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

**WEDNESDAY 30 MARCH 2022 @ 1000 HRS**

**BY CONFERENCE FACILITIES**

**AGENDA**

- 1 CHAIR'S WELCOME**
- 2 APOLOGIES FOR ABSENCE**
- 3 CONSIDERATION OF AND DECISION ON ANY ITEMS TO BE TAKEN IN PRIVATE**
- 4 DECLARATION OF INTERESTS**  
*Members should declare any financial and non-financial interest they have in the items of business for consideration, identifying the relevant agenda item, and the nature of their interest.*
- 5 MINUTES OF PREVIOUS MEETINGS: THURSDAY 20 JANUARY 2022 (attached)** *B Baverstock*  
*The Committee is asked to approve the minutes of these meetings.*
- 6 ACTION LOG (attached)** *Board Support*  
*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 Environmental Sustainability (attached)
  - 7.2 Progress Update – Internal Audit Recommendations (attached) *Azets**The Committee is asked to scrutinise these reports.*
- 8 INDEPENDENT AUDIT/INSPECTION ACTION PLAN UPDATE (attached)** *M McAteer*  
*The Committee is asked to scrutinise this report.*

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

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- 9 DELOITTE – AUDIT DIMENSIONS AND ANNUAL REPORT AND ACCOUNTS AUDIT REPORTS** *(attached)* *J Thomson*
- The Committee is asked to scrutinise this report.
- 10 INTERNAL AUDIT – DRAFT INTERNAL AUDIT PLAN 2022-24** *(attached)* *Azets*
- The Committee is asked to recommend the report.
- 11 EXTERNAL AUDIT – THE AUDIT PLAN 2021/22** *(attached)* *Deloitte*
- The Committee is asked to recommend the report.
- 12 REVIEW OF CODE OF CONDUCT FOR MEMBERS FOR SFRS** *(attached)* *M McAteer*
- The Committee is asked to recommend the report.
- 13 ARRANGEMENTS FOR PREPARING THE ANNUAL GOVERNANCE STATEMENT 2021/22** *(attached)* *R Haggart*
- The Committee is asked to scrutinise this report.
- 14 GOOD GOVERNANCE FRAMEWORK** *(verbal)* *M McAteer*
- The Committee is asked to note the verbal report.
- 15 INTERNAL CONTROLS UPDATE**
- 15.1 Overview of Strategic Risk Register and Committee Aligned Directorate Risks *(attached)* *D Johnston*
- 15.2 Risk Spotlight – SD012 Community Safety and Resilience *(attached)* *C Barlow*
- 15.3 Anti-fraud and Whistleblowing *(verbal)* *J Thomson*
- The Committee is asked to scrutinise these reports.*
- 16 ACCOUNTING POLICIES** *(attached)* *J Thomson*
- The report is for information only.*
- 17 WHISTLEBLOWING POLICY** *(attached)* *G Lindsay*
- The report is for information only.*
- 18 QUARTERLY UPDATE ON HMFSI BUSINESS** *(attached)* *HMFSI*
- The report is for information only*

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

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- 19    **REVIEW OF ACTIONS**    *Board Support*
- 20    **FORWARD PLANNING**    *B Baverstock*
- 20.1    Committee Forward Plan Review (*attached*)
- 20.2    Items for Consideration at Future Integrated Governance Forum, Board and Strategy Day meetings
- 21    **DATE OF NEXT MEETING**  
Thursday 28 June 2022 @ 1000 hrs

**PRIVATE SESSION**

- 22    **MINUTES OF PREVIOUS PRIVATE MEETINGS: THURSDAY 20 JANUARY 2022** (*attached*)    *B Baverstock*
- The Committee is asked to approve the minutes of these meetings.*
- 23    **INTERNAL AUDIT**
- 23.1    Final Report ICT and Data Security Follow Up (*attached*)    *Azets*

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



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

**THURSDAY 20 JANUARY 2022 @ 1000 HRS**

### **BY CONFERENCE FACILITIES**

#### **PRESENT:**

Brian Baverstock, Chair (BB)  
 Paul Stollard (PS)

Lesley Bloomer, Deputy Chair (LBI)  
 Mhairi Wylie (MW)

#### **IN ATTENDANCE:**

Martin Blunden (MB)  
 Mark McAteer (MMcA)  
 John Thomson (JTh)  
 David Johnston (DJ)  
 Matthew Swann (MS)  
 Caroline Jamieson (CJ)  
 Robert Scott (RS)  
 Kirsty Darwent (KD)  
 Ally Cameron (AC)  
 Heather Greig (HG)  
 Debbie Haddow (DH)

Chief Officer  
 Director of Strategic Planning, Performance and Communications  
 Acting Director of Finance and Procurement  
 Risk and Audit Manager  
 Internal Audit (Azets)  
 External Audit (Deloitte)  
 HMFSI  
 Chair of SFRS Board  
 Group Commander Board Support  
 Board Support Executive Officer  
 Board Support/Minutes

#### **OBSERVERS:**

Des Donnelly, Group Commander Business Support  
 Lynne McGeough, Acting Head of Finance and Procurement  
 Karen Horrocks, Assistant Verification and Risk Officer  
 Pamela Nicol, Corporate Admin  
 Lorna Smith, Scottish Government

## **1 CHAIR'S WELCOME**

- 1.1 The Chair opened the meeting and welcomed those participating via conference facilities.
- 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 This meeting would be recorded and published on the public website.

## **2 APOLOGIES**

- 2.1 Tim Wright, Board Member  
 Gary Devlin, Internal Audit (Azets)  
 Gillian Callaghan, Internal Audit (Azets)  
 Pat Kenny, External Audit (Deloitte)

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

3.1 The Committee discussed and agreed that Item 18 (Cyber Security Penetration Testing Update) and Item 19 (Organisational Security Update), would be heard in private session due to matters considered of a confidential nature in line with Standing Orders (Item 9G).

3.2 No further items were identified.

### 4 **DECLARATION OF INTERESTS**

4.1 None.

### 5 **MINUTES OF PREVIOUS PUBLIC MEETING:**

#### 5.1 **Thursday 14 October 2021**

5.1.1 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 meeting held on 14 October 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.

**Item 7.1.6 Final Audit Report on Remote Working (14/10/21):** Subject to further consideration following discussions later in the meeting. Content to close

**Item 7.2.3 Progress Update – Internal Audit Recommendations (14/10/21):** Subject to further discussion later in the meeting. Content to close.

**Item 7.2.4 Progress Update – Internal Audit Recommendations (14/10/21):** Subject to further discussion later in the meeting. Content to close.

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

### 7 **INTERNAL AUDIT**

#### 7.1 **SFRS Internal Audit Progress Report 2021/22**

7.1.1 MS presented a report to the Committee which summarised the progress on the delivery of the 2021/22 Internal Audit Plan and the following key points were highlighted:

- For clarification purposes, the number of days allocated for each audit within the 2021/22 Audit Plan Progress Report refer to the original agreed days. Going forward any changes to the original agreed timescale would be highlighted within the report.
- Further updates since the circulation of the report: ICT/Data Security Follow Up had entered the review process and Environmental Sustainability had entered the fieldwork stage.
- In consultation with management, the Workforce Planning audit has been deferred and would be considered for 2022/23. Time allocated for this audit would now be utilised for an investigation relating to misappropriation of Trauma Bags (further details to be provided in the private session).
- Assurance given that the deferment of the Workforce Planning audit would not impact on the ability to issue an annual opinion at the end of the year.

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7.1.2 The Committee sought assurance that the Service would be in a position for the Workforce Planning (RDS Firefighters) audit to be undertaken next year and the proposed timescale. JT informed the Committee that this audit was deferred to allow ongoing work to be finalised and embedded within the Service. The Committee noted that it would be helpful to be kept informed of timescales of audits being deferred. It was noted that the draft audit plan 2022/23, which is due to be presented at the next meeting, would confirm the revised date.

**ACTION: Azets**

7.1.3 Final Report – SFRS Fire Safety Enforcement

7.1.4 MS advised the Committee of the outcome of the audit, noting the following key issues:

- Overall conclusion noted elements of good practice and areas of improvement.
- Use of hybrid programme during the year, which offered greater flexibility and no notable difference from onsite reviews.
- Areas of improvement included centralised training records, clarity and accessibility of fire safety hazards particularly relating to the general public and timely review/update of procedures.

7.1.5 MB welcomed the report and commented on the potential missed opportunity for the audit to review and identify whether the Service were correctly and effectively applying their legislative power. MS accepted the comment and noted the difficulty in judging the Service's use of legislative power to its full extent, however, it may be possible to provide reasonable judgement on appropriate usage. MS advised that could be considered going forward for future audits.

7.1.6 With regard to Control Objective 3 reporting on fire safety hazards, the Committee queried whether the grading of recommendation was appropriate and noted the management response to review the public facing website. MS advised the Committee that the recommendation grading was appropriate and the issues did not meet the criteria for a higher rating. The Committee were reminded of the previous HMFSI Thematic Review on Fire Safety Enforcement and noted the similarity in the findings. RS advised the Committee that the work of internal audit in this area would be useful when undertaking the new service delivery area inspections. Further discussions to be held between HMFSI, Azets and management regarding future investigations, both broader scope and adding value, and a brief verbal update to be provided at the next meeting.

**ACTION: HMFSI/Azets/JT**

7.1.7 The Committee noted the recommendations and the management actions being taken. In particular, the Committee commented on how the Service would ensure the consistent application of procedures to address fire safety hazards being reported. A fuller update on recommendations/actions to be given at the next meeting.

**ACTION: Azets**

7.1.8 The Committee noted that benchmarking against other fire and rescue services would have been useful and could have been identified during the approval of the terms of reference for this audit. The Committee's workshop (16 February 2022) would be used as an opportunity for further discussion on the Committee's role in relation to agreeing terms of reference for individual internal audit reviews.

7.1.9 With regards to the Fire Safety Enforcement Officer's training records, MS stated that the records accessed confirmed the appropriate training had been undertaken. MS reminded the Committee that the style of audit reporting was by exception only.

7.1.10 **The Committee scrutinised the progress report and the final report on the Fire Safety Enforcement.**

**DRAFT - OFFICIAL**7.1.11 **Final Report – SFRS Learning and Development**

7.1.12 MS advised the Committee of the outcome of the audit, noting the following key issues:

- Overall good performance in this area, particularly leadership programme and financial planning.
- Areas of improvement include processes for collating feedback and evaluation of the programme and how this feedback is being used to improve the programme.

7.1.13 MS confirmed that the audit considered how the training improved job performance as part of the progress report and noted that no issues were identified.

7.1.14 With regard to the overall effectiveness of leadership improvement programme, MB confirmed that the benefits were being seen. MB commented on the possible additional benefits had the audit looked at how the leadership training programme impacted on the organisation, its operation and contributions to the strategic objectives.

