a completed example. Appendix 2 details the risk assessment matrix, aligned to the SFRS Risk Management Policy.

4. MONITORING AND REVIEW

- 4.1** Monitoring and review of Fraud will be undertaken through the Audit & Risk Assurance Committee (ARAC) with the Acting Director of Finance & Procurement providing quarterly updates.
- 4.2** The Good Governance Board will keep under review the organisations Whistleblowing and Fraud reporting processes ensuring appropriate scrutiny and assurance processes are established.
- 4.3** The required actions from the Fraud Risk Assessment, undertaken as part of the Annual Assurance Framework, will be monitored through the Good Governance Board and, where required, will be subject to further scrutiny through external and internal audit or ARAC.

Appendix 1: SFRS Fraud Risk Assessment



Directorate Responsibility	Specific Fraud Risk - <i>That will lead to fraud</i>	Current Countermeasures - <i>Culture, organisational structure, controls, policies, procedures, reporting etc</i>	Residual Risk - <i>How it could still happen</i>	Likelihood Score 1-5	Impact Score 1-5	Risk Rating	Actions Required <i>Based on risk assessment</i>
Identify the relevant Directorate and Section within SFRS.	Identify the key area of activity that present a specific fraud risk to the Service.	Identify current controls already established, and operating effectively, to minimise the risk of fraud being incurred.	Identify the potential scenarios where fraud exposures continue to be experienced.	What is the likelihood of this risk being incurred.	If this risk is incurred what impact will it have upon the Service	Based on Risk Matrix identify risk rating	Identify additional actions required, together with appropriate implementation timescale, to reduce the risk rating.
EXAMPLE: 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.
EXAMPLE: 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 through intentional fraud and processes will always require to be reviewed.	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

Appendix 2: Risk Assessment Matrix

Assessing and Evaluating Risk

Likelihood/Probability

Each risk will be initially assessed based on the likelihood of it occurring within the organisation.

Criteria for Evaluating Risk			
Probability	Description	Numerical Value	Plain English
1	Very Low – Where an occurrence is improbable or very unlikely	1 in 20,000	Never happened and doubt it will
2	Low - Where an occurrence is possible but the balance of probability is against	1 in 2,000	Has happened before but unlikely
3	Medium- where it is likely or probable that an incident will occur	1 in 200	Will probably happen at some point in the future
4	High- where it is highly probable that an incident will occur	1 in 20	Has happened in recent past and will probably happen again
5	Very High- where it is certain that an event will occur	1 in 2	It's already happening and will continue to do so

Severity of Impact

Each risk will also be considered in terms of the impact it may have on the achievement of key service priorities.

Many risks may have a number of different impacts upon the organisation but it is the highest impact area that will be chosen in relation to the impact assessment.

RISK ASSESSMENT					
Impact	Political	Operational	Financial	Legal & Regulatory Compliance	Reputational/Stakeholder Confidence
1	Effective Strategic Decision making, full engagement by Board and SLT and meeting in full the expectation of Scottish Government and Local Communities	No negative impact on our ability to deliver the service.	no impact on our ability to deliver a balanced budget	no adverse reputational damage to the service	Rumours, with potential for local public/political concern
2	Minor reduction in Board engagement, minimal impact upon achievement of strategic objectives and no adverse comment from SG	There will be a very minimal impact on our ability to deliver the service.	our ability to deliver a balanced budget will be realised with minimal adjustments	Potential unexpected external scrutiny of our activities due to non compliance. Some adverse media attention received.	Some negative Local press interest or Local public/political concern.
3	Question raised over effectiveness of strategic decision making, noticeable impact upon service delivery, criticism by external bodies, partners and SG	There will be a reduction in the ability for us to deliver our services and there may be minor service disruption.	action required to ensure delivery of a balanced budget. Potential adverse impact on service delivery.	Prolonged adverse media attention. Criticism of our service as a result of scrutiny by external bodies. Potential legal action.	Limited damage to reputation. Extended negative local press interest. Some regional public/political concern.
4	Ineffective Board engagement, challenge over strategic decision making of SFRS, failure to deliver against agreed priorities and SG criticism and threat of intervention	Service disruption for an extended period. Major consequences.	insufficient finances available to support service delivery	Ineffective governance arrangements identified resulting in Government intervention in the management of the service.	Loss of credibility and confidence in the service. National negative press interest. Significant public/political concern.
5	Failure to deliver against SG priorities, failure of Board and SLT to engage, intervention by SG and external monitoring bodies	Failure to deliver our services	failure to live within our means	failure of the service	Full Public Inquiry. International negative press interest. Major public/political concern.

The Risk Matrix

The outcome of the likelihood and impact assessment will then be used to determine the overall risk assessment and prioritisation of the risk.

Using the table below each score will be mapped on the matrix and an overall assessment identified by multiplying the likelihood score against the impact score.

Probability	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
Risk Matrix		1	2	3	4	5
		Impact				

Equality & Human Rights Impact Assessment Recording Form Scottish Fire and Rescue Service

PART 1 BASIC INFORMATION

Policy Owner	David Johnston, Risk & Audit Manager
E&D Practitioner	Elaine Gerrard Denise Rooney
Title (of function/policy to be assessed e.g. name of policy, title of training course)	<ul style="list-style-type: none"> • Anti-Fraud and Corruption Policy • Fraud Response Plan • National Fraud Initiative Plan • Gifts, Hospitality and Interests Policy
Date Assessment Commenced	11/11/2013 12/12/2019 due to policy review. 05/06/20 to incorporate National Fraud Initiative Plan 02/09/20 Gifts, Hospitality and Interests Policy

The purpose of the following set of questions is to provide a summary of the function/policy.

Briefly describe the aims, objectives and purpose of the function/policy	The above policies outline the SFRS's commitment to support the Scottish government's zero tolerance approach to fraud and defines the processes, principles and interdependencies associated with this.
Are there any associated objectives of the function/policy (please explain)?	<p>This policy aims to:</p> <ul style="list-style-type: none"> • Demonstrate the SFRS's commitment to and support of the Scottish Government's zero tolerance approach to fraud. • Ensure all SFRS staff act honestly and with integrity to safeguard public resources • Provide a framework that is appropriate to the purpose of the organization • Identify roles and responsibilities to ensure effective governance and scrutiny arrangements can be demonstrated • Reduce the opportunity for fraud by ensuring effective governance arrangement are implemented and followed throughout the organization • Ensure that the Service has a consistent approach to the management of fraud
Does this function/policy link with any other function/policy?	<p>The Policy has a number of interdependencies:</p> <ul style="list-style-type: none"> • The Bribery Act 2010 • SFRS Whistleblowing Policy • SFRS Disciplinary Policy and Procedure • Procurement • Compliance (Suppliers) • SFRS Code of Conduct

	<p>Other Human Resources policies may also link depending upon circumstances identified.</p> <p>Audit Scotland carries out the NFI process under powers in the Criminal Justice and Licensing (Scotland) Act 2010. The Code of Data Matching Practice sets out further guidance on data governance which all public bodies participating in data matching must have regard to. The data matching is carried out by Audit Scotland under part 2A of the Public Finance and Accountability (Scotland) Act 2000.</p> <p>The policies detail the Scottish Fire and Rescue Service's (SFRS) approach to offers of gifts, hospitality (including sponsorship) and interests, providing clear guidelines, as well as detailing the procedures to be followed. The policy is intended to establish and maintain a consistent approach in relation to the offer, refusal and acceptance of gifts and hospitality and to ensure that conflicts of interest are avoided. It reflects the general underlying principle that SFRS's actions will be open and transparent and aims to ensure that the conduct of all staff is scrupulously impartial, honest and beyond reproach at all times and that the SFRS suffers no reputational damage from impropriety.</p>
<p>Who is intended to benefit from the function/policy and in what way?</p>	<p>The benefit will be to the Scottish Fire and Rescue Service through the minimisation of fraud, a reduction in opportunities for fraud to occur and an increase in awareness amongst staff in relation to the causes and types of fraud that could occur.</p> <p>Through the management and reduction of fraud a benefit will also be identified to the Communities we serve and the Public Purse.</p>
<p>What outcomes are wanted from this function/policy?</p>	<p>The anticipated outcomes link to a more resilient organisation, subject to lower levels of fraudulent activity with an informed and attentive workforce.</p>
<p>What factors/forces could contribute/detract from the outcomes?</p>	<p>Organisational awareness and adherence to the policies aims and objectives will ensure the Service is adequately protected against fraud. Failure to effectively manage, be aware of fraud and adhere to relevant guidance will present a risk to the Service.</p>
<p>Who are the main stakeholders in relation to the function/policy?</p>	<p>All Directorates and employees of the Service are stakeholders.</p> <p>National Fraud Initiative.</p>
<p>Who implements the policy and who is responsible for the function/policy?</p>	<p>The implementation of the policy will be undertaken by Finance and Contractual Services but the responsibility for the prevention of fraud rests with each Directorate and</p>

	<p>employee.</p> <p>Oversight and scrutiny of Fraud is provided through the Audit & Risk Assurance Committee.</p>
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PART 2 ESTABLISHING RELEVANCE

- This section is designed to determine the relevance of the function/policy to equality.
- This section also fulfils our duty to consider the impact of our activities in relation to Human Rights.
- Initial screening will provide an audit trail of the justification for those functions not deemed relevant for equality impact assessment.
- Throughout the process the evidence and justification behind your decision is more important

Q1. *The function/policy will or is likely to influence SFRs ability to....*

- Eliminate discrimination, victimisation, harassment or other unlawful conduct that is prohibited under the Equality Act 2010 and/or;
- Advance equality of opportunity between people who share a characteristic and those who do not and/or;
- Foster good relations between people who share a relevant protected characteristic and those who do not.

Please tick as appropriate.	Yes/ Potential	No	Don't Know/Don't Have Enough Evidence
Age		X	<input type="checkbox"/>
Caring responsibilities		X	<input type="checkbox"/>
Disability			X
Gender reassignment			X
Marriage and civil partnership (answer this only in relation to point a above)		X	<input type="checkbox"/>
Pregnancy and maternity		X	<input type="checkbox"/>
Race		X	<input type="checkbox"/>
Religion and belief		X	<input type="checkbox"/>
Sex (gender)		X	<input type="checkbox"/>
Sexual Orientation			X
Social and economic disadvantage			X

If you have selected 'No' for any or all of the characteristics above please provide supporting evidence or justification for your answers.

AND,

If you have identified any potential links to other functions/policies please comment on the relationship and relevance to equality.

This over-arching Equality Impact Assessment, reflects the general underlying principle that SFRS's actions will be open and transparent and aim to ensure that the conduct of all staff is scrupulously impartial, honest and beyond reproach at all times and that the SFRS suffers no reputational damage from impropriety.

Adherence to the policies, and related practices is essential to ensuring that an effective anti-fraud and corruption culture is maintained.

The policies in themselves will not prevent fraud impacting upon the organisation and it is the combination of these policies and others, e.g. the SFRS Whistleblowing Policy and SFRS Code of Conduct that present a formal framework for the education of staff, the protection of our organisation and the management of any identified fraud.

The ability to evidence that an individual is more likely to participate in fraud due to a protected characteristic is limited. However, in managing an alleged fraud we need to consider the impact upon protected individuals and considers ways in which the formal frameworks of the organisation will be adhered to whilst ensuring that all employees of the organisation are treated equally.

Individual policies need to consider their impact upon the organisation and any requirement for separate assessments to be completed. The policies highlight the principles associated with the fraud but any required action will be managed through other processes.

Q2. Is the function/policy relevant to the Human Rights Act 1998?

Yes No Don't Know

If you have selected 'No' please provide supporting evidence or justification for your answers

AND,

If you have identified any potential links to other functions/policies please comment on the relationship and relevance to Human Rights.

There is limited relationship to the Human Rights Act. Issues of sensitivity in the handling of personal information is covered by Data Protection Act obligations.