**The Committee the final report on Learning and Development.**

7.1.15

**7.2 Progress Update – Internal Audit Recommendations**

7.2.1 MS 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:

- High number of outstanding actions, however progress was being made to reduce these.
- Meeting held on 12 January 2022 to discuss approach to address long term outstanding actions for 3 audits: Performance Management Arrangements, Fraud Risk Management Arrangements, Water Planning Arrangements.
- Agreed in principle to jointly consider reviews to ensure ongoing relevance and additional changes regarding implementation.
- Encouraging progress being made, increased oversight by Strategic Leadership Team (SLT) and continue collaborative engagement with management.

7.2.2 JT updated the Committee on the recent review of the process to address any actions and the increased rigour applied by the executive Good Governance Board. JT acknowledged the importance of addressing any internal control matters highlighted within audits with an interim measure, rather than waiting on the final solution/new system being available.

7.2.3 The Committee noted that further assurance was required regarding timescales as there was still uncertainty whether this continued to be a significant issue or an impact of Covid and that no large-scale issue was going unnoticed by management. The Committee reiterated the importance of setting realistic timescales.

7.2.4 With regard to the RAG status, the Committee commented on the lack of clarity due to how the information was being presented, particularly as the RAG status is automatically adjusted to Amber after 3 revision dates. The Committee welcomed the revised dates being highlighted in red.

7.2.5 MS noted the comments made and that further consideration would be given to the RAG status and to ensure that the key message is communicated.

7.2.6 JT noted that through active discussions with Azets, management were aware and intervening, where appropriate, in order to improve the process to address actions. The Committee further commented on the realistic assessment of original/revised timescales and whether there was a competency/experience issue in understanding and managing workloads within the Service.

- 7.2.7 The Committee requested that consideration be given to include narrative within the covering report around management's considerations of the key recommendations outstanding including any interim measures being taken to address control weaknesses and route to resolution.

**ACTION: Azets/JT**

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

## **8 INDEPENDENT AUDIT/INSPECTION ACTION PLAN UPDATE**

- 8.1 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) Action Plan: One outstanding action (Retained Duty System Terms and Conditions). After the circulation of this report, a meeting has been scheduled with the Fire Brigades Union to progress this matter.

- 8.2 RS requested that Appendix B be amended to remove "HMFSI" from the heading.

**ACTION: MMcA**

- 8.3 **The Committee scrutinised the report.**

## **9 EXTERNAL AUDIT**

### **9.1 Annual Report to Members and Auditor General for Scotland**

- 9.1.1 CJ presented the final report on the external Audit of the 2020/21 financial statements to the Committee for information. CJ noted that the issues preventing the earlier finalisation of the report, which had previously been highlighted to the Committee, were now resolved.

- 9.1.2 CJ confirmed the Unmodified Audit opinion, as previously issued on 15 December 2021, the four uncorrected errors within the financial statements relating to pensions, uniforms and Local Authority pension funds are unchanged and there were no disclosure misstatements identified within the final financial statements.

- 9.1.3 CJ further confirmed that there were no outstanding matters and any recommendations raised would be addressed as part of the planning process for next year's audit.

- 9.1.4 **The Committee noted the report.**

### **9.2 Deloitte - Audit Dimensions and Best Value for the Year Ended 31 March 2021**

- 9.2.1 JT presented the report to the Committee outlining the progress on the Deloitte Audit Dimensions and Best Value Report. The following key points were highlighted:

- Total of 28 recommendations were made and, with one exception (rec 1.7), were accepted and management actions were agreed.
- Deloitte would review progress against these actions on an interim basis.
- Quarterly update reports would be presented to the Committee in the format of the detailed progress report and summary dashboard.
- One recommendation had been completed.
- Revised timescales had been identified for three recommendations.

- 9.2.2 With reference to Recommendation 1.3 (Financial Reporting), the Committee noted the revised date and suggested that consideration be given to identifying milestones to allow progress to be assessed. JT to consider identifying appropriate milestones.



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- 9.2.3 With reference to Recommendation 1.4 (Savings Plans), the Committee noted the revised date and asked whether work was to be done in relation to the 2022/23 budget. JT reminded the Committee that the Budget Strategy 2022/23 would be presented at a future Board Strategy Day (24 February 2022) and this would include an indicative medium term financial model for future years and this would be further developed as part of the Scottish Government Resource Spending Review (May 2022).
- 9.2.4 With reference to Recommendation 2.1 (Capital Planning and Asset Management), the Committee requested clarification on the development of the interim strategy and the dependence on the Service Delivery Model Programme (SDMP) project. JT informed the Committee that detailed asset strategies were being developed and these would sit behind the overall management strategy. Although not dependent on the SDMP project, the strategies need to be developed in conjunction with this. Within future reports, the Committee requested that consideration be given to the narrative to provide assurance on work being progressed, ie interim strategy position.
- 9.2.5 The Committee requested that the quarterly report on this action plan include an update to the *Progress to Update* narrative in order to assess progress being made.
- 9.2.6 **The Committee scrutinised and noted the report.**

**10 INTERNAL CONTROLS UPDATE****10.1 a) Overview of Strategic Risk Register and Aligned Directorate Risk**

- 10.1.1 DJ presented the revised Strategic Risk Register (SRR) along with the aligned Directorate Risks to the Committee and outlined the information contained within the appendices. The following key points were highlighted:
- Strategic risk reviewed quarterly by the SLT and subsequently reassessed, if applicable.
  - Assurance of continual review process of risk noting that this is undertaken by Heads of Functions and also Directorate Management Team level to support the process.
  - To ensure consistency in risk reporting, discussion has been undertaken to re-align Portfolio Office risks into the new format.
- 10.1.2 In regard to Strategic Risk 7 (Financial Sustainability), JT confirmed that the increased risk rating related to the current budget proposals for capital and the overall investment profile.
- 10.1.3 The Committee were reminded that a Risk Appetite session was scheduled for the next Strategy/Information and Development Day (24 February 2022).
- 10.1.4 The Committee commented on the ability to fully understand and scrutinise the status (RAG and percentage complete) information being presented within the succinct version of the register. DJ noted the comments and would consider how to further develop the register in order to provide clearer information to the Committee. It was noted that the Strategy/Information and Development Day Risk Appetite session would provide an opportunity to discuss the presentational aspects. The Committee clarified that there was no request to change the format, it was more on how the Committee used the format and the need for a greater awareness of its use.
- 10.1.5 BB to raise and discuss at the Integrated Governance Forum later today (20 January 2022).
- 10.1.6 **The Committee scrutinised and supported the continued development of the report.**
- 10.2 **b) Anti-fraud/Whistleblowing Update**
- 10.2.1 JT advised the Committee that two separate potential fraudulent activities had been identified since the last Committee meeting and further investigations would be undertaken by Azets. Further details would be provided in the private session.

- 10.2.2 Regarding whistleblowing, JT advised the Committee that two complaints had been received, investigated and actions undertaken to resolve. JT noted that a further complaint had been received on 18 January 2022 and this would also be investigated.
- 10.2.3 It was noted that the Whistleblowing Policy was scheduled to be presented at the next meeting (30 March 2022). There was some dubiety whether this was accurate as the Whistleblowing Policy was an HR policy and would be presented to the People Committee. Clarification to be provided on the Committee's role in relation to the whistleblowing policy and when this would be submitted.

**ACTION: Board Support**

- 10.2.4 **The Committee noted the verbal report.**

## **11 QUARTERLY UPDATE REPORT ON HMFSI BUSINESS**

- 11.1 RS presented the quarterly report to the Committee to provide an update on HMFSI's inspection and reporting activity during 2021/22 and the following key areas were noted:
- Local Area Inspection (LAI) for Argyle & Bute was published on 24 December 2021. Six recommendations, one of which was national context, were made. Local recommendations would be progressed locally by the Local Senior Officer and the national recommendation would be considered by SLT/SMB and scrutinised by the Audit & Risk or Service Delivery Committee.
  - LAI for Angus had commenced but due to the increased restrictions was experiencing delays, however, it was anticipated that this would still be concluded by the end of the financial year.
  - Going forward the current LAIs would be replaced with the new Service Delivery Area Inspections. The new process was currently under development and would go live from April 2022.
  - Thematic Inspection on the Service's plans and preparedness for the UN Climate Change Conference of Parties had been published.
  - Thematic Inspection on Firefighting in High Rise Buildings was nearing completion however some delays due to Covid restrictions had been experienced. The Committee were reminded that the inspection would focus on the Service's response to high rise buildings and associated risks in Scotland. However, it was considered prudent to observe and examine processes across the UK with the knowledge that the built environment within Scotland differed from the wider UK.
  - Thematic Inspection on Health and Safety – An Operational Focus was nearing completion with informal discussions being held with key stakeholders prior to formal consultation and the report being laid before parliament. The report contains recommendations, areas for consideration and areas of good practice.
  - Reiteration of the independent nature of HMFSI Inspection regime. Notwithstanding the willingness to avoid any unnecessary duplication of effort with Internal Audit.
  - Restructure of HMFSI team to align with specific remits/references and Assistant Chief Inspector Graham Fraser to attend future meetings.
- 11.2 The Committee noted and supported the Chief Inspector's independence inspection regime and Assistant Chief Inspector Fraser's future attendance.
- 11.3 With regard to High Rise Buildings thematic report, RS confirmed that the nature and context of the building stock in Scotland would be included within the report. Similarly, the report would also capture limitations on firefighting abilities, evacuation processes, use of breathing apparatus and risks associated with this.
- 11.4 With regard to potential international benchmarking opportunities, RS noted that due to different regulations it was not possible to benchmark however, it was appropriate and important to compare with other UK fire and rescue services.

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11.5 The Committee were reminded that, upon receipt of the High Rise Buildings thematic report, the SLT would review the recommendations and recommend which Committee would undertake scrutiny of the action plan.

11.6 **The Committee noted the report.**

**12 QUARTERLY UPDATE OF GIFTS, HOSPITALITY AND INTERESTS REGISTER**

12.1 DJ presented the report to the Committee providing an update on the Gifts, Hospitality and Interests Register for Quarter 3 2021/22.

12.2 DJ reminded the Committee that work continues to raise awareness of the policy and individual's responsibilities throughout the Service. Discussions were ongoing at station level to encourage awareness and to gain a fuller understanding of their experiences, ie low monetary value items. A dedicated Learning Content Management System (LCMS) awareness package was currenting under development and would be finalised by the end of March 2022. Benchmarking against other UK fire and rescue services policies and reporting methods had been undertaken.

12.3 The Committee noted their concerns on the low number of declarations being made and the overall effectiveness of the Declaration of Interests element within the policy. However, the Committee did recognise that the revisions to the policy were new and were still being embedded into the Service.

12.4 DJ confirmed that the LCMS package would be finalised by the end of March 2022. Discussions were ongoing regarding fraud and GHI packages becoming part of the mandatory core competency. It was acknowledged that the LCMS package in isolation was not enough and further work/discussions were required to ensure awareness and the importance of reporting were fully understood.

12.5 **The Committee noted the report.**

**13 REVIEW OF ACTIONS**

13.1 HG confirmed that six formal actions were recorded during the meeting.

**14 FORWARD PLANNING****14.1 a) Committee Forward Plan Review**

14.1.1 The Committee considered and noted the Forward Plan.

14.1.2 The following items were noted:

- Final Report - Workforce Planning would be deferred to the July 2022 meeting
- Fraud Investigation report to be added to the March 2022 meeting
- Whistleblowing Policy to be confirmed

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

14.2.1 The following items were noted for discussion at the next IGF:

- Risk Appetite/Register

**15 DATE OF NEXT MEETING**

15.1 The next meeting is scheduled to take place on Wednesday 30 March 2022 at 1000 hrs.

15.2 There being no further matters to discuss the public meeting closed at 1225 hrs.

**PRIVATE SESSION****16 MINUTES OF PREVIOUS PRIVATE MEETING:****16.1 Thursday 14 October 2021**

16.2 The minutes of the private meeting held on 14 October 2021 were approved as a true record of the meeting.

**17 PRIVATE ACTION LOG**

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

**18 CYBER SECURITY PENETRATION TESTING UPDATE**

18.1 PSt presented the report to the Committee to advise the outcome and results from the annual Cyber penetration testing (PEN Test) activity for 2021/22 which took place between the 6-16 July 2021 and the remediation action plan.

18.2 **The Committee noted and scrutinised the report.**

**19 ORGANISATIONAL SECURITY UPDATE**

19.1 MMcA presented the report to the Committee to provide an update on progress to improve the Service's approach and co-ordination of Organisational Security and referenced the update provided at a previous Strategy/Information and Development Day (July 2021).

19.2 **The Committee noted and scrutinised the report.**

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## AUDIT AND RISK ASSURANCE COMMITTEE ROLLING ACTION LOG



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### Background and Purpose

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

The status of actions are categorised as follows:

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

### Actions/recommendations

Currently the rolling action log contains 6 actions. A total of 4 of these actions have been completed.

The Committee is therefore asked to approve the removal of the 4 actions noted as completed (Blue status), note 2 action categorised as Green status and note no actions categorised as Yellow status on the action log.

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## AUDIT AND RISK ASSURANCE COMMITTEE ROLLING ACTION LOG



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Minute Ref	Action	Lead	Due Date	RAG Status	Completion Date	Position Statement
<b>Meeting Date: 20 January 2022</b>						
7.1.2	<b>Internal Audit Progress Report 2021/22:</b> If deferring any audit activity there should be an anticipated timescale provided when it will be undertaken.	Azets	March 2022		March 2022	<b>Completed (30/03/2022):</b> The Workforce Planning (RDS Firefighters) review which was deferred has been included in the proposed internal audit plan for 2022/23.
7.1.6	<b>Internal Audit Progress Report 2021/22 - Final Report Fire Safety Enforcement:</b> Further discussions to be held between HMFSI, Azets and management regarding future investigations, both broader scope and adding value, and a brief verbal update to be provided at the next meeting.	HMFSI/ Azets/ JT	March 2022			<b>Update (30/03/2022):</b> Meeting to be diarised to discuss approach between HMFSI, management and Azets.
7.1.7	<b>Internal Audit Progress Report 2021/22 - Final Report Fire Safety Enforcement:</b> A fuller update on recommendations to be given at next meeting.	Azets	March 2022			<b>Update (30/03/2022):</b> An interim measure has been put in place with regard to the information on the website available to the public when reporting a fire safety hazard. IT options are to be considered with regard to implementing a more permanent solution.
7.2.7	<b>Progress Update – Internal Audit Recommendations:</b> Narrative to be added to covering report around management considerations of key recommendations outstanding including any interim measures being taken to address control weaknesses and what is being done to resolve them.	Azets/JT	March 2022		March 2022	<b>Completed (30/03/2022):</b> Additional narrative added to the beginning of the Progress Update – Internal Audit Recommendations report setting out a summary of our findings in relation to the implementation of recommendations and action to be taken by management to ensure that agreed actions are implemented in a timely manner.

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8.2	<b>Independent Audit/Inspection Action Plan Update:</b> Remove HMFSI from heading on Appendix B.	MMcA	March 2022		January 2022	<b>Completed (30/03/2022):</b> Report amended to remove HMFSI from Appendix B.
10.2.3	<b>Anti-fraud/Whistleblowing Update:</b> Clarification to be provided on the Committee's role in relation to the whistleblowing policy and when this would be submitted.	Board Support	March 2022		January 2022	<b>Completed (30/03/2022):</b> Whistleblowing Policy would be presented, for scrutiny, at the next meeting (30 March 2022).

## SCOTTISH FIRE AND RESCUE SERVICE

## Audit and Risk Assurance Committee



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Report No: C/ARAC/10-22

Agenda Item: 7.1

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:	30 MARCH 2022						
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>
<b>1</b>	<b>Purpose</b>						
1.1	To provide a summary of progress in the delivery of the 2021/22 Internal Audit plan.						
<b>2</b>	<b>Background</b>						
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.						
<b>3</b>	<b>Main Report/Detail</b>						
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 generally progressing as planned.						
<b>4</b>	<b>Recommendation</b>						
4.1	To note the contents of the report.						
<b>5</b>	<b>Key Strategic Implications</b>						
5.1	<b>Risk</b>						
5.1.1	The internal audit programme forms part of the Service's Assurance Framework.						
5.2	<b>Financial</b>						
5.2.1	There are no direct implications associated with the report.						
5.3	<b>Environmental &amp; Sustainability</b>						
5.3.1	There are no direct implications associated with the report.						
5.4	<b>Workforce</b>						
5.4.1	There are no direct implications associated with the report.						
5.5	<b>Health &amp; Safety</b>						
5.5.1	There are no direct implications associated with the report.						
5.6	<b>Training</b>						
5.6.1	There are no direct implications associated with the report.						



5.7 5.7.1	<b>Timing</b> The report notes progress in relation to audits to be undertaken in the 2021/22 financial year.	
5.8 5.8.1	<b>Performance</b> Internal audit is intended to support the service and where relevant identify areas where performance can be enhanced.	
5.9 5.9.1	<b>Communications &amp; Engagement</b> 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	<b>Legal</b> There are no direct implications associated with the report.	
5.11 5.11.1	<b>Information Governance</b> 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	<b>Equalities</b> 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	<b>Service Delivery</b> There are no direct implications associated with the report.	
<b>6</b>	<b>Core Brief</b>	
6.1	Not Applicable	
<b>7</b>	<b>Appendices/Further Reading</b>	
7.1	Appendix A – Internal Audit Progress Report March 2022	
7.2	Appendix B – Final Report: Environmental Sustainability	
<b>Prepared by:</b>	Gill Callaghan, Senior Manager, Azets	
<b>Sponsored by:</b>	John Thomson, Acting Director of Finance and Procurement	
<b>Presented by:</b>	Matthew Swann, Associate Director, Azets	
<b>Links to Strategy and Corporate Values</b>		
Working Together for a Safer Scotland		
<b>Governance Route for Report</b>	<b>Meeting Date</b>	<b>Report Classification/ Comments</b>
<i>Audit and Risk Assurance Committee</i>	<i>30 March 2022</i>	<i>For Scrutiny</i>



# Scottish Fire & Rescue Service

## Internal Audit Progress Report

March 2022





# Scottish Fire & Rescue Service

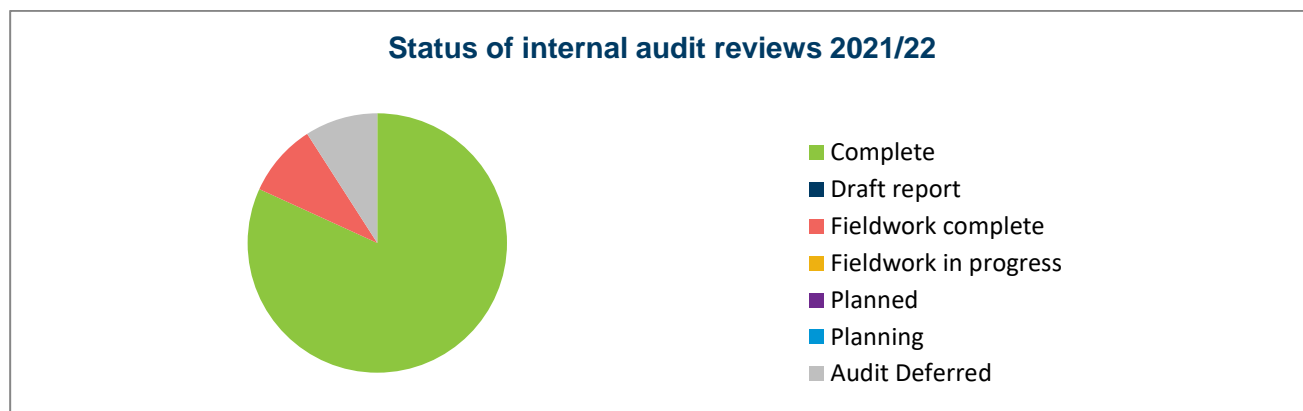
## Internal Audit Progress Report

Summary	1
2021/22 audit plan progress	2
KPI status	4



# 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:

- Environmental Sustainability
- ICT and Data Security Follow Up

## 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	<a href="mailto:gary.devlin@azets.co.uk">gary.devlin@azets.co.uk</a>	0131 473 3500
Matt Swann, Associate Director	<a href="mailto:matthew.swann@azets.co.uk">matthew.swann@azets.co.uk</a>	0131 473 3500
Gill Callaghan, Senior Manager	<a href="mailto:gill.callaghan@azets.co.uk">gill.callaghan@azets.co.uk</a>	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	Complete	Jan 22	Jan 22
B1. Learning and Development	15	Complete	Jan 22	Jan 22
E2. ICT and Data Security Follow Up	10	Complete	Mar 22	Mar 22
D3. Workforce Planning	18	Audit Deferred to 2022/23	N/A	N/A
C5. Environmental Sustainability	12	Complete	Mar 22	Mar 22
C4. Programme Office	20	Fieldwork Complete	Jun 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	Complete	Jan 22	Jan 22
F1. Follow up of outstanding recommendations Q4	2.5	Complete	Mar 22	Mar 22
G1. Annual report	n/a	n/a	Jun 22	-
H1. Fire Kit Investigation	10	Fieldwork Complete	Jun 22	

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

# KPI status

KPI description	Performance standard	Status	Comments
1. Actual v planned hours per audit	Audits completed within days approved by ARAC	AMBER	All audits completed within agreed allocated days  * See notes below
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

<b>RED</b>	More than 15% away from target
<b>AMBER</b>	Within 15% of target
<b>GREEN</b>	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.
- Remote Working Review – an additional 1.5 days was used to attend additional meetings and make further amendments to the audit report due to a query raised by SLT after the report had been finalised.
- Fire Safety Enforcement Review – an additional 2.25 days was required due to extra time taken to request and obtain information in relation to the reporting of fire safety hazards.