Concluding Part 2

Outcome of Establishing Relevance	Please Tick	Next Steps
There is no relevance to Equality or the Human Rights Act 1998	<input type="checkbox"/>	<u>Proceed to Part 4 Monitoring</u>
There is relevance to some or all of the Equality characteristics and/or the Human Rights Act 1998	<input checked="" type="checkbox"/>	<u>Proceed to Part 3 Impact Assessment</u>
It is unclear if there is relevance to some or all of the Equality characteristics and/or the Human Rights Act 1998	<input type="checkbox"/>	<u>Proceed to Part 3 Impact Assessment</u>

PART 3 IMPACT ASSESSMENT

Describe and reference:

- relevant issues
- evidence gathered and used
- any relevant resolutions to problems
- assessment and analysis
- decision about implementation
- justification for decision
- potential issues that will require future review
- the results of any consultation required

Characteristic	
Age	<p>It is not anticipated that there will be any negative or detrimental impact through the application of these policies on the grounds of age.</p> <p>The outcome of the policy will be to ensure all employees are treated equally in relation to the identification and management of fraud and reasonable steps will be taken to ensure the policies are applied consistently and fairly across all protected areas.</p> <p>The outcome of these policies will be adherence to other related policies outlined earlier in this document, each of which will have a relevant EIA where applicable.</p>
Caring Responsibilities	As per age protected characteristic.
Disability	<p>There is no evidence that individuals with a disability will be more likely to participate in fraud for a reason associated with their disability than someone who does not have a disability.</p> <p>There may be examples from court records where individuals who experienced mental health issues, such as depression, may have had impaired decision-making skills which contributed towards their involvement in fraud. SFRS is absolute in the understanding that there is no link between mental health and fraudulent behaviour.</p> <p>The purpose of identifying mental health issues within this impact assessment is that individuals who are experiencing mental health problems and are identified as participating or potentially participating in fraud activities may require specific and additional support as they progress through investigation, discipline and possible referral to police.</p> <p>The policies refer to the role of People and Organisational Development and line managers in providing support and a dignified response to those accused of participation in fraud – in relation to</p>

	<p>disability the level of support may be more substantial and include things such as referral to counselling. This support in no way compromises the processes involved in the investigation, management or outcome of instances of fraud.</p> <p>Individuals who have learning difficulties or mental health issues which impairs their decision making may be more vulnerable to being targeted and coerced or tricked into participating in fraud. In addition to providing the support to individuals outlined above, the policies outline the role of checks and balances within SFRS systems, the appointment of personnel with the correct attributes in some roles and the people management practices which could help identify individuals at risk such as identifying unusual flexible working patterns.</p> <p>It is acknowledged that instances as described above are likely to be extremely rare.</p>
Gender Reassignment	<p>There is no evidence that individuals will participate in fraud for a reason associated with their gender identity or because they are transitioning or have transitioned gender.</p> <p>There may be a potential risk to individuals, where their gender identity is not generally known in the workplace, becoming victims for blackmail or coercion into participating in fraud. As with the issues raised for disability SFRS has a responsibility to these individuals to ensure that they are provided with appropriate support through POD facilities and management interventions. In particular SFRS has a responsibility under the Gender Recognition Act 2004 to protect the gender identity of its employees and the Policy Statement and Response Plan comment specifically on the need for confidentiality in the handling of all cases. This support in no way compromises the processes involved in the investigation, management or outcome of instances of fraud.</p> <p>It is acknowledged that instances as described above are likely to be extremely rare.</p>
Marriage and Civil Partnership	As per age protected characteristic.
Pregnancy and maternity	As per age protected characteristic.
Race	As per age protected characteristic.
Religion and Belief	As per age protected characteristic.
Sex (gender)	As per age protected characteristic.
Sexual Orientation	<p>There is no evidence that individuals will participate in fraud for a reason associated with their sexual orientation.</p> <p>There may be a potential risk to individuals, where their sexual orientation is not generally known in the workplace, becoming victims for blackmail or coercion into participating in fraud. As with the issues raised for disability SFRS has a responsibility to these individuals to</p>

	<p>ensure that they are provided with appropriate support through POD facilities and management interventions. This support in no way compromises the processes involved in the investigation, management or outcome of instances of fraud.</p> <p>It is acknowledged that instances as described above are likely to be extremely rare.</p>
Social and Economic Disadvantage	<p>There is no evidence that individuals will participate in fraud for a reason associated with their social or economic circumstances.</p> <p>The Policy Statement and Response Plan specifically address the issue of individuals, who are bankrupt or insolvent, having restricted roles in activities where financial fraud could potentially take place. This is considered a reasonable and proportionate response and consistent with the principles of risk management.</p>
Human Rights	<p>There is an indirect link to the Human Rights Act in relation to Article 6 Right to a Fair Trial where the instance of fraud has been investigated by external law enforcement agency and is being progressed through the court system.</p> <p>The responsibility for conducting criminal investigation and prosecuting and individual rests outside SFRS and as such is not directly relevant to the internal proceedings described in the policies.</p> <p>Article 8 Right to Respect for Private and Family Life may become relevant if the investigation process was extended to cover aspects of private life to establish involvement in fraud. The handling of any information gathered as part of the investigation and management of instances of fraud would be subject to SFRS data protection procedures.</p> <p>The policies do not specify any activities such as surveillance or collection of information about an employee but if they were used they would potentially be covered by Article 8. It is anticipated that such investigative techniques would be extremely rare and would not be deployed without legal advice.</p>
Impact on people in general not covered by specific characteristics	<p>As per age protected characteristic.</p>

Summary and Conclusion of Impact Assessment

The SFRS are an open and transparent organisation with high standards of ethical behaviour. Implementation of the policies will ensure that all staff have an awareness of the risk of fraud upon the organisation and an understanding of the actions that will be taken upon the identification of fraud.

Audit Scotland carries out the National Fraud Initiative process under powers in the Criminal Justice and Licensing (Scotland) Act 2010. The Code of Data Matching Practice sets out further guidance on data governance which all public bodies participating in data matching must have regard to. The data matching is carried out by Audit Scotland under part 2A of the Public Finance and Accountability (Scotland) Act 2000.

The National Fraud Initiative in Scotland are counter fraud exercises carried out every 2 years. Audit Scotland lead the exercises for Scotland with oversight by the Cabinet Office. The NFI helps detect fraud, overpayments and error and it also helps external auditors assess the arrangements that public bodies have put in place to deal with error or fraud.

It is not envisaged that there will be any negative or detrimental impact(s) through the application of the policy on the grounds of any of the protected characteristic(s).

There is no evidence that any individual would participate in fraud due to an issue arising from a protected characteristic they may possess. Individuals may participate in fraud for a range of reasons that are personal to them. The policies and response plan set out a clear process for preventing, investigating and managing instances of suspected and actual fraud.

There is very limited relevance to the general equality duty in the policies. Where relevance exists it relates, in the main, to removing unlawful discrimination and harassment and promoting equality of opportunity. In this regard it relates to the provision of supportive measures for individuals involved in the investigative process such as additional support to those individuals with a disability and the confidentiality of the process itself with a view to ensuring the integrity and validity of the investigative and management processes. These positive measures in no way compromise the processes involved in the investigation, management or outcome of instances of fraud.

Concluding Part 3

Impact Assessment	Please Tick	Next Steps
There is no relevance to Equality or the Human Rights Act 1998	<input type="checkbox"/>	<u>Proceed to Part 4 Monitoring</u>
There is relevance to some or all of the Equality characteristics and/or the Human Rights Act 1998 and relevant actions are recorded above in Summary and Conclusion	<input checked="" type="checkbox"/>	<u>Proceed to Part 4 Monitoring</u>

PART 4 MONITORING & REVIEW

- The purpose of this section is to show how you will monitor the impact of the function/policy.
- The reason for monitoring is to determine if the actual impact of the function/policy is the same as the expected and intended impact.
- A statement on monitoring is required for all functions/policies regardless of whether there is any relevance to Equality or the Human Rights Act.
- The extent of your answer will depend upon the scope of the function/policy to impact on Equality and Human Rights issues.

If you have provided evidence or justification for believing there is no relevance to Equality or the Human Rights Act in Section 2 Establishing Relevance or Section 3 Impact Assessment:

Q1 How do you intend to monitor and review the function/policy?

The Policy will be subject to monitoring, review and scrutiny through the Corporate Assurance Board, the Strategic Leadership Team and the Audit & Risk Assurance Committee.

If you have provided evidence or justification for believing there is relevance to Equality or the Human Rights Act:

Q2 What will be monitored?

The Service will ensure accurate and regular reporting of the number of and type of frauds identified and the actions in place to prevent and/or minimise the potential for fraud to occur.

Q3 How will monitoring take place?

Monitoring will be undertaken through regular reporting through the governance groups identified in Question 1.

Q4 What is the frequency of monitoring?

Monitoring will be undertaken on a quarterly basis or as and when an incident of fraud is identified.

Q5 How will monitoring information be used?

Monitoring will be used to ensure that governance arrangements are suitable and minimise the potential for fraud to impact upon the organisation.

PART 5 APPROVAL

This Equality and Human Rights Impact Assessment was completed by:

Name	David Johnston
Date	12 December 2019

This Equality and Human Rights Impact Assessment was approved by:

Name	Elaine Gerrard 11/11/2013 Denise Rooney 12/12/2019 Denise Rooney 05/06/2020 Denise Rooney 4/09/2020
Date	

SCOTTISH FIRE AND RESCUE SERVICE

Audit and Risk Assurance Committee



Report No: C/ARAC/37-21

Agenda Item: 11

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:	14 OCTOBER 2021						
Report Title:	DRAFT RISK MANAGEMENT POLICY						
Report Classification:	For Scrutiny	Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
1	Purpose						
1.1	The purpose of this report is to provide the Audit and Risk Assurance Committee (ARAC) with the draft Risk Management Policy for scrutiny.						
2	Background						
2.1	The Scottish Fire and Rescue Service (SFRS) Board is responsible for the Risk Management Policy with the Audit and Risk Assurance Committee (ARAC) supporting the Board and Accountable Officer by providing assurance that appropriate risk management systems are in place and operating effectively.						
2.2	The Chief Officer, as the Accountable Officer for SFRS, is responsible for maintaining a sound system of internal control, with delegated responsibility to members of the Strategic Leadership Team (SLT) for ensuring that adequate systems for internal control and risk management, both financial and otherwise, are in place and are monitored and reviewed regularly.						
2.3	The revised policy is aligned to the current risk management framework and looks to provide a simplified policy structure supported by relevant guidance.						
2.4	All Directorates will continue to prepare a quarterly risk register for submission to the SLT and ARAC providing assurance that suitable controls are in place and operating effectively.						
3	Main Report/Detail						
3.1	The risk management policy, attached in Appendix A, will assist Directorates in managing risk and will: <ul style="list-style-type: none"> Promote awareness of business risk and embed the approach to its management throughout the organisation. Seek to provide assurance that a system of control is in place to identify, assess, control and report on business risk Align the management of risk to our business objectives and processes 						
3.2	The policy covers the management of Strategic, Directorate and Project risks that may impact upon the achievement of the strategic outcomes and objectives of the Service. The policy does not cover the risk management processes used on the incident ground or the general Health, Safety and Wellbeing in the workplace.						

3.3	The Service acknowledges that it cannot entirely eliminate the risk of disruption and that a residual level of risk will always remain. However, the risk management framework has been developed in order to minimise the probability and impact of a risk causing disruption.
3.4	<p>Maturing the risk framework will further strengthen our systems of control and aligned to our Risk Maturity, further development of the framework is still required:</p> <ul style="list-style-type: none"> • The risk register currently aligns to Strategic and Directorate risks. Development work will be undertaken to incorporate a third level of reporting aligned to functional and project risks. • Initial work was undertaken aligned to risk appetite. A formal Risk Appetite Statement for SFRS will be developed by the SFRS Board and SLT and will be appended to the Framework once complete. • The Portfolio Office are currently reviewing their activities and once complete will align risk activity to the risk management framework. The RM policy will be updated to reflect any specific requirements of this new framework. • Communication and engagement with staff is essential and an e-Learning package will be developed within Learning Content Management Systems (LCMS) aligned to the agreed policy.
3.5	Significant support from Directorates has been received over a number of years to develop the current framework and, as outlined within the Internal Audit report on risk management, a period of stability will be required going forward to embed the framework, ensuring increased awareness and ownership of risk across the Service.
4	Recommendation
4.1	<p>The Audit and Risk Assurance Committee is asked to:</p> <ul style="list-style-type: none"> • Scrutinise the Risk Management Policy, confirming it provides assurance that appropriate processes and guidance is in place to manage risk.
5	Key Strategic Implications
5.1	Risk
5.1.1	The management of Risk forms part of the Services wider governance and assurance framework and aims to minimise the Services exposure to risk.
5.2	Financial
5.2.1	The publication and adherence to the Policy will minimise risk and interruption to Service outcomes and objectives.
5.3	Environmental & Sustainability
5.3.1	There are no direct environmental or sustainability issues.
5.4	Workforce
5.4.1	All employees of the Service are subject to the policy and will have a direct role in minimising the probability and impact that risk may have upon the Service.
5.5	Health & Safety
5.5.1	There are no direct Health & Safety implications associated with this report.
5.6	Training
5.6.1	An LCMS package will be provided to raise awareness and ownership of the roles and responsibilities associated with the Policy.
5.7	Timing
5.7.1	The timing of this report is aligned to our reporting requirements for ARAC and the Board.

5.8	Performance	
5.8.1	The report and associated reporting on risk provides assurance on the adequacy and effectiveness of management responses to this activity.	
5.9	Communications & Engagement	
5.9.1	Following agreement and publication of the policy discussions will be held with the Communications and Engagement Team to raise awareness across all Directorates of their role and responsibilities.	
5.10	Legal	
5.10.1	There are no direct legal implications arising from this report.	
5.11	Information Governance	
5.11.1	There are no direct Information Governance implications arising from this report.	
5.12	Equalities	
5.12.1	An Equality impact assessment, Appendix B, has been undertaken for the Risk Management Policy	
5.13	Service Delivery	
5.13.1	There are no direct implications arising from this report on Service Delivery	
6	Core Brief	
6.1	Not Applicable	
7	Appendices/Further Reading	
7.1	Appendix A – Draft Risk Management Policy	
7.2	Appendix B – Equality Impact Assessment	
Prepared by:	David Johnston, Risk and Audit Manager	
Sponsored by:	John Thomson, Acting Director of Finance and Procurement	
Presented by:	David Johnston, Risk and Audit Manager	
Links to Strategy and Corporate Values		
<p>The Risk Management Policy forms part of the Services Governance arrangements and links back to Outcome 4 of the 2019-22 Strategic Plan, specifically Objectives 4.2 & 4.4</p> <ul style="list-style-type: none"> • Outcome 4: We are fully accountable and maximise our public value by delivering a high quality, sustainable fire and rescue service for Scotland. • Objective 4.2: We will minimise the risks we face through effective business management and high levels of compliance with all our responsibilities. • Objective 4.4: We will strengthen performance management and improvement arrangements to enable robust scrutiny, challenge and decision making nationally and locally • 		
Governance Route for Report	Meeting Date	Report Classification/ Comments
<i>Strategic Leadership Team</i>	<i>22 September 2021</i>	<i>For Scrutiny</i>
<i>Audit and Risk Assurance Committee</i>	<i>14 October 2021</i>	<i>For Scrutiny</i>
<i>SFRS Board</i>	<i>28 October 2021</i>	<i>For Approval</i>



SCOTTISH
FIRE AND RESCUE SERVICE

Working together for a safer Scotland

FINANCE AND CONTRACTUAL SERVICES

RISK MANAGEMENT POLICY AND FRAMEWORK

Author/Role	David Johnston, Risk & Audit Manager
Date of Risk Assessment (if applicable)	
Date of Equality Impact Assessment	Revised 9 September 2021
Date of Impact Assessment (commenced)	Revised 9 September 2021
Date of Impact Assessment (concluded)	9 September 2021
Quality Control (name)	Lynne McGeough, Acting Head of Finance and Procurement
Authorised (name and date)	John Thomson, Acting director of Finance and Procurement
Last reviewed (name and date)	October 2021
Date for Next Review	October 2024

VERSION HISTORY

Version	Change	Who	When
1.0	First Version Issued	David Johnston	October 2021

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- [2. Risk Management Objectives](#)
- [3. Risk Management Culture](#)
- [4. Scope](#)
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- [6. Risk Management Process](#)
 - [6.1 Risk Identification](#)
 - [6.2 Risk Analysis and Assessment](#)
 - [6.3 Responding to and Managing Risk](#)
 - [6.4 Risk Monitoring and Reporting](#)
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 - [F - Definitions](#)

1. Policy Statement

The Scottish Fire and Rescue Service (SFRS) provides a diverse range of critical services to the Communities of Scotland. The provision of these services is undertaken within an ever changing and challenging environment that presents risks that must be effectively managed.

SFRS is committed to the development and implementation of an integrated risk management framework, identifying, managing and monitoring those risks which may impact upon the successful achievement of the key outcomes and objectives of the Service.

The aim of SFRS is to be risk managed, allowing innovation and aspiration, whilst actively managing risk through a range of measures to ensure key outcomes are met. Establishing a consistent and effective framework, integrated within Governance and Assurance arrangements, will strengthen our control framework and help further embed an effective risk culture within the Service.

The Service recognises that it cannot entirely eliminate the risk of disruption and that a residual level of risk will always remain. However, the risk management framework has been developed in order to minimise the probability and impact of a risk causing disruption.

The management of risk is fully embedded throughout the Service, forming an integral element of all Committees and Executive Boards. Engagement with the Board, Strategic Leadership Team (SLT) and Directorates will ensure the framework is effectively used to inform decision making, allowing the Service to present a fair and reasonable reflection of the most significant risks impacting upon its operations.

Maturing the risk framework, allowing the Service to effectively consider and manage emerging risks will further strengthen our governance process. SFRS recognises that risk, as well as presenting a threat, also present opportunities for continuous improvement, developing new and innovative ways of working enhancing the delivery of services to our Communities.

2. Risk Management Objectives

To assist in the management of organisational risk the following objectives have been identified and form the basis of our Risk Management Framework. We aim to:

- Promote awareness of business risk and embed the approach to its management throughout the organisation.
- Seek to provide assurance that a system of control is in place to identify, assess, control and report on business risk
- Align the management of risk to our business objectives and processes

3. Risk Management Culture

We recognise the value of an effective risk management culture. Systems and processes are dependent upon people adhering to and supporting them and the environment within which they operate.

Our approach to risk management will therefore:

- integrate risk management with planning at strategic and operational levels
- implement and monitor risk management arrangements across the organisation
- independently review our arrangements for the management of risk
- devolve responsibility for risk ownership and management as appropriate
- ensure that designated individuals receive the necessary training, ongoing support and advice about risk management
- ensure that all colleagues understand our approach to, and their role in, the management of risk
- review the risk register within Committees and Executive Boards to enhance assurance and scrutiny processes.

4. Scope

The policy will extend to cover the management of Strategic and Directorate risks that may impact upon the achievement of the strategic aims and objectives of the Service. The policy does not cover the risk management processes used on the incident ground or for general Health, Safety and Wellbeing in the workplace.

5. Roles and Responsibilities

The SFRS Board is responsible for the Risk Management Policy with the Audit & Risk Assurance Committee (ARAC) supporting the Board and Accountable Officer by providing assurance that appropriate risk management systems are in place and operating effectively.

The Chief Officer, as the Accountable Officer for SFRS, is responsible for maintaining a sound system of internal control, with delegated responsibility to members of the SLT for ensuring that adequate systems for internal control and risk management, both financial and otherwise, are in place and are monitored and reviewed regularly.

Internal Audit will audit the effectiveness of the Services risk management processes, providing independent assurance on the management of risk and contribute to the continuous improvement of governance, risk management and internal control processes.

[Appendix A](#) provides further information on roles and Responsibilities.

6. Risk Management Process

The SFRS Risk Management Framework provides a structure and process for managing risk, outlining general guidelines on risk management which, if followed, will increase the likelihood of objectives being achieved.

The overarching goal is to develop a risk managed culture where employees and stakeholders are aware of the importance of managing risk.

Key elements of the risk management process:



6.1 Risk Identification

Risk identification is an ongoing activity, with individual risks and the impact and/or likelihood of risk subject to change. The process of risk identification helps SFRS to identify any threats and/or opportunities to the achievement of outcomes and objectives.

The identification process will be based around the business processes of the Service, considering actions and priorities set through the Strategic Plan or relevant Directorate or Functional Plans.

Risks can be identified from a number of sources including:

- Strategic Planning
- Monitoring of performance reports
- HMFSI Reports
- External Audits
- Internal Audits
- De-briefings / lessons learned (non-operational)
- Existing forums (Board, Committees, Executive Boards, Project Boards, management meetings)
- Directorates and individuals as part of their normal management roles and responsibilities

6.2 Risk Analysis and Assessment

Once identified risks need to be assessed in terms of their probability of occurrence and their potential impact upon the delivery of outcomes or objectives. It is important to use an agreed and standardised process that measures impact and probability consistently across the organisation.

Probability will be categorised and assessed on a scale of 1 to 5, with 1 being Rare and 5 being Almost Certain. Impact will be assessed on a scale of 1 to 5, with 1 being Negligible and 5 being Very High.

[Appendix B](#) provides further guidance on assessments undertaken.

Probability	Almost Certain (5)	5	10	15	20	25
	Likely (4)	4	8	12	16	20
	Possible (3)	3	6	9	12	15
	Unlikely (2)	2	4	6	8	10
	Rare (1)	1	2	3	4	5
Risk Matrix		Negligible (1)	Low (2)	Medium (3)	High (4)	Very High (5)
		Impact				

6.3 Responding to and Managing Risk

The risk management framework will identify that risk is being managed in an open and transparent manner and consistently applied across the Service.

Actions put in place, following [SMART \(Appendix C\)](#) principles of being Specific, Measurable, Achievable, Realistic and Time Bound, will reduce the probability of the risk occurring or minimise the impact if the risk does occur. In broad terms any action taken to manage risk to an acceptable level can fall into four categories:

- **Terminate** - in this situation the risk is terminated by deciding not to proceed with an activity. For example, if a particular project is very high risk and the risk cannot be mitigated it might be decided to cancel the project. Alternatively, the decision may be made to carry out the activity in a different way.
- **Transfer** - in this scenario, another party bears or shares all or part of the risk. For example, this could include transferring out an area of work or by using insurance.
- **Treat** - this involves identifying mitigating actions or controls to reduce risk. These controls should be monitored on a regular basis to ensure that they remain effective.
- **Tolerate** - in this case, it may not always be necessary (or appropriate) to take action to treat risks, for example, where the cost of treating the risk is considered to outweigh the potential benefits.

6.4 Risk Monitoring and Reporting

The management of risk is an ongoing process that needs to be embedded throughout the organisation. The process must be reviewed regularly to remain effective and it is the responsibility of risk owners to review risks on a regular basis to determine whether any revisions are required.

Monitoring of risk will be undertaken through Committee's and Executive Boards of the Service. The provision of assurance through a standardised reporting template will ensure the right information is used to inform decision making and enable effective scrutiny of risk.

Within SFRS the following monitoring and review processes will be undertaken:

- Quarterly reporting of Directorate risk registers to the Strategic Leadership Team
- Quarterly reporting of the risk register to the Audit & Risk Assurance Committee and other Committees aligned to their terms of reference, utilising [Risk Spotlights \(Appendix D\)](#) to provide additional assurance.
- Regular reporting on risk to Executive Boards aligned to their terms of reference, utilising Risk Spotlights to provide additional assurance.
- Review of Directorate risk registers by management teams as appropriate
- Project register will be reviewed in accordance with agreed governance arrangements

It is essential to good governance that the management of risk is integrated within our Committees, Executive Boards, Management Teams and Projects and used as a management tool to inform our decision-making processes.

6.5 Risk Registers

Risk Registers will be used as a management tool to record and report on business risks impacting upon the organisation. The primary purpose of risk registers is to provoke discussion, encourage scrutiny and agree further actions.

The SFRS Strategic Risk Register (SRR) reflects the strategic risk themes identified by the SLT that individually, or collectively, have the potential to prevent the Service from delivering its key priorities outlined with the strategic plan.

The SRR is supported by aligned Directorate registers which identify specific risks associated with the delivery of Directorate objectives. These risks are agreed by the responsible Director and will be managed and reviewed through appropriate management teams. An [Example Risk Register](#) can be found within iHub.

Functional and Project risk registers are maintained as appropriate to cover risks identified through core activities or areas of work. These registers will be assessed to determine whether any risk should be escalated to a relevant Directorate register for additional monitoring.

Risks will be reported in a consistent manner using a standard risk template. The register includes key information to ensure assurance and scrutiny processes of the Service are undertaken and includes:

Risk Description	clearly defined utilising a standardised approach. There is a risk of... because of ... resulting in....
Risk Owner	each Directorate risk is owned by the relevant director with the responsible officer identified at a head of function level for ensuring that the register is fully populated and monitoring systems developed to update the information
Aligned Governance Reporting	to ensure levels of assurance and scrutiny are maintained a Committee and Executive board will be identified for each risk
Risk Assessment	an initial assessment is made at the time of identification with a current assessment of risk undertaken on a quarterly basis. A Target Assessment, or tolerable level of risk taking, acceptable to achieve a specific objective or manage a specific risk, is also undertaken which the risk should be managed towards
Alignment to Strategic Plan	each risk is assessed against the SFRS Strategic Plan identifying the relevant outcome and objective.
Control actions required	details of additional actions required will be identified as appropriate. In some circumstances existing controls may be assessed as adequate and monitoring of their effectiveness is required.
Performance & % complete	aligned to assurance and scrutiny processes, responsible officers will report on the RAG status of each risk and progress made against identified controls
Comment by Responsible Officer	to ensure that continued monitoring is undertaken the responsible officer will outline

6.6 Risk Escalation

The movement between registers is based upon the assessment of risk and a judgement on the wider impact upon business objectives. It is the responsibility of individual risk owners to escalate risks that they believe require further consideration and action at a more senior level.

A risk assessed as very high to a project or function does not necessarily mean a very high risk being identified within the relevant Directorate register, although the identification of recurring risk themes across a number of projects or functions would require further evaluation to consider its wider impact.

Where risks are assessed as being appropriately managed and, where in the judgement of the responsible owner, the risk rating now enables the removal of a risk from a Directorate register, it can be removed from that register and managed within a relevant functional register. Equally, where the assessment identifies that the risk is now appropriately managed a judgement can be made as to whether ongoing monitoring is undertaken through business as usual processes.