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# Scottish Fire and Rescue Service

Internal Audit Report 2021/22

Environmental Sustainability

February 2022



# Scottish Fire and Rescue Service

## Internal Audit Report 2021/22

### Environmental Sustainability

Executive Summary	1
Management Action Plan	5
Appendix A – Definitions	11

<b>Audit Sponsor</b>	<b>Key Contacts</b>	<b>Audit team</b>
<i>Iain Morris, Acting Director of Asset Management</i>	<i>Peter Robertson, Environment and Carbon Manager</i> <i>Alex Lane, Property Manager</i>	<i>Gary Devlin, Audit Partner</i> <i>Matt Swann, Audit Associate Director</i> <i>Gill Callaghan, Senior Audit Manager</i> <i>Conor McGinley, Internal Auditor</i>

# Executive Summary

## Conclusion

**Controls over SFRS's environmental strategy and policies are generally well designed and operating effectively with appropriate consideration having been given to relevant Scottish Government legislation when determining the long-term strategy. SFRS has set its own objectives and internal targets to ensure it meets legislative requirements. Appropriate plans have been devised to deliver environmental projects which contribute towards minimising SFRS's impact on the environment and reducing its carbon footprint. The progress of these projects is effectively monitored by the Energy Group with oversight from the Environment and Carbon Management Board (ECMB).**

**We have identified two areas for improvement relating to staff training and the Terms of Reference for the ECMB and the Energy Group. By improving how SFRS deliver training on environmental matters, there will be an increase in staff knowledge and awareness which should assist in achieving environmental targets. In addition, updating the Terms of Reference for the Energy Group and ECMB will ensure both documents more accurately reflect current working practices.**

## Background and scope

In September 2019, the Scottish Government introduced legislation which committed Scotland to achieving net zero carbon emissions by 2045. As a result of this, SFRS developed its Climate Change Response Plan 2045 and identified the need for a consolidated approach to energy management and carbon reduction.

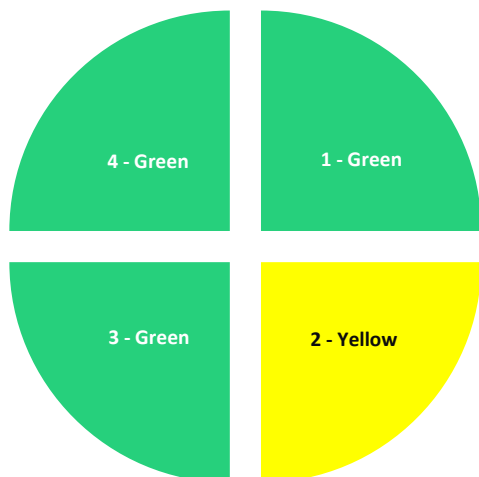
In October 2019, SFRS agreed and implemented its Environmental Management System. The Environment and Carbon Management Board (ECMB - which reports directly to the main Board) was consequently established to oversee this and the implementation of the service's environmental strategies and policies.

Environmental and carbon reduction issues come under the Acting Director of Estates' remit and an Environment and Carbon Manager is in post who is responsible for developing plans and monitoring progress in this area.

In accordance with the 2021/22 Internal Audit Plan, we reviewed the controls to ensure there is an Environmental Strategy and Policy in place that has been communicated to all staff; that the strategy is aligned to relevant Scottish Government legislation including Climate Change (Emissions Reduction Targets) (Scotland) Act 2019; to ensure implementation progress is considered as part of the monitoring process and that overall progress against the strategy is being regularly monitored and reported to senior management.

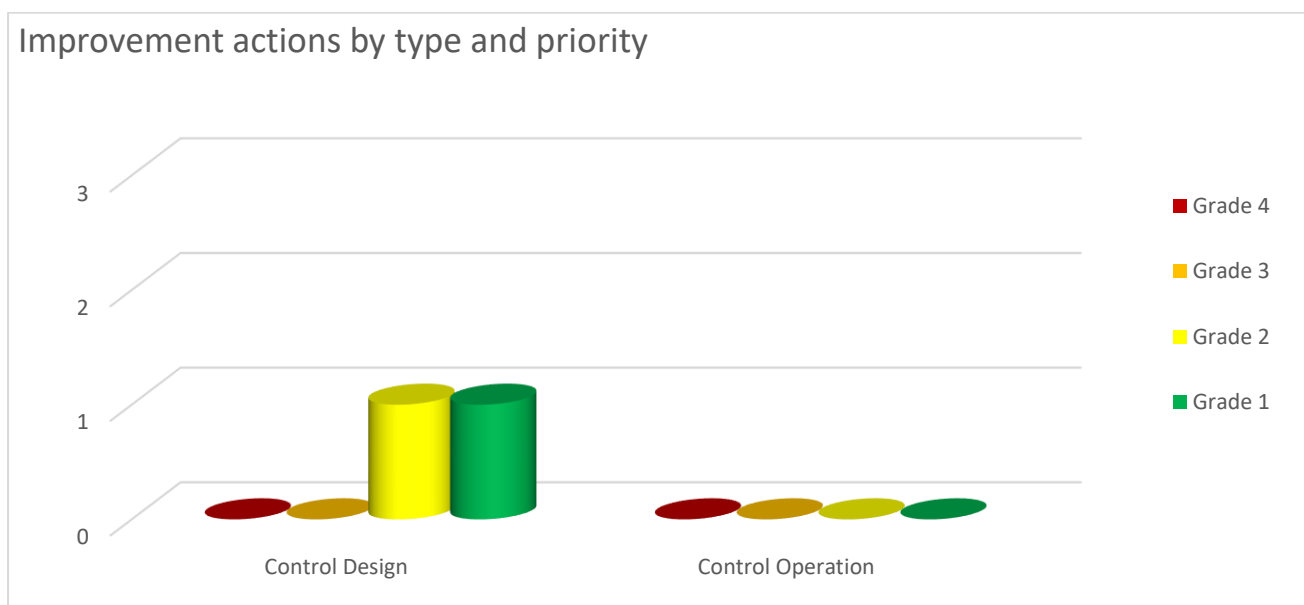
This review was limited to the above areas and did not cover socio-economic sustainability, for example in relation to procurement activity as this does not come under the Acting Director of Estates' remit.

## Control assessment



- 1. SFRS has appropriate strategies and policies in place to ensure that the service meets the relevant Scottish Government legislation in this area with roles and responsibilities in relation to environmental sustainability being clearly defined.
- 2. Staff are aware of SFRS' stance in relation to environmental sustainability and this is actively promoted throughout the organisation and its day-to-day operations.
- 3. Appropriate plans are devised to ensure the implementation of environmental strategies/policies and the achievement of relevant targets and progress is regularly monitored against these.
- 4. Appropriate management information and reporting arrangements are in place in respect of environmental sustainability for senior management, the ECMB and the main Board.

### Improvement actions by type and priority



Two improvement actions were identified during this review, both 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:

- SFRS has clearly set out its stance in relation to environmental sustainability within the following documents:
  - Energy and Carbon Strategy 2020-30 which defines SFRS's environmental management system;
  - Climate Change Response Plan 2045 which details how SFRS will respond to climate change;
  - Carbon Management Plan 2020-25 which clearly sets out the short-term goals in relation to environmental sustainability and how these relate to SFRS's long-term legislative requirements; and
  - Environmental policy which set outs SFRS's commitment to minimising and mitigating the environmental impact of delivering its service.
- In order to meet the targets set out in the above strategy and plans, numerous projects are planned to be completed each year to ensure appropriate action is taken to manage SFRS's impact on the environment and carbon reduction. Review of a sample of these environmental projects revealed that they had been appropriately planned, and the progress in completing the projects is regularly monitored by the Energy Group with oversight from the ECMB.
- SFRS employs a number of innovative methods, such as the introduction of the Lanarkshire beehives, to promote environmental sustainability to their staff and the wider community.

### Areas for improvement

We have identified two areas for improvement which, if addressed, would strengthen SFRS's control framework:

- A review of SFRS's online training system to ensure that staff receive training that is up to date, comprehensive, and relevant to their role within the organisation.
- Modifying the Terms of Reference for the Energy Group and the ECMB to more accurately reflect current working practices.

This is further discussed in the Management Action Plan below.

## Impact on risk register

The SFRS corporate risk register included the following risks relevant to this review:

- Ref 8: Ability to anticipate and adapt to a changing environment through innovation and improved performance.

Our review has confirmed that there are suitably robust controls in place in respect of environmental sustainability which will assist in ensuring that SFRS meets its legal obligations and targets in this regard.

# Acknowledgements

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

# Management Action Plan

Control Objective 1: SFRS has appropriate strategies and policies in place to ensure that the service meets relevant Scottish Government legislation in this area with roles and responsibilities in relation to environmental sustainability being clearly defined.



## 1.1 Terms of Reference

Terms of Reference are in place for both the Energy Group and the Environment and Carbon Management Board (ECMB). The Energy Group's membership comprises the Heads of Asset Management and Finance & Procurement along with related managers/officers. The Group provides operational oversight and management of approved actions related to environmental sustainability and submits proposals and recommendations to the ECMB for their approval as required. The ECMB consists of Board members representing each relevant Directorate/Function, including Service Delivery Areas. The Directors of Finance & Contractual Services and of Service Delivery are members of the ECMB along with various Heads of Service. The ECMB has authority to make decisions in relation to environmental matters within its remit and which are within the delegated authority limits of the sponsoring Directors.

Review of both Terms of Reference found that they clearly defined the respective responsibilities of both entities as well as their authority, membership and meeting arrangements. We noted that within the Review sections of both documents, it is stated that the Terms of Reference and the effectiveness of both entities will be reviewed on an annual basis or earlier, if considered necessary. During discussions with the Environment and Carbon Manager and National Property Manager, it was advised that the review of the ECMB's and the Energy Group's effectiveness was carried out on an ongoing basis in relation to the progress of environmental projects. However, a formal review has not been conducted. The Environment and Carbon Manager and National Property Manager confirmed that a formal review of the Terms of Reference would not be undertaken on an annual basis as it is unlikely that the remit of both entities would change from year to year.

### Risk

There is a risk that the Terms of Reference and the effectiveness of the ECMB and the Energy Group are not formally reviewed on a periodic basis which could lead to Terms of Reference which do not reflect their actual remit and failure to improve the effectiveness of both groups.

### Recommendation

The frequency of the formal review of the Terms of Reference for the ECMB and the Energy Group should be determined with the documents amended to reflect the agreed period.



**Management Action**Grade 1  
(Design)

The Environment and Carbon Management Board (ECMB) has been briefed on the outcomes from this audit and has raised an action against the Environment and Carbon Manager for review of the Terms of Reference for both the ECMB and Energy Group (EG) to ensure current and to include arrangements for future reviews. Reviewed documents will be submitted for consideration and approval by ECMB.