The removal or escalation of a risk within a Directorate rests with the responsible Director, with the risk register providing justification for the decision taken.

The risk assessment undertaken will result in a risk score being identified and will assist Risk Owners in making a judgement in relation to escalating a risk and additional controls that may require to be identified.

Risk Level	Risk Score	Risk Description
Very High	16 – 25	Unacceptable level of risk with additional measures required to terminate, transfer or treat the risk to a more tolerable level. Risk will be subject to risk spotlights by Committee and Executive Boards
High	10 - 15	May be tolerable where assurance is provided that controls measures are in place, operating effectively and subject to regular monitoring. Risk will be subject to risk spotlights by Committee and Executive Boards
Medium	4 – 9	Tolerable level of risk where controls measures in place are subject to monitoring by Directorate. Risks will be subject to risk spotlights where appropriate.
Low	1 – 3	Acceptable level of risk monitored at a functional level and considered for inclusion within directorate risk registers.

Without this standardised and consistent approach, the comparison and allocation of resources to manage risk becomes more complex to measure. The adoption of the risk assessment and evaluation matrix will enable this standardised and consistent approach throughout the SFRS.

6.7 Risk Review - Improving the Framework

To ensure the risk framework continues to remain fit for purpose it will be continually reviewed in line with the Fire and Rescue Framework, the Strategic Plan and the Services overall governance framework. New initiatives and practices identified within partner organisations, or through agreed Scottish Public Finance Manual (SPFM) guidance, will be considered and where appropriate incorporated within the framework.

Regular reviews of both risk information and the risk framework will be undertaken in discussion with Directorates, the Strategic Leadership Team and the SFRS Board and relevant Committees.

The SFRS governance framework is subject to internal and external audit review and recommendations arising from audit activity, as impacting upon the risk management framework, will be considered and implemented to ensure best practice can be demonstrated.

7. Risk Management Maturity Model

A key aspect of the risk management framework is the establishment of a [Risk Maturity Model \(Appendix E1\)](#) and associated [independent assessment \(Appendix E2\)](#), undertaken periodically by our Internal Audit provider.

The model and assessment provides evidence of where SFRS sits within a defined risk maturity scale and provides senior management with a snapshot of current risk activity and areas where further improvements are required.

The Internal Audit of Risk Management undertaken within the 2020/21 audit plan assessed SFRS as Risk Defined within the maturity scale. Aligned to the Risk Maturity Model additional work will be undertaken to develop and enhance the risk framework moving towards a Risk Managed level of assessment.

8. Risk Appetite

The purpose of the risk management framework is to encourage debate and discussion on risk and inform our decision-making processes in a manner that helps the organisation. Risk Appetite is part of this overall framework and can be considered as the amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time.

The benefits of adopting a formal approach to risk appetite includes:

- Supporting informed decision making
- Reducing uncertainty
- Improving consistency across governance processes and decision making
- Supporting performance improvement
- Focusing discussion on priority areas
- Informing resource prioritisation

For SFRS, risk appetite will be based upon a number of underlying principles:

- It will be aligned to the risk maturity of the Service
- It will be aligned to our capacity and the resources available
- It will add value to and be supported by the risk management framework
- It will be measurable by and meaningful to service users

Defining Risk Appetite

SFRS will evaluate its risk appetite using the following categories / levels:

Risk Appetite Level	Risk Appetite Description
Averse	Avoidance of risk and uncertainty is a key organisational objective
Minimalist	Preference for ultra-safe business delivery options that have a low degree of inherent risk and only a potential for limited reward
Cautious	Preference for safe delivery options that have a low degree of inherent risk and may only have a limited potential for reward
Open	Willing to consider all options and choose the one that is most likely to result in success, whilst also providing an acceptable level of reward
Risk Seeking	Eager to be innovative and to choose options offering potentially higher rewards despite greater inherent risks

The organisations appetite for risk will be defined and applied across a range of risk categories and can include:

- Political
- Operational (Service Delivery)
- Financial (Financial Sustainability)
- Legal/Regulatory (Compliance)
- Reputational / Stakeholder Confidence

A formal Risk Appetite statement for SFRS will be developed by the SFRS Board and SLT and will be appended to the Framework once complete.

9. Project Risk

The Portfolio Office has been established to facilitate improved governance of projects, and to build a strong, simple, but effective project management methodology that fits the needs of the Service.

The reporting of risk within Projects will adhere to the risk management framework, utilising the risk register and associated reporting processes to manage and report on risk, providing required levels of assurance for scrutiny purposes.

Escalation of risk within the context of Projects will depend upon the risk identified and the judgement of the Project Manager and Programme Office. Project Managers should highlight any significant project risk that will impact wider service delivery and ensure effective communication and engagement with Directorates, and Risk Owners, on any relevant risks for inclusion or escalation within specific Directorate registers.

The Change Committee provides scrutiny and challenge of the Change Portfolio agreeing an acceptable risk profile and thresholds for the Change Portfolio.

Amendments to the Portfolio Office Framework will be reflected within the Risk Management Policy as required.

10. Communication and Engagement

The risk management framework relies upon awareness and ownership of risk being retained across all levels of the organisation. Risk cannot be managed in isolation to other core business processes if it is to inform decision making.

Awareness and ownership will be managed through existing governance reporting but will be enhanced, for identified staff, through a specific e-learning risk management module provided through the Learning Content Management System (LCMS). Guidance on this module will be provided through the Risk & Audit Section who can be contacted for further information.

Consulting with and talking to Directorates, individuals and other stakeholders, both internally and externally, will ensure that the right inputs are available for risk to be managed effectively.

11. Equalities

The SFRS commitment to mainstreaming Equality and Diversity throughout our work means that it is a consideration in our risk management process. Risk management and effective controls will ensure we are able to manage areas where equality and diversity issues may exist.

Where the risk framework identifies revisions within policy or procedures, that have the potential to impact upon Equalities or our wider governance arrangements, responsible owners will review and update existing assessments as appropriate.

12. Appendices / Associated Documents

APPENDIX A

Role	Responsibilities
The SFRS Board	The SFRS Board is responsible for ensuring effective arrangements are in place to provide assurance on risk management, governance and internal control. The Board will approve any amendments to the Risk Management Policy and will set the risk appetite for the Service.
Audit and Risk Assurance Committee (ARAC)	The Audit and Risk Assurance Committee will advise the Board and Accountable Officer (Chief Officer) on the effectiveness of the application of the strategic processes for risk, control and governance. This will include a quarterly review of the Service's Strategic Risk Register and associated action plans.
SFRS Committee Structure	Individual Committees retain a scrutiny role, providing assurance to the Board on matters falling within their scope. All SFRS Committees will scrutinise risks pertinent to the business of the Committee through identified risk spotlights.
Chief Officer	The Chief Officer, as the Accountable Officer, is responsible for maintaining a sound system of internal control, risk management and corporate governance that supports the achievement of the SFRS policies, strategic aims and objectives. The Chief Officer will champion the importance of risk management in supporting the wider governance arrangements of the Service.
Strategic Leadership Team (SLT)	The identification and management of strategic risks will be the primary responsibility of the SLT. The SLT will undertake to monitor and review strategic risks regularly and take appropriate action to control risks. The SLT will champion the importance of risk management in supporting the achievement of the SFRS strategic aims and objectives and will ensure that adequate systems for internal control and risk management are in place.
Executive Boards	All Executive Boards will provide a monitoring and scrutiny role for risks falling within their scope and will provide assurance to SFRS Committees and the SLT that risk is being effectively managed. Executive Boards will champion the importance of managing risk as part of an integrated governance framework, ensuring that awareness and ownership of risk is embedded throughout the organisation.
Risk Owner	each Directorate risk is owned by the relevant director with the responsible officer identified at a head of function level for ensuring that the register is fully populated and monitoring systems developed to update the information
Internal Audit	Internal Audit will audit the effectiveness of the Service's risk management process as appropriate, provide assurance on the management of risk to the Board and help support the risk management process and coordination of risk reporting.

APPENDIX B

Tables below provide a guide to assist in assessments undertaken

Probability Criteria		
Probability Rating	Description	Plain English
1 Negligible	Very Low – Where an occurrence is improbable or very unlikely	Never happened and doubt it will
2 Low	Low - Where an occurrence is possible but the balance of probability is against	Has happened before but unlikely
3 Medium	Medium- where it is likely or probable that an incident will occur	Will probably happen at some point in the future
4 High	High- where it is highly probable that an incident will occur	Has happened in recent past and will probably happen again
5 Very High	Very High- where it is certain that an event will occur	It's already happening and will continue to do so

Impact Criteria					
Impact	Political	Operational	Financial	Legal/Regulatory compliance	Reputational / Stakeholder confidence
1 Rare	Effective Strategic decision making, full engagement by Board and SLT	No negative impact upon ability to deliver services	No impact on our ability to deliver a balanced budget	No impact on our ability to achieve compliance with relevant legislation	No adverse reputational damage to the Service
2 Unlikely	Minor reduction in Board engagement, minimal impact upon achievement of strategic objectives	Minimal impact on ability to deliver service	Ability to achieve a balanced budget with minimal adjustments	Acts or omissions resulting in minor legal or regulatory breach causing minimal loss	Some negative local press or public interest/concern
3 Possible	Questions raised over effectiveness of strategic decision making, noticeable impact upon service provision, criticism by external bodies	Reduction in ability to deliver services and minor disruption to services	Action required to ensure delivery of balanced budget and potential impact upon service delivery options	As above causing moderate loss	Limited damage to reputation, extended negative local press, Regional press coverage
4 Likely	Ineffective Board engagement, challenge over strategic decision making, failure to deliver against agreed outcomes and objectives	Service disruption for extended periods	Insufficient finance available to support service provision	As above causing major loss	Loss of credibility and confidence in the Service, national negative press coverage, significant public concern
5 Almost Certain	Failure to deliver against Fire Framework, Failure of Board and SLT to engage and intervention by Scottish governance and scrutiny bodies	Failure to deliver service	Failure to demonstrate effective use of public funds	As above causing catastrophic loss resulting in legal or regulatory supervision	Public enquiries into actions of Service, prolonged negative national press coverage

APPENDIX C

Characteristic of SMART Actions	
<ul style="list-style-type: none">• Specific: the performance measure indicates exactly what result is expected so that performance can be judged accurately	
<ul style="list-style-type: none">• Measurable: data are available or can be collected relatively easily	
<ul style="list-style-type: none">• Achievable: they are realistic, not based on aspirations	
<ul style="list-style-type: none">• Relevant: they matter to the intended audience and clearly relate to the service being measured	
<ul style="list-style-type: none">• Timely and have information available frequently enough to have value in making decisions	

APPENDIX D – Risk spotlight Briefing Note Template



Agenda Item:

Meeting – Date

Title

Risk :

Submitted by:

Background: What would cause the risk to materialise / what is the effect likely to be?
<ul style="list-style-type: none"> •
Controls and mitigating actions (stating what actions are being taken if the residual/current risk assessment is operating above or below risk appetite).
<ul style="list-style-type: none"> •
External or other factors which might impact on the current risk assessment.
<ul style="list-style-type: none"> •

APPENDIX E1 – IIA Risk Maturity Scale Assessment

Risk Maturity	Definition
Risk Naïve	Risks must be identified through discussion with Senior Managers/Board Members and existing knowledge of the Client/external environment. An annual audit of the risk management framework or provision of consultancy is recommended.
Risk Aware	Risk should be confirmed through discussion with Senior Managers/Board Members and supported by existing knowledge of the Client/external environment. An annual audit of the risk management framework or provision of consultancy is desirable.
Risk Defined	Risks can be relied on, however due to possible inconsistencies across the organisation supporting conversations with Senior Managers, particularly for those business areas without any identified risks, is advised. An annual audit of the risk management framework is desirable, however due to the time to embed cultural changes a review every two years may be more appropriate.
Risk Managed	The risk register and risk framework can be relied on, however for those business areas where management are not providing assurance over the risks/risk framework a short discussion with the relevant Senior Manager may be helpful. A review of the risk management framework every 3-5 years would be appropriate.
Risk Enabled	The risk register and risk framework can be relied on. As the risk management framework assurance is being provided directly by management, an audit of this area should be considered on a cyclical basis in line with the audit prioritisation process.

APPENDIX E2 – Risk Maturity Assessment of SFRS

SFRS Internal Audit Providers, AZETS, used the Chartered Institute of Internal Auditors (IIA) Risk Maturity Scale to assess the risk maturity of the Scottish Fire and Rescue Service (SFRS).

	Risk Naïve	Risk Aware	Risk Defined	Risk Managed	Risk Enabled
Key Characteristics	No formal approach developed for risk management	Scattered silo-based approach to risk management	Strategy and policies in place and communicated and risk appetite defined.	Enterprise approach to risk management developed and communicated	Risk management and internal controls fully embedded into the operations
Process					
The organisation's objectives are defined	Possibly	Yes - but may be no consistent approach	Yes	Yes	Yes
Management have been trained to understand what risks are, and their responsibility for them	No	Some limited training	Yes – responsible officers are trained in corporate processes. No wider training in core fundamentals of risk management.	Yes	Yes
A scoring system for assessing risks has been defined	No	Unlikely, with no consistent approach defined	Yes	Yes	Yes

	Risk Naïve	Risk Aware	Risk Defined	Risk Managed	Risk Enabled
The risk appetite for the organisation has been defined in terms of the scoring system	No	No <i>*currently being developed</i>	Yes	Yes	Yes
Processes have been defined to determine risks, and these have been followed	No	Unlikely	Yes, but may not apply to the whole organisation	Yes	Yes
All risks have been collected into one list. Risks have been allocated to specific job titles	No	Some incomplete lists may exist	Yes, but may not apply to the whole organisation	Yes	Yes
All risks have been assessed in accordance with the defined scoring system	No	Some incomplete lists may exist	Yes, but may not apply to the whole organisation	Yes	Yes
Responses to the risks have been selected and implemented	No	Some responses identified	Yes, but may not apply to the whole organisation	Yes	Yes
Management have set up methods to monitor the proper operation of key processes, responses and action plans ('monitoring controls')	No	Some monitoring controls	Yes, but may not apply to the whole organisation	Yes	Yes
Risks are regularly reviewed by the organisation	No	Some risks were reviewed, but infrequently	Regularly reviewed, probably annually	Regularly reviewed, probably quarterly	Regular reviews, probably quarterly
Management report risks to directors where responses have not managed the risks to a level acceptable to the board	No	No	Yes	Yes	Yes

	Risk Naïve	Risk Aware	Risk Defined	Risk Managed	Risk Enabled
All significant new projects are routinely assessed for risk	No	No	Most projects	All projects	All projects
Responsibility for the determination, assessment, and management of risks is included in job descriptions	No	No	Limited	Most job descriptions	Yes
Management provide assurance on the effectiveness of their risk management	No	No	No	Some managers	Yes
Managers are assessed on their risk management performance	No	No -	No	Some managers	Yes

APPENDIX F

Definitions	
Strategic Plan	The Strategic Plan has been developed in response to the Fire and Rescue Framework for Scotland 2016 and sets out the Services outcomes, values and priorities.
Risk	A risk for SFRS is defined as something with the potential to impact upon the achievement of key service priorities.
Risk Management	Risk management can be defined as the identification, evaluation and control of risks with the potential to impact upon the operation of the Service and its ability to achieve its priorities.
Risk Appetite	Risk Appetite can be defined as the amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time. (The orange book HM Treasury)
Risk Tolerance	A Target Assessment, or tolerable level of risk taking, acceptable to achieve a specific objective or manage a specific risk
Risk Register	The risk register is the means by which the Service captures risks and demonstrates that they are being managed appropriately. The risk register will enable effective assurance and scrutiny processes
Annual Governance Statement	The annual governance statement outlines the arrangements that are in place for internal control, risk management and corporate governance and how effective these arrangements have been during the period under review.
Risk Owner	Within the risk register template each risk will be owned by a risk owner. This officer is responsible for the management of the risk and for the update of any required information. The responsible officer will identify a relevant action plan to manage the risk and will liaise with other officers/directorates where relevant to ensure all elements of risk are managed.

APPENDIX B

Equality & Human Rights Impact Assessment Recording Form Scottish Fire and Rescue Service

PART 1 BASIC INFORMATION

Policy Owner	<u>David Johnston, Risk & Audit Manager</u>
E&D Practitioner	Denise Rooney
Title (of function/policy to be assessed e.g. name of policy, title of training course)	RISK MANAGEMENT POLICY
Date Assessment Commenced	21 August 2018 Reviewed 9 September 2021 (Denise Rooney / David Johnston)

The purpose of the following set of questions is to provide a summary of the function/policy.

Briefly describe the aims, objectives and purpose of the function/policy	The purpose of the policy is to provide an effective framework for the management of business risk. The framework will contribute towards ensuring an agreed, consistent and standardised approach is taken across all SFRS Directorates in relation to the management of business risk.
Are there any associated objectives of the function/policy (please explain)?	In implementing the policy and associated framework the Service will: <ul style="list-style-type: none"> • Promote awareness of business risk and embed the approach to its management throughout the organisation. • Seek to provide assurance that a system of control is in place to identify, assess, control and report on business risk • Align the management of risk to our business objectives and processes
Does this function/policy link with any other function/policy?	The Policy provides a separate risk management framework that forms part of the SFRS Governance and Assurance framework.
Who is intended to benefit from the function/policy and in what way?	The policy provides a framework for SFRS and all Directorates, Functions and Projects within it. The use of the policy will inform the decision-making process ensuring that key business priorities can be met.
What outcomes are wanted from this function/policy?	By implementing and adhering to the policy the Service is better placed to achieve its key business priorities minimising the impact of risk, and its uncertainty, upon the Service.

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What factors/forces could contribute/detract from the outcomes?	For the policy to operate effectively it has to be communicated and implemented consistently across the organisation. If this is not achieved and levels of awareness and ownership are not increased it will impact the potential outcomes to be gained.
Who are the main stakeholders in relation to the function/policy?	The stakeholders will be the SFRS Board and Directorates of the Service.
Who implements the policy and who is responsible for the function/policy?	The implementation of the policy will be undertaken by Finance and Contractual Services through the Risk and Audit Manager but the responsibility for the implementation of the policy rests with each Directorate.

PART 2

ESTABLISHING RELEVANCE

- This section is designed to determine the relevance of the function/policy to equality.
- This section also fulfils our duty to consider the impact of our activities in relation to Human Rights.
- Initial screening will provide an audit trail of the justification for those functions not deemed relevant for equality impact assessment.
- Throughout the process the evidence and justification behind your decision is more important

Q1. *The function/policy will or is likely to influence SFRs ability to....*

- Eliminate discrimination, victimisation, harassment or other unlawful conduct that is prohibited under the Equality Act 2010 and/or;
- Advance equality of opportunity between people who share a characteristic and those who do not and/or;
- Foster good relations between people who share a relevant protected characteristic and those who do not.

Please tick as appropriate.	Yes/ Potential	No	Don't Know/Don't Have Enough Evidence
Age	X		<input type="checkbox"/>
Caring responsibilities	X		<input type="checkbox"/>
Disability	X		<input type="checkbox"/>
Gender reassignment	X		<input type="checkbox"/>
Marriage and civil partnership (answer this only in relation to point a above)	X		<input type="checkbox"/>
Pregnancy and maternity	X		<input type="checkbox"/>
Race	X		<input type="checkbox"/>
Religion and belief	X		<input type="checkbox"/>
Sex (gender)	X		<input type="checkbox"/>
Sexual Orientation	X		<input type="checkbox"/>
Social and economic disadvantage	x		<input type="checkbox"/>

If you have selected 'No' for any or all of the characteristics above please provide supporting evidence or justification for your answers.

AND,

If you have identified any potential links to other functions/policies please comment on the relationship and relevance to equality.

The policy will help to mitigate the risk of failing to comply with the Human Rights Act, whereby any legal and regulatory risks attached to the services aims and objectives will be identified, assessed and evaluated.

The strategy requires Directorates of the Service to consider their key business objective and the potential risks that could impact upon their ability to achieve these objectives. Once identified Directorates will assess each risk and develop appropriate controls to manage these risk effectively.

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The policy relates only to business risk and requires Directorates to identify and manage risk in accordance with Services policy and procedure. The risk management policy is a framework to inform decision making and to assist the Service in identifying potential risks. It relies upon Directorates adhering to existing guidance, or guidance subsequently revised following risk identification, in order to manage risk. The policy does not impact upon the incident ground or assessments undertaken in relation to Health, Safety and Wellbeing.

Where action plans are developed there is the potential for individuals with certain protected characteristics to be impacted but the potential impacts will differ depending on the risks identified and controls established. The management of risk will rely upon adherence to other SFRS policies and guidance.

As individual controls are established potential equality impacts relating to specific geographical areas or risk areas should be highlighted. For some this may include developing an individual EIA e.g. as additional training requirements are identified.

In developing risk controls line managers should take into account an employee's individual circumstances such as their disability, pregnancy or caring responsibilities etc. that may impact on their ability to adhere to new control measures.

Q2. Is the function/policy relevant to the Human Rights Act 1998?

Yes No Don't Know

If you have selected 'No' please provide supporting evidence or justification for your answers

AND,

If you have identified any potential links to other functions/policies please comment on the relationship and relevance to Human Rights.

There is limited relationship to the Human Rights Act. Issues of sensitivity in the handling of personal information is covered by Data Protection Act obligations.

Concluding Part 2

Outcome of Establishing Relevance	Please Tick	Next Steps
There is no relevance to Equality or the Human Rights Act 1998	<input type="checkbox"/>	Proceed to Part 4 Monitoring
There is relevance to some or all of the Equality characteristics and/or the Human Rights Act 1998	<input checked="" type="checkbox"/>	Proceed to Part 3 Impact Assessment
It is unclear if there is relevance to some or all of the Equality characteristics and/or the Human Rights Act 1998	<input type="checkbox"/>	Proceed to Part 3 Impact Assessment

PART 3 IMPACT ASSESSMENT

Describe and reference:

- relevant issues
- evidence gathered and used
- any relevant resolutions to problems
- assessment and analysis
- decision about implementation
- justification for decision
- potential issues that will require future review
- the results of any consultation required

Characteristic	
Age	<p>The Risk Management Policy and related policies and guidance covered by this assessment may impact on the protected of age. The impact and subsequent management actions should take into account legal and regulatory risk and subsequent impact of not complying with legislation such as the equality act. Furthermore, training to develop a more risk aware culture will focus on how to effectively interpret all risk categories (including legal and regulatory risks) and apply the risk assessment methodology to mitigate the risk.</p> <p>Please see the section on disability for further information on potential impacts.</p>
Caring Responsibilities	<p>As per age protected characteristic.</p> <p>Circumstances such as school/nursery closures, difficulties accessing childcare and care such as respite care may make it difficult for carers to attend work and must be considered within any action plans developed.</p>
Disability	<p>As per age protected characteristic.</p> <p>Additionally, individuals with a sensory impairment, mental health condition or learning disability will need to be considered within any required management controls.</p> <p>Disability may manifest in mobility problems and other physical impairments, impaired comprehension which may or may not be associated with a learning disability/difficulty, sensory impairment (visual, hearing), speech impairment, behavioural issues, psychological distress, medication, proximity to oxygen supply or any combination of these factors.</p>
Gender Reassignment	<p>As per age protected characteristic.</p>
Marriage and Civil Partnership	<p>As per age protected characteristic.</p>

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Pregnancy and maternity	As per age protected characteristic.
Race	As per age protected characteristic.
Religion and Belief	As per age protected characteristic.
Sex (gender)	As per age protected characteristic.
Sexual Orientation	As per age protected characteristic.
Social and Economic Disadvantage	As per age protected characteristic.
Human Rights	This strategy and consequent policies, should help to mitigate the risk of failing to comply with the Human Rights Act.
Impact on people in general not covered by specific characteristics	As per age protected characteristic.

Summary and Conclusion of Impact Assessment

The purpose of the services Risk Management Policy is to mitigate risks attached to the Services aims and objectives and prevent the Service from failing to meet its statutory obligations and deliver successful outcomes for the communities of Scotland. This risk category will ensure that when staff are identifying and assessing the risks attached to the Services strategic and operational aims and objectives, they consider the key legal risks (including failure to comply with the equality act) when pursuing the services aims and objectives.

This assessment identifies failure to comply with equality legislation as a form of risk in terms of:

- Failure to comply with legislation
- Detrimental impact on SFRS profile
- Potential impact on ability of organisation to deliver services to communities
- Potential impact on employees

There could be an impact relevant to equality as a consequence of another risk, e.g. the factors that contribute to reduced staff attendance rates could also be relevant on grounds of equality.

The policy itself provides one framework to assist in identifying the risks to the Service. Separate frameworks will then determine required action, as appropriate. It will be for each Directorate or for the Service to determine the extent and depth of action required and how this may then impact upon individuals with certain protected characteristics. The potential impacts will differ depending on the types of risk identified through this policy.

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Concluding Part 3

Impact Assessment	Please Tick	Next Steps
There is no relevance to Equality or the Human Rights Act 1998	<input type="checkbox"/>	Proceed to Part 4 Monitoring
There is relevance to some or all of the Equality characteristics and/or the Human Rights Act 1998 and relevant actions are recorded above in Summary and Conclusion	<input checked="" type="checkbox"/>	Proceed to Part 4 Monitoring

PART 4 MONITORING & REVIEW

- The purpose of this section is to show how you will monitor the impact of the function/policy.
- The reason for monitoring is to determine if the actual impact of the function/policy is the same as the expected and intended impact.
- A statement on monitoring is required for all functions/policies regardless of whether there is any relevance to Equality or the Human Rights Act.
- The extent of your answer will depend upon the scope of the function/policy to impact on Equality and Human Rights issues.