**Action owner:** Peter Robertson**Due date:** 30<sup>th</sup> April 2022

**Control Objective 2: Staff are aware of SFRS's stance in relation to environmental sustainability and this is actively promoted throughout the organisation and its day-to-day operations.**

A yellow circle with the word "Yellow" written inside in black text.

## **2.1 Training**

SFRS provide staff with training regarding environmental matters through the LCMS platform. Within LCMS, staff have access to modules relating to various topics that address best practice as well as SFRS's statutory requirements.

There are various measures employed by SFRS to ensure that staff are kept appropriately informed regarding key developments related to environmental matters. The staff intranet provides updates on projects such as the Lanarkshire bee hive schemes and email updates in the form of the SFRS newsletter keep staff up to date with projects such as the EV charging scheme.

We were advised that the current training available to staff has not been updated since at least 2018. Furthermore, it has not been determined which elements of the training covering environmental matters should be specific to which roles within the organisation.

We were advised that it is not mandatory for staff to complete the training currently available, although we understand that staff were provided with time to complete online training models. It is also not mandatory for staff to undergo periodic refresher training on environmental matters.

### **Risk**

There is a risk that staff are not fully aware of their responsibilities in relation to environmental sustainability which could lead to them failing to actively contribute to the achievement of SFRS's environmental targets.

### **Recommendation**

Management should overhaul the current online training provided, ensuring that the content available is up to date and subject to regular review so that it reflects current guidelines and best practice. We suggest that role-specific modules are introduced to provide further clarity to staff on what exactly is expected of them. Due to the importance of environmental sustainability in regard to SFRS long-term objectives, training on environmental matters should be made mandatory for all staff to complete with refresher training provided, as necessary.

**Management Action**

The Environment and Energy team will engage with Training Department to:

- Review and update existing LCMS modules to ensure current;
- Put in place arrangements for regular review;
- Reinstate trainee introductory presentation;
- Develop a training module for Premises Responsible Persons;
- Develop a training module for office-based staff; and
- Recommend participation in Carbon Literacy Project for SFRS managers.

Caveat that it is outwith the ECMB's authority to determine what training is mandatory and can only make recommendations to Senior Management Board.

**Action owner:** Peter Robertson

**Due date:** 31<sup>st</sup> March 2023

**Control Objective 3: Appropriate plans are devised to ensure the implementation environmental strategies/policies and the achievement of relevant targets and progress is regularly monitored against these.**



Green

### **No reportable weaknesses identified**

To ensure compliance with the Scottish Government's net zero greenhouse gas emissions target by 2045, SFRS have established interim targets to measure the progress of projects related to environmental sustainability. These are an internal target of a 50% reduction from the 2015/16 baseline by 2025 and two targets set by the Scottish Government i.e. a 75% and 90% reduction from the baseline by 2030 and 2040 respectively.

To evaluate the monitoring arrangements in place at SFRS, a sample of three projects that form part of the 2021-22 programme were selected for review. The projects sampled were included in the Carbon Management Plan and details were set out on the benefits and drawbacks for each project as well how the implementation of the projects would contribute to the SFRS's overall 2025 reduction target.

For the projects examined, details costings were devised with various sources of funding explored to reduce the impact on SFRS' capital. The main source of funding comprised grants received directly from the Scottish Government, however other sources included Transport Scotland and the Energy Savings Trust.

Monitoring of the projects falls within the remit of the Energy Group and is conducted through the Carbon Projects Workplan. This allows the Energy Group to monitor if the projects are progressing according to schedule and are being completed within the budget set out. Should the need for corrective action be identified, the ECMB has authority to initiate measures based on the information provided to them by the Energy Group. As per the Workplan, there were 137 projects to be completed by the end of the 21/22 year. At the time of our review, 80 projects had been completed, 48 were in progress. The remaining 9 projects all related to the introduction of Heatboss system controls and were awaiting funding.

## Control Objective 4: Appropriate management information and reporting arrangements are in place in respect of environmental sustainability for senior management, the ECMB and the main Board.



Green

### No reportable weaknesses identified

An important aspect of ensuring that SFRS meets the legislative requirements placed on it by the Scottish Government is to have efficient and effective reporting between the different levels of the decision-making process responsible for environmental matters.

The Energy Group is charged with monitoring and reviewing energy use and the associated decarbonisation efforts for SFRS's environmental strategy. The group provides updates to the ECMB, and in instances when corrective action is identified, makes recommendations on how particular projects could be improved from an operational or financial perspective.

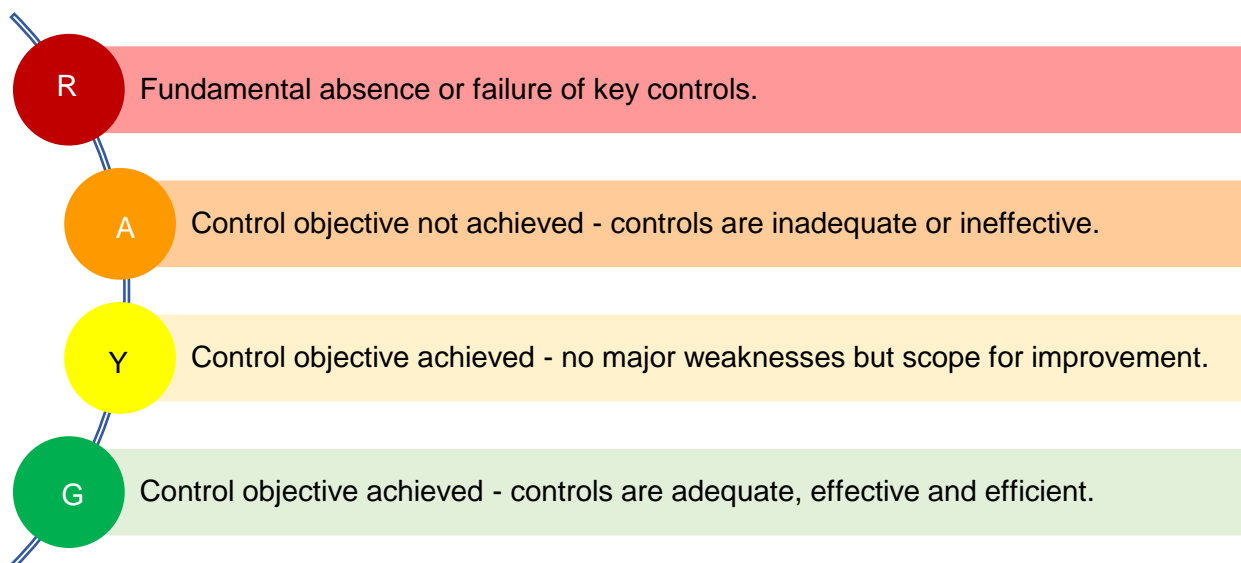
Following the suggestions of the Energy Group, the ECMB considers the wider business objectives of SFRS before deciding if corrective action should be taken. The ECMB meets every 6 weeks, or more frequently if required, meaning that issues within particular projects are identified and dealt with in a timely manner.

In instances where decision making authority lies outside of the remit of the ECMB, approval is sought from the Strategic Leadership Team (SLT) or if applicable the SFRS Board. The relevant director presents a report of the ECMB's findings to the SLT noting that it has received the support of the ECMB, with final decision making authority lying with the SFRS Board.

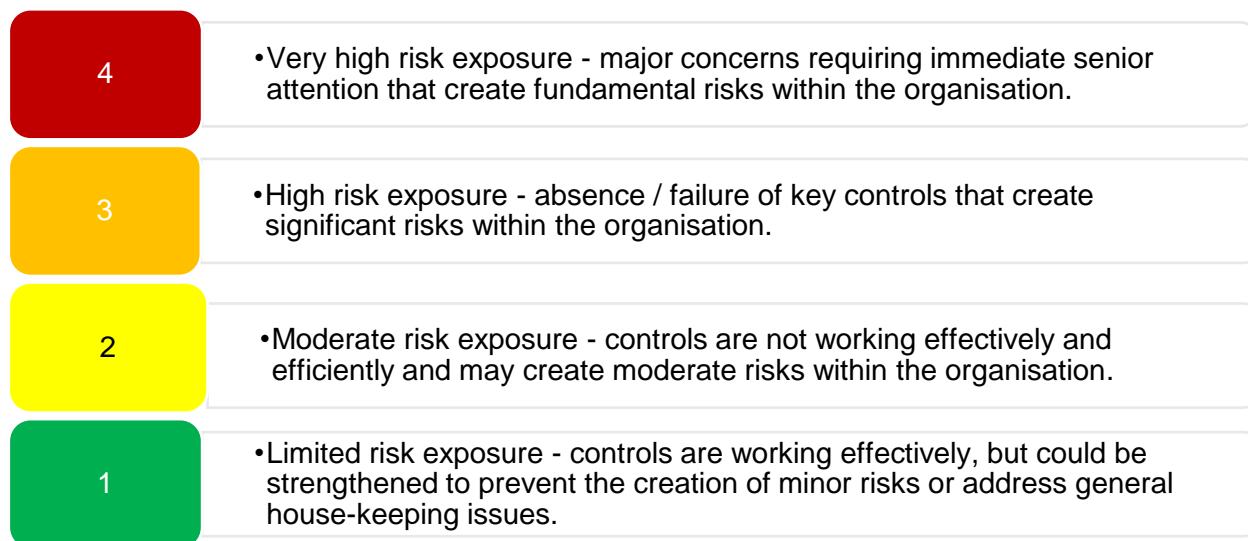
The ECMB provides a 6 monthly Highlight Report to the Strategic Leadership Team (SLT) evidencing the activities of the ECMB over the period as well as providing reports regarding specific activities to the Service Delivery Committee. Evidence of this was provided by way of the Climate Response Report submitted to the November 2021 meeting of the Service Delivery Committee. This report provided an update on the significant asset management-related projects which form part of SFRS's response to climate change. For 2020 to 2022, for Carbon and Energy Property Projects, 305 projects were complete, 87 were in progress and 49 had been instructed.

# Appendix A – Definitions

## Control assessments



## Management action grades



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## SCOTTISH FIRE AND RESCUE SERVICE

## Audit and Risk Assurance Committee



Report No: C/ARAC/11-22

Agenda Item: 7.2

<b>Report to:</b>	<b>AUDIT AND RISK ASSURANCE COMMITTEE</b>						
<b>Meeting Date:</b>	<b>30 MARCH 2022</b>						
<b>Report Title:</b>	<b>SFRS PROGRESS UPDATE/MANAGEMENT RESPONSE</b>						
<b>Report Classification:</b>	<b>For Scrutiny</b>	<b>Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u></b>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
<b>1</b>	<b>Purpose</b>						
1.1	To provide Audit and Risk Assurance Committee (ARAC) with the current status of recommendations raised by Internal Audit.						
<b>2</b>	<b>Background</b>						
2.1	This report maintains the previous format for updates with the addition of a conclusion of the current status from Azets.						
<b>3</b>	<b>Main Report/Detail</b>						
3.1	27 recommendations remain outstanding with the oldest related to audits carried out in 2019/20. Internal Audit are working with management to assess progress and to consider the extent to which recommendations remain valid.						
<b>4</b>	<b>Recommendation</b>						
4.1	ARAC is asked to note the content of the report and consider the extended timelines noted for outstanding recommendations.						
<b>5</b>	<b>Key Strategic Implications</b>						
5.1	<b>Risk</b>						
5.1.1	The internal audit programme forms part of the Service's Assurance Framework.						
5.2	<b>Financial</b>						
5.2.1	There are no direct implications associated with the report.						
5.3	<b>Environmental &amp; Sustainability</b>						
5.3.1	There are no direct implications associated with the report.						
5.4	<b>Workforce</b>						
5.4.1	There are no direct implications associated with the report.						
5.5	<b>Health &amp; Safety</b>						
5.5.1	There are no direct implications associated with the report.						
5.6	<b>Training</b>						
5.6.1	There are no direct implications associated with the report.						