If you have provided evidence or justification for believing there is no relevance to Equality or the Human Rights Act in Section 2 Establishing Relevance or Section 3 Impact Assessment:

Q1 How do you intend to monitor and review the function/policy?

The Policy will be subject to monitoring, review and scrutiny through the Audit and Risk Assurance Committee, the Strategic Leadership Team and the Good Governance Board.

If you have provided evidence or justification for believing there is relevance to Equality or the Human Rights Act:

Q2 What will be monitored?

The development and monitoring of risk registers and associated action plans are the areas subject to monitoring and scrutiny.

Where Equality or Human Rights impacts are identified it will be for Directorates to put in place required monitoring arrangements.

Q3 How will monitoring take place?

Each Directorate will be responsible for maintaining existing roles and responsibilities in relation to Equalities and related areas. Where specific risks relating to Equalities and Human Rights are identified through the risk register or associated action plans the Governance arrangement in Q1 will be responsible for monitoring.

Q4 What is the frequency of monitoring?

Reports to the Audit and Risk Assurance Committee and the Strategic Leadership Team are undertaken quarterly. Reporting to the Good Governance will align to their reporting arrangements agreed but will be no less than quarterly.

Q5 How will monitoring information be used?

This will be reviewed as issues are identified.

PART 5 APPROVAL

This Equality and Human Rights Impact Assessment was completed by:

Name	David Johnston
Date	21 August 2018 Reviewed 9 September 2021

This Equality and Human Rights Impact Assessment was approved by:

Name	Denise Rooney
Date	03.09.18 Reviewed 9 September 2021

SCOTTISH FIRE AND RESCUE SERVICE

Audit and Risk Assurance Committee



Report No: C/ARAC/35-21

Agenda Item: 12

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:	14 OCTOBER 2021						
Report Title:	QUARTERLY UPDATE OF GIFTS, HOSPITALITY AND INTERESTS REGISTER						
Report Classification:	For Information Only	Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
1	Purpose						
1.1	The purpose of this report is to provide the Audit and Risk Assurance Committee (ARAC) with the 2021/22 Quarter 2 (Q2) update on the Gifts, Hospitality and Interests Register.						
2	Background						
2.1	The Scottish Fire and Rescue Service (SFRS) Gifts, Hospitality and Interests policy establishes a formal and consistent approach in relation to the offer, refusal and acceptance of gifts and hospitality and ensures that conflicts of interest are identified and avoided where possible.						
2.2	The policy reflects the general underlying principle that SFRS will operate in an open and transparent manner and aims to ensure that the conduct of all staff is impartial, honest and beyond reproach at all times, ensuring that SFRS suffers no reputational damage						
2.3	As part of the policy the Acting Director of Finance and Procurement will publish a register of Gifts, Hospitality and Interests with a value in excess of £50 submitting a report on a quarterly basis to ARAC and Good Governance Board (GGB) for noting. The Risk and Audit Section will be responsible for managing any relevant information.						
3	Main Report/Detail						
3.1	The Gifts, Hospitality and Interests Policy has been reviewed and provides clarity on the responsibilities of all staff, and those carrying out work on behalf of, or at the request of, SFRS in relation to gifts, hospitality and interests.						
3.2	Awareness and ownership in relation to the accepting and declaring of any gifts, hospitality and interests is undertaken through articles within iHub, SFRS News and directly through management meetings now being arranged.						
3.3	The register is informed and updated through the National Fraud Initiative (NFI). Where potential matches are identified, i.e. where an individual is employed by SFRS and may also have an interest in a company providing goods or services to SFRS, there may be a requirement for the individual to report this interest through the Gifts, Hospitality and Interests Register.						

3.4	At the end of Q2 the register details a total of 3 entries. Further information can be found within the register attached as Appendix A to this report. A further declaration under the £50 threshold was also received, but not published.
3.5	Whilst the Risk and Audit Section will continue to report and raise awareness and ownership of the register, it is anticipated that declarations for the remainder of 2021/22 will be reduced due to Covid-19.
4	Recommendation
4.1	The Audit and Risk Assurance Committee is asked to note the 2021/22 Quarter 2 position in relation to the SFRS Gifts, Hospitality and Interests Register for information purposes.
5	Key Strategic Implications
5.1	Risk
5.1.1	The register forms part of the Services wider governance arrangements minimising the risk of fraud and ensuring the Service can demonstrate that the conduct of staff is impartial, honest and above reproach.
5.2	Financial
5.2.1	The current Policy is consistent with the guidance contained within the Scottish Public Finance Manual.
5.3	Environmental & Sustainability
5.3.1	There are no specific environmental or sustainability issues.
5.4	Workforce
5.4.1	All employed staff, including Board Members, of SFRS have a responsibility to declare gifts, hospitality and interests in accordance with the policy requirements.
5.4.2	All individuals directly involved in the procurement activity of SFRS, including those who have significant advisory or technical input into the procurement decision making process are precluded from accepting any gifts or hospitality and are required to formally declare any interests as part of the User Intelligence Group (UIG) process.
5.4.3	Employees who have a private business that trades with SFRS are required to declare their interest in accordance with the Policy. Checks of this position are undertaken through the National Fraud Initiative (NFI).
5.5	Health & Safety
5.5.1	There are no specific health and safety issues identified.
5.6	Training
5.6.1	The Finance and Contractual Services Directorate will continue to promote awareness of the Gifts, Hospitality and Interests Policy and associated register and the requirement for individuals to be aware of their obligations under the Policy.
5.7	Timing
5.7.1	A report will be submitted on a quarterly basis to ARAC and the GGB detailing the declarations made on the Register of Gifts, Hospitality and Interests Register as required by the Policy. The register is published on the SFRS website.
5.8	Performance
5.8.1	There are no specific performance measures.

5.9	Communications & Engagement	
5.9.1	The policy continues to be promoted across the Service raising awareness and ownership of the Gifts, Hospitality and Interests Policy.	
5.10	Legal	
5.10.1	The Policy is consistent with the guidance contained within the Scottish Procurement Policy Handbook as published by Scottish Government.	
5.11	Information Governance	
5.11.1	<i>DPIA completed Yes/No. If not applicable state reasons.</i> A report will be submitted on a quarterly basis to ARAC and the GGB detailing the declarations made on the Register of Gifts, Hospitality and Interests as required by the Policy. The register is published on the SFRS website.	
5.12	Equalities	
5.12.1	<i>An EIA has been completed in relation to the Gifts, Hospitality and Interests Policy.</i>	
5.13	Service Delivery	
5.13.1	There are no direct implications to Service Delivery.	
6	Core Brief	
6.1	Not Applicable	
7	Appendices/Further Reading	
7.1	Appendix A - SFRS Gifts, Hospitality and Interests Register	
Prepared by:	David Johnston, Risk and Audit Manager	
Sponsored by:	John Thomson, Director of Finance and Contractual Services	
Presented by:	David Johnston, Risk and Audit Manager	
Links to Strategy and Corporate Values		
Working Together for a Safer Scotland		
Governance Route for Report	Meeting Date	Report Classification/ Comments
<i>Audit and Risk Assurance Committee</i>	<i>14 October 2021</i>	<i>For Information Only</i>

SCOTTISH FIRE AND RESCUE SERVICE

Audit and Risk Assurance Committee



Report No: C/ARAC/36-21

Agenda Item: 13.1

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:	14 OCTOBER 2021						
Report Title:	SFRS RISK UPDATE – QUARTER 2						
Report Classification:	For Scrutiny	Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
1	Purpose						
1.1	The purpose of this report is to seek approval from the Audit and Risk Assurance Committee (ARAC) regarding the updated Scottish Fire and Rescue Service (SFRS) Risk Register, and aligned Directorate risks.						
2	Background						
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.						
2.3	The Strategic Leadership Team (SLT) has responsibility for the identification and management of strategic risk and will ensure that the Strategic Risk Register (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 SFRS Risk Register is prepared in consultation with the Board and SLT and is managed collectively by the SLT, with each Directorate Risk allocated to an identified Head of Function. These Responsible Owners provide information on the current controls in place and identify additional actions still required.						
3	Main Report/Detail						
3.1	The risk register is a management tool that provides assurance to the Service and its scrutiny bodies that the significant risks to the organisation have been identified and managed and are subject to ongoing monitoring and review.						
3.2	The development of a revised risk template and associated report has focused on providing specific, measurable, achievable, realistic and timely actions and further development work will be continued to ensure the reporting of risk meets the requirements of the Service.						

3.3	<p>Appendix 1 to this report has been amended to enhance transparency and understanding of associated risks and now incorporates the following information:</p> <ul style="list-style-type: none"> • Strategic Risk Summary (Appendix 1a) • Aligned Directorate Risk Summary (Appendix 1b) • Directorate Risk Control Summary (Appendix 1c) • Directorate Closed Control Summary (Appendix 1d) • Directorate Closed Risk Summary (Appendix 1e) • New Directorate Risks Summary (Appendix 1f) • New Directorate Control Summary (Appendix g)
3.4	<p>Previous reports provided a summary of any changes within the main body of the report. Appendix 1 now incorporates this information and ARAC are asked to consider whether the new format maintains required levels of assurance and to agree that future reporting to Committee's and Executive Boards will be aligned to this format.</p>
4	Recommendation
4.1	<p>The Audit and Risk Assurance Committee is asked to:</p> <ul style="list-style-type: none"> • Scrutinise the revised SFRS Risk Register • Agree the new reporting format outlined in 3.3 and attached within Appendix 1.
5	Key Strategic Implications
5.1	<p>Risk</p>
5.1.1	<p>The risk register forms a core element of the SFRS governance, risk management and assurance arrangements and will promote awareness of risk and provide assurance that systems of control are in place and operating effectively.</p>
5.2	<p>Financial</p>
5.2.1	<p>There are no direct financial implications associated with this report.</p>
5.3	<p>Environmental & Sustainability</p>
5.3.1	<p>There are no direct environmental or sustainability issues.</p>
5.4	<p>Workforce</p>
5.4.1	<p>There are no direct Workforce issues associated with this report.</p>
5.5	<p>Health & Safety</p>
5.5.1	<p>There are no direct Health & Safety implications associated with this report.</p>
5.6	<p>Training</p>
5.6.1	<p>The development of a revised in-house risk register and report requires additional engagement and training of responsible staff.</p>
5.7	<p>Timing</p>
5.7.1	<p>There are no significant timing implications associated with this report.</p>
5.8	<p>Performance</p>
5.8.1	<p>The risk management framework forms part of the Services wider governance arrangements which collectively ensure performance is managed and improved where possible.</p>
5.9	<p>Communications & Engagement</p>
5.9.1	<p>Direct communication and engagement with the Board, SLT and Directorates ensures awareness and ownership of risk is effectively managed.</p>

5.10 5.10.1	Legal There are no direct legal implications arising from this report	
5.11 5.11.1	Information Governance There are no direct information governance implications associated with this report.	
5.12 5.12.1	Equalities 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 5.13.1	Service Delivery There is no direct implication to Service Delivery arising from this report.	
6	Core Brief	
6.1	Not applicable	
7	Appendices/Further Reading	
7.1	Appendix 1 - SFRS Risk Report.	
Prepared by:	David Johnston, Risk and Audit Manager	
Sponsored by:	John Thomson, Acting Director of Finance and Procurement	
Presented by:	David Johnston, Risk and Audit Manager	
Links to Strategy and Corporate Values		
<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"> • Outcome 4: We are fully accountable and maximise our public value by delivering a high quality, sustainable fire and rescue service for Scotland. • Objectives 4.2: We will minimise the risks we face through effective business management and high levels of compliance with all our responsibilities. 		
Governance Route for Report	Meeting Date	Report Classification/ Comments
<i>Strategic Leadership Team</i>	<i>22 September 2021</i>	<i>For Decision</i>
<i>Audit and Risk Assurance Committee</i>	<i>14 October 2021</i>	<i>For Scrutiny</i>



SCOTTISH
FIRE AND RESCUE SERVICE

Working together for a safer Scotland

Audit & Risk Assurance Committee Risk Report

September 2021 – Quarter 2 Update

Contents:

- Strategic Risk Summary – Appendix 1a
- Aligned Directorate Risk Summary – Appendix 1b
- Directorate Risk Control summary – Appendix 1c
- Directorate closed Control Summary – Appendix 1d
- Directorate Closed Risk Summary – Appendix 1e
- New Directorate Risks – Appendix 1f
- New Directorate Control Summary – Appendix 1g

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	Acting Director of Asset Management	20
7	Ability to deliver a high quality, sustainable service within the funding envelope	Acting Director of Finance and Procurement	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	Summary	Risk Owner	Risk Rating (PxI)	Committee	Executive Board
1	Improve Safety and Wellbeing of Communities	SD012	Community Safety and Resilience	There is a risk that the SFRS cannot successfully engage with partners, communities and other stakeholders leading to the SFRS being unable to focus on the impact of unintentional harm within our communities. This would be due to inadequate internal resources, capacity and competency leading to a breakdown in partnership relationships. This would diminish SFRS's ability to effectively work with partners to provide targeted interventions, ensuring those most at risk across Scotland's communities receive fire and wider home safety advice. This could result in negative outcomes for communities, additional levels of scrutiny and reputational damage.	Head of Prevention and Protection	16 (4 x 4)	ARAC	SMB
3	Collaborate with Partners	SPPC006	Consultation and Engagement	There is a risk that the services consultation and engagement processes do not adequately capture stakeholder feedback because of a lack of consistency across the organisation resulting in a loss of workforce, stakeholder and public confidence.	Head of Communication and Engagement	12 (3 x 4)	ARAC	GGB
3	Collaborate with Partners	SPPC007	Protect SFRS Reputation	There is a risk that the services reputation is adversely affected due to ineffective management of communications resulting in a loss of workforce, stakeholder and public confidence.	Head of Communication and Engagement	12 (3 x 4)	ARAC	GGB
3	Collaborate with Partners	SPPC013	Partnership Working	There is a risk that the service fails to meet its duties to participate in Community Planning and demonstrate strong collaboration and partnership working due to a lack of coordination and information resulting in missed opportunities and in a loss of workforce, stakeholder and public confidence.	Head of Governance, Strategy and Performance	12 (3 x 4)	ARAC	GGB

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating (Pxl)	Committee	Executive Board
3	Collaborate with Partners	SPPC008	Corporate Social Responsibility	There is the risk that the services is unable to demonstrate corporate social responsibility and sustainability due to a lack of a coordinated approach resulting in uncoordinated development and loss of workforce, stakeholder and public confidence.	Head of Governance, Strategy and Performance	8 (2 x 4)	ARAC	GGB
4	Legal and regulatory compliance	SPPC004	Information Governance Legislation	There is a risk that the service fails to comply with information governance legislation because of non-compliance resulting in sanctions and loss of stakeholder and public confidence	Head of Communication and Engagement	12 (3 x 4)	ARAC	GGB
4	Legal and regulatory compliance	SPPC003	Statutory Framework	There is a risk that the service does not 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 because of a lack of suitable controls resulting in loss of stakeholder confidence.	Head of Governance, Strategy and Performance	8 (2 x 4)	ARAC	GGB
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 (4 x 5)	ARAC	GGB
6	Adequate operational assets, equipment etc.	SPPC005	Information Performance Management	There is risk that the Service fails to ensure quality of data, analysis, statistics and performance management information because of a lack of capacity or through inaccessible data within systems resulting in a lack of evidence supported decision making and planning.	Head of Governance, Strategy and Performance	12 (3 x 4)	ARAC	GGB
6	Adequate operational assets, equipment etc.	SPPC012	Organisational Security	There is a risk that the Service has inadequate organisation security because of a lack of up to date security arrangements resulting in risk to staff and the public	Head of Governance, Strategy and Performance	12 (3 x 4)	ARAC	GGB

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating (PxI)	Committee	Executive Board
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 (3 x 3)	ARAC	AMLB
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 (3 x 5)	ARAC	AMLB
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 (3 x 4)	ARAC	GGB
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 and Procurement	12 (3 x 4)	ARAC	GGB

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating (PxI)	Committee	Executive Board
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 and Procurement	9 (3 x 3)	ARAC	GGB
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 (2 x 4)	ARAC	GGB
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 (2 x 4)	ARAC	AMLB

Directorate Risk Control Summary

Appendix 1c

SR ID	Risk ID	Risk	Action Description	Owner	Estimated Completion Date	Status	Control Comments	Risk Rating	Target Rating	Committee	Executive Board
1	SD012	Community Safety and Resilience	Undertake a strategic review of prevention and protection structures and delivery to ensure they remain sustainable, support partnership working and meet legislative requirements.	National Community Safety Engagement Manager	31/03/2022	Amber - 25%	<p>Planning for a strategic review of Prevention and Protection has been initiated with the scope and timeline agreed. A programme of engagement is planned for Q1 and Q2 with a final report due at the end of Q3.</p> <p>(Carried forward from closed SD 8 with amended wording)</p>	16	9	ARAC	SMB
1	SD012	Community Safety and Resilience	Incorporate Community Risk Index into CSE planning (Dependant on Service Delivery Model Programme timescale)	National Community Safety Engagement Manager	31/03/2022	Amber - 10%	<p>Initial engagement with SDMP undertaken and awaiting completion of CRIM for incorporation within CSE planning.</p> <p>(carried forward from closed SD 8)</p>	16	9	ARAC	SMB

SR ID	Risk ID	Risk	Action Description	Owner	Estimated Completion Date	Status	Control Comments	Risk Rating	Target Rating	Committee	Executive Board
1	SD012	Community Safety and Resilience	Undertake an internal review of CSE training resources and develop an implementation plan to address competency issues and ensure SFRS legislative responsibilities are achieved.	National Community Safety Engagement Manager	31/03/2022	Amber - 10%	Scoping exercise undertaken to identify training resources owned by P&P Function and their status.	16	9	ARAC	SMB
3	SPPC013	Partnership Working	Establish Partnership Oversight and Governance start and finish Group.	Head of Corporate Governance	31/03/2022	Green - 80%	Group established with meeting planned during September 2021.	12	8	ARAC	GGB
3	SPPC007	Protect SFRS Reputation	Development and implementation of a Communications Strategy Action Plan (Phase 1)	Head of Communications and Engagement	31/03/2022	Green - 0%	Work still to be progressed.	12	12	ARAC	GGB
3	SPPC008	Corporate Social Responsibility	Implement robust arrangements to support the delivery of the SFRS Sustainable Development Framework.	Head of Corporate Governance	31/03/2022	Green - 50%	Sustainable Development Framework now in draft. Work carried forward from previous year following delays. With workplan now agreed and actions being progressed this action is now on target.	8	6	ARAC	GGB

SR ID	Risk ID	Risk	Action Description	Owner	Estimated Completion Date	Status	Control Comments	Risk Rating	Target Rating	Committee	Executive Board
4	SPPC004	Information Governance Legislation	Regular monitoring and review of framework, managing FOI and other information requests, to ensure ownership and awareness retained throughout the Service.	Head of Communication and Engagement	31/03/2022	Green - 50%	This is a BAU activity but requires ongoing monitoring and review to minimise/manage risk to Service. Managed through the Information Governance Group.	12	8	ARAC	GGB
4	SPPC003	Statutory Framework	Procurement process for external legal support	Head of Corporate Governance	31/03/2022	Red - 0%	This action has been delayed and moved into 2021/22. Action will be progressed within the Procurement workplan for 21/22 with continued engagement with Finance & Procurement.	8	8	ARAC	GGB
4	SPPC003	Statutory Framework	Review and improve the SFRS Corporate Governance Framework.	Head of Corporate Governance	31/03/2022	Green - 50%	Majority of AOP for 2021/22 will be produced in Q4. Working draft developed.	8	8	ARAC	GGB
6	SDD007	Cyber Security	Development and implementation of cyber security awareness campaign	Head of ICT	31/12/2021	Green - 10%	Work aligned to previous engagement to raise awareness and ownership of the risk. This action is now in planning stage for campaign to go live Oct/Dec 2021.	20	12	ARAC	GGB

SR ID	Risk ID	Risk	Action Description	Owner	Estimated Completion Date	Status	Control Comments	Risk Rating	Target Rating	Committee	Executive Board
6	SDD007	Cyber Security	Roll out of multi-factor authentication (Q3)	Head of ICT	31/12/2021	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. Control and Operational Crews - pilot solution tested with completion by December 21.	20	12	ARAC	GGB
6	SDD007	Cyber Security	Procurement of application patching tool	Head of ICT	31/12/2022	Amber - 5%	Allows implementation of the application patching strategy. Review of application patching tool to ensure it meets requirements of Service.	20	12	ARAC	GGB
6	SPPC012	Organisational Security	Develop Organisational Security Plan	Head of Corporate Governance	31/03/2022	Green - 0%	Development of Security Plan will align to recruitment of additional staff and re-establishment of Organisational Security Group.	12	8	ARAC	GGB
6	SPPC005	Information Performance Management	Delivery of the Business Intelligence Strategy and relevant milestones	Head of Corporate Governance	31/03/2022	Green - 30%	Delivery milestones will be monitored throughout the year. Power BI development work now progressing.	12	8	ARAC	GGB

SR ID	Risk ID	Risk	Action Description	Owner	Estimated Completion Date	Status	Control Comments	Risk Rating	Target Rating	Committee	Executive Board
6	SPPC012	Organisational Security	Re-establish Organisational Security Group	Head of Corporate Governance	31/12/2022	Green - 60%	Group to be re-established with meetings to be planned throughout 2021/22.	12	8	ARAC	GGB
6	FCS002	Asset Management Planning	Provide Operations with technical advice and expertise to enable the development of a new Operational Deployment Strategy	Head of Asset Management	31/03/2022	Green - 30%	Progressing with gap analysis of equipment across SFRS Fleet Primary focus is now on the replacement of HRE with PRE to de-risk the Service from high pressure injection injures	9	6	ARAC	AMLB
6	FCS002	Asset Management Planning	Develop Stakeholder Engagement Strategy	Head of Asset Management	31/03/2022	Green - 20%	Development of Strategy is being progressed	9	6	ARAC	AMLB
6	FCS002	Asset Management Planning	Work to be progressed on an Estates and Fleet Strategy based upon outcome of the SDMP report	Head of Asset Management	31/03/2022	Amber - 50%	The Fleet Strategy is in development with an anticipated completion date by the end of Q4. Estates and Equipment Strategy to be completed by end March 2023 Both Strategies will align to SDMP which has been delayed.	9	6	ARAC	AMLB

SR ID	Risk ID	Risk	Action Description	Owner	Estimated Completion Date	Status	Control Comments	Risk Rating	Target Rating	Committee	Executive Board
6	FCS002	Asset Management Planning	Work to progress technical integration to enable enhanced asset performance reporting	Head of Asset Management	31/12/2022	Green - 80%	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. Tranman and Tech1 interface complete.	9	6	ARAC	AMLB
6	FCS002	Asset Management Planning	AM providing background information and professional advice to SDMP of suitability and condition assessments of operational stations.	Head of Asset Management	31/03/2022	Green - 90%	Work progressing as required in collaboration with SDMP group with required information provided.	9	6	ARAC	AMLB

SR ID	Risk ID	Risk	Action Description	Owner	Estimated Completion Date	Status	Control Comments	Risk Rating	Target Rating	Committee	Executive Board
7	FCS005	Core Funding	Identify additional funding opportunities to achieve environmental and carbon reduction targets	Head of Finance and Procurement	31/03/2022	Green - 60%	<p>£2.1M funding received under green public sector estate decarbonisation scheme.</p> <p>Transport Scotland bid to be resubmitted due to new governance arrangements around funding. Agreed funding requirement of £1M.</p> <p>Further engagement required with Transport Scotland to develop a medium term plan around future funding.</p>	12	8	ARAC	GGB
7	FCS011	Fraud Detection	Complete actions associated with Procurement strategy relating to Fraud	Head of Finance and Procurement	31/03/2022	Green - 50%	<p>This is a three year Procurement Strategy with year one actions identified for completion in current year. Progress reporting undertaken.</p>	12	9	ARAC	GGB

SR ID	Risk ID	Risk	Action Description	Owner	Estimated Completion Date	Status	Control Comments	Risk Rating	Target Rating	Committee	Executive Board
7	FCS011	Fraud Detection	Recruit additional resources to undertake a review of financial transactions, completed during 2020/21, providing reassurance that fraud risk is being appropriately managed.	Head of Finance and Procurement	31/03/2022	Green - 50%	Verification Officers recruited and plan being prepared to review current governance arrangements. A new Fraud post has been agreed with job description currently being evaluated.	12	9	ARAC	GGB
7	FCS011	Fraud Detection	Provision of a LCMS work package to maintain awareness and ownership of Fraud Risk across the organisation	Head of Finance and Procurement	31/12/2021	Green - 95%	Fraud LCMS package developed aligned to Anti-Fraud and Corruption Policy. Implementation will follow agreement to new anti-Fraud and Corruption Policy.	12	9	ARAC	GGB

SR ID	Risk ID	Risk	Action Description	Owner	Estimated Completion Date	Status	Control Comments	Risk Rating	Target Rating	Committee	Executive Board
7	FCS006	Financial Planning and Controls	Scrutiny of exceptions adopted during the global pandemic to ensure financial controls are maintained	Head of Finance and Procurement	31/03/2022	Green - 50%	Additional resource recruited within Verification Team to consider revisions to and suitability of current governance arrangements. Reviews will consider Covid 19 purchases using emergency procedure, Purchase card transactions, Petty cash, Accounts payable process, stock procedures and reconciliations, Expenses and overtime claims	8	8	ARAC	GGB
7	FCS006	Financial Planning and Controls	Improve finance system capability after move to cloud	Head of Finance and Procurement	31/03/2022	Amber - 25%	Works associated with a supplier portal, procurement improvements and revision to Technology one access all being progressed but delayed due to Covid.	8	8	ARAC	GGB