5.7	<b>Timing</b>	
5.7.1	The report notes progress made in implementing outstanding audit actions from 2019/20 - 2021/22.	
5.8	<b>Performance</b>	
5.8.1	Internal audit is intended to support the service and where relevant identify areas where performance can be enhanced.	
5.9	<b>Communications &amp; Engagement</b>	
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	<b>Legal</b>	
5.10.1	There are no direct implications associated with the report.	
5.11	<b>Information Governance</b>	
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	<b>Equalities</b>	
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	<b>Service Delivery</b>	
5.13.1	There are no direct implications associated with the report.	
<b>6</b>	<b>Core Brief</b>	
6.1	Not Applicable	
<b>7</b>	<b>Appendices/Further Reading</b>	
7.1	Appendix A - Progress update on Internal Audit Recommendations	
<b>Prepared by:</b>	Gill Callaghan, Senior Manager, Azets	
<b>Sponsored by:</b>	John Thomson, Acting Director of Finance & Procurement	
<b>Presented by:</b>	Matthew Swann, Associate Director, Azets	
<b>Links to Strategy and Corporate Values</b>		
Working Together for a Safer Scotland		
<b>Governance Route for Report</b>	<b>Meeting Date</b>	<b>Report Classification/ Comments</b>
<i>Audit and Risk Assurance Committee</i>	<i>30 March 2022</i>	<i>For scrutiny</i>

## **Appendix A – Progress update on Internal Audit Recommendations.**

### **1. Background**

In accordance with the Internal Audit Plan 2021/22, we undertake Follow Up reviews on a quarterly basis. The purpose of the Follow Up reviews is to ascertain the progress made in implementing agreed actions arising from internal audit assignments. The following spreadsheet sets out the original recommendations which remain outstanding along with action due dates and an update on progress made in implementing the recommendations to date.

### **2. Summary of findings**

We are of the opinion that progress made in implementing agreed internal audit actions has not been as good as we would have expected.

A number of due dates have been subjected to revision with the due dates for 11 recommendations having been revised three or more times. Moreover, we have found that the actions to be taken for several recommendations have been expanded upon to the extent that they no longer directly address the recommendation and have overcomplicated issues, which in turn has made it more difficult for us, as SFRS's internal auditors to determine whether or not the original recommendations have been implemented. In order to rectify this issue and ensure that recommendations are closed in a timely manner, we suggest that:

- i) For all remaining actions which have had three or more revisions to the due date, management reconsider the actions to be taken to ensure that appropriate action is taken only so far as to address the original recommendation;
- ii) Not all of the progress updates provided set out specific actions which need to be taken and relevant timescales to implement the recommendation. Management, therefore, need to clearly define the action to be taken to address the recommendation including specific steps, timescales and action owners;
- ii) Where the recommendation states that management consider a certain course of action, if they consider the recommendation and then decide not to implement the action for a valid reason, as long as they can demonstrate that due consideration has been given and associated risks are being mitigated, this can also be classed as closed.

A review of outstanding recommendations taking into account the above will ensure that progress updates are more precise in terms of action taken and planned and that recommendations are closed off in a more timely manner.

# Dashboard – Internal Audit Recommendations Still to be Completed

<p><b>Total number of actions closed since last ARAC meeting</b></p> <p style="font-size: 2em; text-align: center;"><b>6</b></p>	<p><b>Previous Providers Audit Years Outstanding actions</b></p> <table border="1"> <thead> <tr> <th rowspan="2">Audit Year</th> <th rowspan="2">Total No Actions</th> <th colspan="3">Outstanding Actions</th> <th rowspan="2">Complete Actions</th> </tr> <tr> <th>High</th> <th>Medium</th> <th>Low</th> </tr> </thead> <tbody> <tr> <td>2019/20</td> <td>41</td> <td>3</td> <td>6</td> <td>0</td> <td>76%</td> </tr> </tbody> </table>					Audit Year	Total No Actions	Outstanding Actions			Complete Actions	High	Medium	Low	2019/20	41	3	6	0	76%	<p><b>Current Provider Audit Year Audit Actions</b></p> <table border="1"> <thead> <tr> <th rowspan="2">Audit Year</th> <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>20/21</td> <td>32</td> <td>0</td> <td>2</td> <td>6</td> <td>0</td> <td>75%</td> </tr> <tr> <td>21/22</td> <td>5</td> <td>0</td> <td>2</td> <td>5</td> <td>3</td> <td>0%</td> </tr> </tbody> </table>						Audit Year	Total No Actions	Total Still Outstanding				% Complete Actions	Grade 4	Grade 3	Grade 2	Grade 1	20/21	32	0	2	6	0	75%	21/22	5	0	2	5	3	0%																																						
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\*Fraud Risk Arrangement Recommendations were split into a number of management responses but classed as one action for dashboard. An action will remain open until all responses are complete

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

**Outstanding Recommendations with Responsible Action Owners provided updates**

2019/20	Water Planning Arrangements	Total No	No Due within 6 months	% Complete Actions	Fully Implemented			Part/In Progress			Not Implemented		
					High	Medium	Low	High	Medium	Low	High	Medium	Low
		7	7	43%	1	2	0	3	1	0	0	0	0
Rec No.	<b>We recommend that the Service Level Agreement (SLA) with Scottish Water is established and agreed addressed issues around liability and costs.</b>				Action Date Due	7th Agreed Revised Date		Priority	% Complete	Status			
1	Responsible Owner Agreed Response & Resilience DACO	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.			31 March 2020	31 October 2022		HIGH	75%	AMBER			
Progress to Update		Progress had been on hold as resources focused on COP26 priorities, now this has finished work as resumed. A meeting between SFRS and SW occurred on 8/02/2022. SFRS have updated and resubmitted their proposed settlement. Further meeting arranged for end of March between organisations to discuss the proposal and seek an agreement.											
Outstanding actions to close the recommendation		SLT report to be prepared once an agreed position with SW is reached.											
Azets Comments		We acknowledge that the implementation of this recommendation is dependent on external factors. However, we are pleased to note that work on implementing this recommendation has resumed with a meeting having taken place between SFRS and SW. It now remains for an agreement to be reached in relation to the proposed settlement.											
Rec No.	<b>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.</b>				Action Date Due	6th Agreed Revised Date		Priority	% Complete	Status			
2	Responsible Owner Agreed Response & Resilience DACO/ SM for Water Planning	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.			31 December 2019	31 October 2022		HIGH	60%	AMBER			
Progress to Update		A draft of GIN being prepared ahead of ICT development (Rec 4) and can then be updated accordingly to meet the new requirements and coincide with the system rollout. Have also agreed that LCMS package for GETAC use include app instructions once ICT completed. no further progress											
Outstanding actions to close the recommendation		Awaiting completion of Rec 4 before publication.											
Azets Comments		We note the action management is planning to take to implement the recommendation by the action due date.											

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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	5 <sup>th</sup> Agreed Revised Date	Priority	% Complete	Status
4	Responsible Owner Agreed Response SM for Water Planning/ Water Planning Team	Work with ICT to address system issues and develop system for SFRS to be rolled out across SDAs	30 June 2020	31 October 2022	HIGH	50%	AMBER
Progress to Update		Developer testing of the HMS App has been undertaken with positive results. UAT with the Water Planning team should begin during March. Due to the significant issues with Getac tablets, UAT will be restricted to staff with laptops. Hydrant and Water Planning Team have recently established, that the new HMS App is not an upgrade to the current HMS System, but an additional form to allow frontline personnel to record their hydrant inspections onto HMS. On recent acceptance of the new HMS App from the 3rd party developer, ICT have identified a series of bugs which is preventing testing of the App. The developer has been made aware of the issues to resolve. The lack of progression with the app has been raised by the project lead and escalated to ICT Business Services Manager. Work has been undertaken by ICT Senior Business Analyst to identify a suitable method to collate Wholtime hydrant inspections and transfer the data onto HMS. This small project will involve the development of a template to capture core fields of data that will be compatible with HMS.					
Outstanding actions to close the recommendation		Before the application can go into production there are two key dependencies that need to be in place, these are access to the updated corporate gazetteer and installation on the vehicle tablets. Both of these projects are subject to some delay for a number of reasons related to evolving corporate priorities and resourcing difficulties. The Gazetteer link is currently planned to be ready by end of April which will allow deployment on to Laptops and desktop devices and the in-vehicle tablet upgrades are being targeted for late summer/early autumn which will allow for deployment to begin to those devices. Part 2 – Upgrades to actual HMS database would commence after phase 1 is complete					
Azets Comments		We note the action management is planning to take to implement the recommendation by the action due date.					
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	6 <sup>th</sup> Agreed Revised Date	Priority	% Complete	Status
7	Responsible Owner Agreed Response Response & Resilience DACO	It was agreed to address this action in a staged approach by having discussions with DCO and SDA DACOs regarding inclusion of performance monitoring within SDC quarterly reports. And for guidance to be provided to LSO Management teams on future reporting function of HMS to monitor performance.	31 March 2020	31 October 2022	MEDIUM	75%	AMBER
Progress to Update		Initial discussions between former R&R DACO and SDA DACO's had taken place. no further progress					
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		We note the action management is planning to take to implement the recommendation by the action due date.					