SR ID	Risk ID	Risk	Action Description	Owner	Estimated Completion Date	Status	Control Comments	Risk Rating	Target Rating	Committee	Executive Board
7	FCS006	Financial Planning and Controls	Improve HR/Payroll system capability	Head of Finance and Procurement	31/03/2022	Amber - 25%	Further incremental improvement of systems agreed and now being progressed following renewal of contract with supplier. Delays experienced due to Covid and contractual negotiations.	8	8	ARAC	GGB
7	FCS006	Financial Planning and Controls	Review and scrutinise major projects for time, cost and quality as required by the Strategic Change and Major Projects Committee	Head of Finance and Procurement	31/03/2022	Green - 50%	This is an ongoing annual task for Finance Business Partners to review and provide assurance to SMB Portfolio Office identified additional Finance Business Partner support required to enhance processes.	8	8	ARAC	GGB
7	FCS006	Financial Planning and Controls	Resource the development of business case for PTFA from a financial perspective	Head of Finance and Procurement	31/01/2022	Amber - 10%	Decision Support Resource identified with Finance Business Partner allocated to project. Capacity to deliver limited due to staff absence.	8	8	ARAC	GGB
7	SDD006	Network Replacement	Ongoing engagement with Scottish Government	Head of ICT	31/03/2022	Green - 50%	This will continue throughout 2021/22 until further information is received from SG.	8	4	ARAC	AMLB

Directorate Closed Control Summary

Appendix 1d

Control Description	Risk ID	Risk Name	Risk Description	Control Owner	Control Comments	Committee	Executive Board
The Safe and Well project is driving engagement with partners (Phase 2 due to be completed Q3 2020)	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	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. This control is now closed as actions relating to Safe and Well sits within its own risk register. Partnership engagement elements have been captured within other controls measure.	ARAC	SMB
SO3:19 Develop a SFRS Communications and Engagement Strategy for 2021-23.	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	Draft Coms and Engagement Strategy to be produced in Q4	ARAC	CAB

Control Description	Risk ID	Risk Name	Risk Description	Control Owner	Control Comments	Committee	Executive Board
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	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	Merged into New SPPC013	ARAC	CAB
Refresh of the RCG strategy; Implement the newly agreed project management and performance arrangements; Police Scotland will lead work as new Chair of RCG	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	SFRS Contribute to RCG Strategy Review - Police Scotland in the lead - no timetable available. Moved into 2021/22. Risk merged into SPPC013.	ARAC	CAB
Implement new structure within the Communications Department. (Q4)	SPPC007	Protect SFRS Reputation	There is a risk that the services reputation is adversely affected due to ineffective management of communications resulting in a loss of workforce, stakeholder and public confidence.	Head of Communication and Engagement	Team leaders have been appointed. Recruitment for Engagement Officer and Communications Officer completed.	ARAC	GGB

Control Description	Risk ID	Risk Name	Risk Description	Control Owner	Control Comments	Committee	Executive Board
Recruitment of Area Commander to assist with Organisational Security	SPPC012	Organisational Security	There is a risk that the service has inadequate organisation security because of a lack of up to date security arrangements resulting in risk to staff and the public	Head of Corporate Governance	Process to recruit Areas Commander completed.	ARAC	GGB
Ongoing engagement with Scottish Government	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	This will continue throughout 2021/22 until further information is received from SG.	ARAC	AMLB
Ongoing engagement with Scottish Government	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	Repeated action	ARAC	AMLB
Upgrade of network equipment - enable fully patched and cyber secure (Q4)	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	Completion of high priority locations complete	ARAC	GGB

Control Description	Risk ID	Risk Name	Risk Description	Control Owner	Control Comments	Committee	Executive Board
Development of application patching strategy	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	Development of patching strategy completed and implementation ongoing.	ARAC	GGB

Directorate Closed Risk Summary

Appendix 1e

Risk ID	Risk Name	Risk Description	Parent Risk Name	Closure Reason	Risk Owner	Committee	Executive Board
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.	Collaborate with Partners	The SFRS have ensured through adopting robust processes and policies that they are able to safely manage personal data at a standard that meets the Data Protection Act 2018 and this is now considered as BAU activities. This has changed the risk and following a review the key elements remaining have been refined into a new risk SD12	Head of Prevention and Protection	ARAC	SMB

New Directorate Risks

Appendix 1f

Risk ID	Risk Name	Risk Description	SR ID	Strategic Risk (SR) Name	Risk Owner	Committee	Executive Board	Target Date	Current Risk Rating	Target Risk Rating
SD012	Community Safety and Resilience	There is a risk that the SFRS cannot successfully engage with partners, communities and other stakeholders leading to the SFRS being unable to focus on the impact of unintentional harm within our communities. This would be due to inadequate internal resources, capacity and competency leading to a breakdown in partnership relationships. This would diminish SFRS's ability to effectively work with partners to provide targeted interventions, ensuring those most at risk across Scotland's communities receive fire and wider home safety advice. This could result in negative outcomes for communities, additional levels of scrutiny and reputational damage.	1	Improve Safety and Wellbeing of Communities	Head of Prevention and Protection	ARAC	SMB	31/03/2022	16	9

New Directorate Controls Summary

Appendix 1g

Risk ID	Control Description	Risk Description	Committee	Executive Board	Control Owner	Control Due Date	Performance	Control Comments
FCS002	Develop Stakeholder Engagement Strategy	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.	ARAC	AMLB	Head of Asset Management	31/03/2022	Green 20%	Development of Strategy is being progressed
SD012	Undertake a strategic review of prevention and protection structures and delivery to ensure they remain sustainable, support partnership working and meet legislative requirements.	There is a risk that the SFRS cannot successfully engage with partners, communities and other stakeholders leading to the SFRS being unable to focus on the impact of unintentional harm within our communities. This would be due to inadequate internal resources, capacity and competency leading to a breakdown in partnership relationships. This would diminish SFRS's ability to effectively work with partners to provide targeted interventions, ensuring those most at risk across Scotland's communities receive fire and wider home safety advice. This could result in negative outcomes for communities, additional levels of scrutiny and reputational damage.	ARAC	SMB	National Community Safety Engagement Manager	31/03/2022	Amber 25%	<p>Planning for a strategic review of Prevention and Protection has been initiated with the scope and timeline agreed. A programme of engagement is planned for Q1 and Q2 with a final report due at the end of Q3.</p> <p>(Carried forward from closed SD 8 with amended wording)</p>

Risk ID	Control Description	Risk Description	Committee	Executive Board	Control Owner	Control Due Date	Performance	Control Comments
SD012	Incorporate Community Risk Index into CSE planning (Dependant on Service Delivery Model Programme timescale)	There is a risk that the SFRS cannot successfully engage with partners, communities and other stakeholders leading to the SFRS being unable to focus on the impact of unintentional harm within our communities. This would be due to inadequate internal resources, capacity and competency leading to a breakdown in partnership relationships. This would diminish SFRS's ability to effectively work with partners to provide targeted interventions, ensuring those most at risk across Scotland's communities receive fire and wider home safety advice. This could result in negative outcomes for communities, additional levels of scrutiny and reputational damage.	ARAC	SMB	National Community Safety Engagement Manager	31/03/2022	Amber 10%	Initial engagement with SDMP undertaken and awaiting completion of CRIM for incorporation within CSE planning. (carried forward from closed SD 8)
SD012	Undertake an internal review of CSE training resources and develop an implementation plan to address competency issues and ensure SFRS legislative responsibilities are achieved.	There is a risk that the SFRS cannot successfully engage with partners, communities and other stakeholders leading to the SFRS being unable to focus on the impact of unintentional harm within our communities. This would be due to inadequate internal resources, capacity and competency leading to a breakdown in partnership relationships. This would diminish SFRS's ability to effectively work with partners to provide targeted interventions, ensuring those most at risk across Scotland's	ARAC	SMB	National Community Safety Engagement Manager	31/03/2022	Amber 10%	Scoping exercise undertaken to identify training resources owned by P&P Function and their status.

Risk ID	Control Description	Risk Description	Committee	Executive Board	Control Owner	Control Due Date	Performance	Control Comments
		communities receive fire and wider home safety advice. This could result in negative outcomes for communities, additional levels of scrutiny and reputational damage.						
SPPC007	Development and implementation of a Communications Strategy Action Plan (Phase 1)	There is a risk that the services reputation is adversely affected due to ineffective management of communications resulting in a loss of workforce, stakeholder and public confidence.	ARAC	GGB	Head of Communications and Engagement	31/03/2022	Green 0%	Work still to be progressed.



HM Fire Service Inspectorate

Report to: SCOTTISH FIRE AND RESCUE SERVICE AUDIT AND RISK ASSURANCE COMMITTEE

Meeting Date: 14 October 2021

Report By: HM Fire Service Inspectorate (HMFSI)

Subject: Update from HM Fire Service Inspectorate

1. PURPOSE

- 1.1 To provide the Audit and Risk Assurance Committee (ARAC) with an update on HMFSI's recent, ongoing and proposed activities.

2. RECOMMENDATIONS

- 2.1 That the Committee notes the update from HMFSI.

3. Local Area Inspections (LAI): Work Update

- 3.1 As highlighted in our Annual Report to the Committee in July, we published the report on Midlothian in May 2021. We have been concluding the outstanding inspection work for Argyll & Bute and preparing the report. We had advised ARAC that, at that time, we intended that the final report would be ready by August 2021, however this has not been possible. The consultation draft final report will now be sent to the Local Senior Officer (LSO) in mid-October. We commenced in late September the early stages of planning for an inspection of Angus, and we expect to report on our findings in February 2022.

4. Thematic Inspection Work

4.1 UN Climate Change Conference – COP26

HMFSI has been carrying out an inspection of the Scottish Fire and Rescue Service's (SFRS) plans and preparedness for the COP26 Climate Change Conference. The purpose of our inspection is to assess the effectiveness of the SFRS's planning for the event. Our Inspection Outline document indicated particular areas of interest including:

- the SFRS's risk assessments for the conference
- planning arrangements, including those involving multi-agency partners
- planning assumptions, including business as usual (BAU) arrangements
- additional capacity requirements and how these will be met
- contingency planning for a major incident in connection with the conference
- incident command capacity and effective support of all venues
- fire safety enforcement activity relative to the event
- training and exercising arrangements, to include multi-agency partners
- the SFRS's communications and briefing strategy.

At the time of writing the desk-top review of a sample of documentation and planned interviews with SFRS personnel and a selection of external partners had concluded. A consultation draft copy of the report had been submitted to the Service, it is anticipated that the report would be published during the first week in October.

4.1.2 Firefighting in High Rise Buildings

The purpose of carrying out this inspection was to review how the Service prepares for, and carries out firefighting, in high rise buildings. In line with building standards, we are using 18 metres as the threshold for the definition of a high rise. While the main thrust of our inspection will be high rise domestic buildings due to the life risk, we will also examine high rise commercial buildings.

Inspectors have been undertaking a desk-top review of documents supplied by the Service and have conducted fieldwork in Aberdeen, Edinburgh, Renfrewshire and Inverclyde. This included interviews with SFRS personnel and accompanying crews on site visits. We also observed a multi-appliance training exercise in an empty high rise block in North Ayrshire.

The fieldwork is expected to conclude in February 2022 and the report is anticipated to be laid in Parliament in May 2022.

4.1.3 Health & Safety – An Operational Focus

The purpose of this inspection was to assess the effectiveness and efficiency of the Service's Health, Safety and Welfare practices with an operational focus. In particular to review the organisational culture in relation to Health, Safety and Welfare. We set out to consider whether Health and Safety is centred on firefighter safety and assure ourselves that operational staff understand, and can demonstrate, how health and safety is being applied in the SFRS.

A desk-top analysis of Service provided documentation has taken place as well as a number of visits to SFRS premises and interviews with personnel. This will enable us to consider how the Service is using national learning, data and other information to reduce risk and improve the overall safety and welfare of its staff. HMFSI will be looking at the governance and managements, policy and planning, training and recording arrangements.

The remainder of the fieldwork is scheduled to conclude in the coming weeks. Publication of the final report is anticipated in Quarter 4 2021/22.

4.1.4 Review of Operational and Protective Equipment

The intended purpose of this inspection is to assess the effectiveness and efficiency of the Service's governance, procurement policy, management, training, routine testing, maintenance and disposal of its operational and protective equipment. The date of commencement and reporting of this inspection has yet to be determined.

HMFSI

Date: 29/09/2021

AUDIT AND RISK ASSURANCE COMMITTEE – ROLLING FORWARD PLAN

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

AUDIT AND RISK ASSURANCE COMMITTEE – ROLLING FORWARD PLAN

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