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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
					1	4	9	0	5	0	0	0	0
Rec No. <b>3c</b>	<b><u>Policies and standard setting – Fraud Response Plan</u></b> <b>Provide training to nominated investigative officers</b>			Action Date Due	<b>4th</b> <b>Agreed Revised Date</b>		Priority	% Complete	Status				
	Responsible Owner Agreed Response <b>Risk &amp; Audit Manager</b>	<i>Risk &amp; Audit Team to complete fraud training to enable to provide guidance/training to investigation officers.</i>			31 March 2021	31 July 2022		MEDIUM	50%	<b>AMBER</b>			
Progress to Update		The definitions Disciplinary Investigation Officers & whistleblowing officers is covered within the relevant HR Polices. From discussions with Azets, Fraud investigation officers require specialist training.											
Outstanding actions to close the recommendation		Meeting held with Azets on 03.03.2022 to discuss fraud investigator training to be provided though Azets. Course content and associated costs have been forwarded by Azets for consideration by SFRS.											
Azets Comments		We can confirm the progress made above and await the outcome of SFRS's considerations of the proposed fraud investigator training.											
Rec No. <b>5a</b>	<b><u>Management &amp; Control Processes – Manual Processes</u></b> <b>Complete a full review following the pilot of the self-service system, including management review and employee focus groups or surveys. Rectify any issues before rolling out to the entire organisation.</b>			Action Date Due	<b>4th</b> <b>Agreed Revised Date</b>		Priority	% Complete	Status				
	Responsible Owner Agreed Response <b>Head of Finance &amp; Procurement</b>	<i>Agreed an early review of the solution is desirable to ensure to ensure new controls via verification are effective. Review of ESS implementation to consider impacts.</i>			31 December 2020	31 March 2022 <b>New date needed</b>		MEDIUM	70%	<b>AMBER</b>			
Progress to Update		All Support & Control Staff are now included on the ESS claims functionality and pilots are nearing completion as the rest of the wholetime stations staff come onboard. Continuous review of feedback throughout the pilot implementation has been carried out and changes undertaken to processes.											
Outstanding actions to close the recommendation		Collated feedback to be used to collate a report to giving overview of pilot implementation and to allow decision making by management on full rollout.											
Azets Comments		We can confirm that we have seen evidence of the feedback received from areas which took place in the pilot scheme. As stated above, there is now a need to collate and report this information in order to inform the decision as to whether to roll out the system fully across the Service.											

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Rec No.	<b>Management and Control processes – Approval of New Suppliers</b>	Action Date Due	5th Agreed Revised Date	Priority	% Complete	Status
6a	<p>Consider providing a coding on the Tech One system with key notes and risk factors to allow the Procurement Team to have visibility of the Audit &amp; Risk Teams conclusions when performing due diligence work. Understand the full population of third parties to carry out the risk assessment. Update process for due diligence of third parties on a risk assessed basis. Assign a “risk rating” to suppliers, which should be shown alongside the credit rating. Include requirement to documentation the risk classification, business rationale, value for money and approvals within procedures. Consider automating the signatory process (see approval process below)</p>					
	<p>Responsible Owner Agreed Response <b>Finance Systems Manager</b></p> <p>Information on setting up supplier will be added to supplier notes.</p>	31 July 2020	31 March 2022 <b>New date needed</b>	MEDIUM	80%	AMBER
Progress to Update	Compliance working practices and processes had to be amended due to COVID19, which stopped for use of manual signature during the setting up of suppliers. Notes section aligned to each supplier is within system but this would be visible to all users and therefore not secure. In the interim period between securing a new system, exploratory talks will take place with current provider on a possible solution to make this area secure. The Compliance section maintain file notes on supplier amendments within a secure SFRS drive. Procurement, in discussion with Compliance section have access to this information as required. Practice notes to reflect these changes to be forwarded as supporting evidence.					
Outstanding actions to close the recommendation	Decision will need to be taken if the temporary measures introduced during COVID19 will become permanent. Agreed inclusion within spec for new PTFA. Currently in the review stage of Statement of Requirements, this has been called out and will be confirmed in final version. As the new system is introduced and bedded in it will grow into a comprehensive database of risk assessed suppliers.					
Azets Comments	As per above, the acceptance of emails as evidence of authorisation was introduced during the pandemic. However, following the lifting of restrictions, SFRS needs to decide whether email authorisation will continue to be acceptable. If so, this needs to be formalised within documented procedures.					
Rec No.	<b>Management &amp; Control Processes – Approval Processes</b>	Action Date Due	5th 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"> <li>Expense claim forms as these could be subject to manipulation.</li> </ul>					
	<p>Responsible Owner Agreed Response <b>Finance Systems Manager</b></p> <p>ESS project is currently being implemented which will remove manual forms.</p>	30 Sept 2020	31 March 2022 <b>New date to be advised</b>	MEDIUM	80%	AMBER
Progress to Update	The Roll out of ESS (self Service) to Support Staff, Control and Station Wholetime staff is nearing completion with the manual expense process being removed where possible. These will be more exceptional circumstances where EES claims cannot be performed. Verification checks are done through Risk and Audit Team to analyse claims with an enhanced analytical tool being developed to enhance these checks.					
Outstanding actions to close the recommendation	Communication of process being forwarded to new users & what is claimable through ESS or manual forms.					
Azets Comments	We note the action management is taking to implement the recommendation and that a revised due date is required.					

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Rec No.	<b>Management &amp; Control Processes – Approval Processes</b>	Action Date Due	3rd Agreed Revised Date	Priority	% Complete	Status
7c	<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"> <li>Consider having a system which suppliers can access to update and confirm their own bank details (eg. a supplier portal)</li> </ul> <p>Utilise online banking processes which can facilitate approval electronically for high value payments using allocated user access privileges.</p>					
	<p>Responsible Owner Agreed Response <b>Finance Systems Manager</b></p> <p>A project was completed last year to move the finance system to the cloud. This work means we can now work remotely if required. This enables SFRS to consider new capabilities including supplier portal and this is on this year's workplan.</p>	31 March 2021	31 March 2022 New date to be advised	MEDIUM	40%	AMBER
<b>Progress to Update</b>		As above in 6a, the Compliance Team have changed their way working due to COVID which has addressed the highlighted risks. Exploring the provision of an online supplier portal via current provider. The timescale for this will need to be extended beyond the current revised date whilst consultancy arrangements are put in place.				
<b>Outstanding actions to close the recommendation</b>		Decision will need to be taken if the temporary measures introduced during COVID19 will become permanent. Engagement with Compliance Team. New PTFA system – Request for this to be included in final SOR				
<b>Azets Comments</b>		We note the action management is taking to implement the recommendation and that a revised due date is required.				
Rec No.	<b>Monitoring &amp; Speaking Up Processes – Speaking Up Processes</b>	Action Date Due	3rd Agreed Revised Date	Priority	% Complete	Status
9	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Ensure that employees are educated on the risks of "tipping off" suspected fraud perpetrators.</p> <p>Consider, instead of disabling full access of those suspected of fraud, to instead monitor the system, to avoid "tipping off".</p>					
	<p>Responsible Owner Agreed Response <b>Head of POD</b></p> <p>The current Whistleblowing Policy is due for review by the end of the financial year.</p> <p>The review will consider recommendations from the audit as noted.</p>	31 March 2021	30 April 2022	MEDIUM	95%	AMBER
<b>Progress to Update</b>		The policy was presented to the People Board and approved on 22 February 2022.				
<b>Outstanding actions to close the recommendation</b>		The Policy will now go to ARC for scrutiny / information and thereafter will be published on iHub and this communicated to staff.				



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Azets Comments	We note that the Whistleblowing Policy has been approved by the People Board and that the policy is awaiting further scrutiny prior to being published on iHub and made available to staff.
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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	56%	0	0	5	0	0	0	4	0	0
Rec No. <b>4a</b>	<b>Risk Management Training</b> Those with specific roles in the management of risk should be suitably trained in the core fundamentals of risk management and receive other appropriately tailored training to undertake their role.			Action Date Due	1 <sup>st</sup> Agreed Revised Date			Priority	% Complete	Status						
	Responsible Owner Agreed Response Risk & Audit Manager	A LCMS risk management training package will be developed allowing the core fundamentals of risk to be understood by relevant staff			31 July 2021	31 March 2022 New date to be advised			GRADE 2	10%	GREEN					
Progress to Update	Work will commence on developing a LCMS training package now Risk Management Policy is approved.															
Outstanding actions to close the recommendation	A draft LCMS document has been developed and initial discussions held with the LCMS Team to develop a formal LCMS training package. The LCMS Team has identified that this development work will be undertaken in the 1 <sup>st</sup> quarter of 22/23.															
Azets Comments	We note the action management is planning to take to implement the recommendation and that a revised due date is required.															
Rec No. <b>4b</b>	<b>Risk Management Training</b> Those with specific roles in the management of risk should be suitably trained in the core fundamentals of risk management and receive other appropriately tailored training to undertake their role.			Action Date Due	1 <sup>st</sup> Agreed Revised Date			Priority	% Complete	Status						
	Responsible Owner Agreed Response Risk & Audit Manager	Once complete the training package will be delivered to relevant staff.			30 April 2022	31 March 2023			GRADE 2	0%	GREEN					
Progress to Update	Work regarding tailored training still to be progressed. Quarterly meetings are held with Heads of function to develop and mature Directorate risk registers.															
Outstanding actions to close the recommendation	Relevant staff will be identified by SLT. The recommendation is linked to the development of a risk LCMS package and the continued discussions held with Heads of function in relation to the completion of quarterly Directorate Risk Registers. Further discussions being held with Data Services to develop and mature the risk register process and associated reporting templates.															
Azets Comments	We note the action management is planning to take to implement the recommendation by the action due date.															

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Rec No.	Risk Appetite	Action Date Due	2nd Agreed Revised Date	Priority	% Complete	Status
5a	<b>SFRS should agree on and clearly communicate its risk appetite. Appropriate training and guidance on risk appetite should be provided at Board level and guidance and/or training should be provided for risk managers on how risk appetite is practically applied. This action is linked to Actions 2 &amp; 4 of the previous internal auditor's report.</b>					
	Responsible Owner Agreed Response <b>Risk &amp; Audit Manager</b>	<i>A Risk Appetite was held on 30<sup>th</sup> July facilitated by Scott Moncrieff providing guidance and training on risk appetite and establishing a plan for development of the Services risk appetite. Further workshops will be held with SLT and the Board to identify and agree the Services initial risk appetite levels.</i>	30 April 2021	31 July 2022	GRADE 2	50%
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. Workshop with SFRS Board currently being planned.				
Outstanding actions to close the recommendation		A SFRS risk appetite workshop is being planned through the Board Support Team to be provided Q4/Q1.				
Azets Comments		We note the action management is planning to take to implement the recommendation by the action due date.				
Rec No.	Risk Appetite	Action Date Due	2nd Agreed Revised Date	Priority	% Complete	Status
5b	<b>SFRS should agree on and clearly communicate its risk appetite. Appropriate training and guidance on risk appetite should be provided at Board level and guidance and/or training should be provided for risk managers on how risk appetite is practically applied. This action is linked to Actions 2 &amp; 4 of the previous internal auditor's report.</b>					
	Responsible Owner Agreed Response <b>Risk &amp; Audit Manager</b>	<i>The second element in relation to training to be aligned with Recommendation 3.2 – Risk Management Training. As the LCMS training package is developed, this will include elements in relation to Risk Appetite.</i>	31 July 2021	31 July 2022	GRADE 2	10%
Progress to Update		Recommendation aligned to 4a				
Outstanding actions to close the recommendation		A draft LCMS document has been developed and initial discussions held with the LCMS Team to develop a formal LCMS training package. The LCMS Team has identified that this development work will be undertaken in the 1 <sup>st</sup> quarter of 22/23.				
Azets Comments		We note the action management is planning to take to implement the recommendation by the action due date.				

## OFFICIAL

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	
Rec No. <b>2</b>	<p><b>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.</b></p> <p>Responsible Owner Agreed Response <b>Head of Finance &amp; Procurement</b></p>			50%	Action Date Due				2nd Agreed Revised Date		Priority		% Complete	Status		
	<p><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></p>				31 July 2021				31 March 2022 <b>New date to be advised</b>		Grade 2		40%	<b>GREEN</b>		
Progress to Update	The Financial Systems team are currently send out reports at the end of the report to Support Staff Line Managers to review and sent return acknowledgement to the Verification Team email function on the back of the burst reports function that sends out the original reports. For uniformed station staff, the reporting workflow does not align to the authorisation level set out in the Scheme of delegation, therefore a complied report for each LSO area is sent to a liaison officer to check and return. This is found to be time summing for the systems teams to produce and the return back is yet to be identified.															
Outstanding actions to close the recommendation	Power BI is expected imminently and will allow for improved validation reports and a more efficient process to meet the demands of verifying a full roll out. The requirement of Management support in reviewing sectional reports will be highlighted at appropriate groups by HOF to emphasise the importance of this review.															
Azets Comments	We note the action management is taking to implement the recommendation and that a revised due date is to be advised.															

## OFFICIAL

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
					2	2	50%	0	0	1	0	0	1	0	0	0
Rec No. <b>1</b>	<b>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.</b>			Report Agreed Date	1 <sup>st</sup> Agreed Revised Date		Priority	% Complete	Status							
	Responsible Owner Agreed Response <b>National Property Manager</b>	Property Services will develop an Interim Estates Strategy in the intervening period awaiting SDMP completion.		31 December 2021	31 March 2023		Grade 3	10%	GREEN							
Progress to Update		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 underway. 1 new start has commenced work in December 2021 and the other is expected to take up post in April 2022. Work is also progressing on a 10-year risk based approach to the Capital Programme for Property, Fleet and Equipment. This has been presented to the Board and a formal document will be prepared for submission to Scottish Government in March/April 2022.														
Outstanding actions to close the recommendation		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. Work is continuing on the Fleet Strategy; the first draft is complete. The stakeholder engagement plan, which will also be used for the Estates Strategy, has now been implemented with a range of stakeholder engagement sessions now underway.														
Azets Comments		We note the action management is planning to take to implement the recommendation by the action due date.														

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
					3	3	33%	0	0	0	1	0	1	1	0	0
Rec No. <b>2</b>	<b>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.</b>			Action Date Due	1 <sup>st</sup> Agreed Revised Date		Priority	% Complete	Status							
	Responsible Owner Agreed Response <b>Scottish Equipment Manager</b>	Agreed. Operational Equipment strategy to be developed.		31 March 2022	31 March 2023		Grade 3	10%	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 underway. with 1 new start having commenced work in December 2021 and interviews for the other position taking place in April 2022.														

## OFFICIAL

	Work is also progressing on a 10-year risk based approach to the Capital Programme for Property, Fleet and Equipment. This has been presented to the Board and a formal document will be prepared for submission to Scottish Government in March/April 2022.									
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. Work is continuing on the Fleet Strategy; the first draft is complete. The stakeholder engagement plan, which will also be used for the Equipment Strategy, has now been implemented with a range of stakeholder engagement sessions now underway.									
Azets Comments	We note the action management is planning to take to implement the recommendation by the action due date.									
Rec No. <b>3</b>	<b>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.</b>					<i>Action Date Due</i>	<i>1<sup>st</sup> Agreed Revised Date</i>	<i>Priority</i>	<i>% Complete</i>	<i>Status</i>
	Responsible Owner Agreed Response <b>Scottish Equipment Manager/AMLB</b>	<i>Agreed. KPI information to be reported to AMLB in line with Asset Management Strategy.</i>				01 February 2022	31 March 2023	Grade 2	5%	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	We note the action management is planning to take to implement the recommendation by the action due date.									

2021/22	REMOTE WORKING	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
		5	0	0%	0	0	0	0	0	0	5	0	0	0	0	0
Rec No <b>1</b>	<b>Staff Training</b> 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.					<i>Report Agreed Date</i>	<i>1<sup>st</sup> Agreed Revised Date</i>	<i>Priority</i>	<i>% Complete</i>	<i>Status</i>						
	Responsible Owner Agreed Response <b>Head of POD</b>	<i>A review of the training in relation to agile working that may be deemed mandatory for managers will be undertaken.</i>				31 March 2022	31 May 2022	Grade 2	25%	GREEN						
Progress to Update	An LCMS module on agile working for managers is now being developed. Once completed this will be tested and published on Learnpro as part of the mandatory suite of training for managers.															
Outstanding actions to close the recommendation	LCMS module to be developed, tested and launched.															

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Azets Comments		We note the action management is planning to take to implement the recommendation by the action due date.				
Rec No. <b>2</b>	<b>Monitoring of Staff Feedback</b> 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.	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Head of POD</b>	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 surveys and forums.	30 June 2022	New Date Requested 31 October 2022	Grade 2	20%
Progress to Update		This action is being developed alongside early consideration of the overall SFRS approach to employee engagement which will be developed in 2022. This may take the form of a staff pulse survey, wellbeing survey or as part of a larger staff survey. Facilitated discussion forums are being scheduled (end of March / start of April) for managers to connect through their peer network and discuss the opportunities and challenges presented by agile working and share SFRS learning. This is likely to be extended to staff later in the year. If a 2022 staff survey is approved it will not be undertaken until September 2022.				
Outstanding actions to close the recommendation		Develop the model that will inform the overall SFRS approach to employee engagement. Host manager and employee discussion forums.				
Azets Comments		We note the action management is planning to take to implement the recommendation by the revised action due date.				
Rec No. <b>3</b>	<b>Risk Assessments</b> 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.	Action Date Due	1 <sup>st</sup> Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Head of POD</b>	POD to facilitate the development of a checklist with input from all identified stakeholders.	31 January 2022	28 February 2022	Grade 2	90%
Progress to Update		A draft checklist has been developed and reviewed by the Agile Working Group. Feedback on the checklist has been received from colleagues in Information Governance and ICT. However, there has been a delay in incorporating the feedback into the checklist and therefore the checklist will now be presented as evidence to the IA Group in March 2022.				
Outstanding actions to close the recommendation		Version 3 of the checklist is now being signed off and once agreed will be incorporated into the Agile Working Framework and accessible on the Agile Working iHub pages.				
Azets Comments		We note management's comments and will await evidence of the agreed checklist and its incorporation into the Agile Working Framework/Agile Working iHub pages to demonstrate the full implementation of the recommendation.				

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Rec No.	<b>Monitoring &amp; Reporting Process</b> 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 the relevant departments across SFRS to identify any problem areas.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
4	Responsible Owner Agreed Response <b>Head of POD</b>	<i>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.</i>	30 June 2022	n/a	Grade 2	15%	GREEN
Progress to Update		The Agile Working Group has discussed and will recommend that agile working reporting arrangement be developed and reported into the SFRS People Board.					
Outstanding actions to close the recommendation		This discussion & recommended approach will be followed up and developed as part of the Remote Working Audit being standing agenda item for the Group. Proposals will then be presented to the People Board for approval.					
Azets Comments		We note the action management is planning to take to implement the recommendation by the action due date.					
Rec No.	<b>Lessons Learned</b> 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.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
5	Responsible Owner Agreed Response <b>Head of POD</b>	POD with colleagues to develop and implement appropriate arrangements for obtaining and analysing information on lessons learned in relation to agile working.	30 June 2022	n/a	Grade 2	25%	GREEN
Progress to Update		Facilitated discussion forums are being scheduled (end of March / start of April) for managers to connect through their peer network and discuss the opportunities and challenges presented by agile working and share SFRS					
Outstanding actions to close the recommendation		Host manager and employee discussion forums and update / inform the agile working framework.					
Azets Comments		We note the action management is planning to take to implement the recommendation by the action due date.					

## OFFICIAL

2021-22	FIRE SAFETY ENFORCEMENT	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	0	0	2	0	1	0	0	0	0
Rec No. 1	<b>Policies &amp; Procedures</b> As planned, management should review and update the Audit Procedure and Guidance and Remote Audit Procedure documents			Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status								
	Responsible Owner Agreed Response <b>Head of Fire Safety Enforcement</b>	The revised Fire Safety Enforcement Procedure is currently in draft and scheduled for publication early 2022. The review of Audit Procedures (including the remote audit option), is also in progress and will be published during Q4 21/22		31 March 2022	n/a	Grade 1	80%	GREEN								
Progress to Update		FSE Enforcement Procedure now complete and has been published on i-Hub. Remote Audit Procedure initial review is now complete and undergoing QA. This will now go through governance route within P&P Function and agreed at FMT for release. Remote audit procedure now awaiting upload to i-Hub following review. Audit procedure and guidance has now been reviewed, associated Duty holder handover booklet has been sent for printing. When booklet arrives, document will be released on i-Hub and guidance provided to areas on its use through an Awareness Briefing.														
Outstanding actions to close the recommendation		Remote audit procedure to be uploaded to i-Hub. Audit procedure to be released on i-Hub which will be supported by an Awareness Briefing due to the inclusion of the new Dutyholder Handover Booklet. A period of familiarisation will also be required to confirm understanding of Protection Officers. Extension may be required depending on receipt of booklet from printers.														
Azets Comments		We note management comments on the progress taken and await evidence of the relevant procedures being made available to staff on iHub as well as the awareness briefing having taken place.														
Rec No. 2	<b>Central Training Log</b> A central register of training undertaken by FSEO's should be maintained in order to ensure that management have sufficient oversight of training records.			Action Date Due	Agreed Revised Date	Priority	% Complete	Status								
	Responsible Owner Agreed Response <b>Head of Fire Safety Enforcement</b>	A record of competency will be created to capture qualifications and CPD activity for each FSEO. Local F+P&P teams will routinely update the register to provide a current "state of the nation" snapshot capability.		31 March 2022	n/a	Grade 3	75%	GREEN								
Progress to Update		Scoping exercise to capture details of level of qualification and requirements for all Protection Officers. Dedicated central training record area created within the P&P Directorate SharePoint site with permission restricted access. Protection Officers will populate progress of 25 hrs CPD requirement within FSE SharePoint which will be subject to regular review. Awareness Briefing to be promulgated regarding use of Central Training Log.														
Outstanding actions to close the recommendation		Engage with LSO Areas, issue Awareness Briefing, populate and maintain CPD database. There will be continued engagement with our Leadership and Skills Development colleagues for the capturing of FSEO's training requirement & records within the new PTFA system.														
Azets Comments		We note management comments on the action to be taken to address the recommendation. Evidence needs to be provided to demonstrate that a central training record is being maintained including details of CPD in order for the recommendation to be fully implemented.														



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Rec No. 3	<b>Hazard and Breach Reporting Procedure</b> <b>The SFRS website should be updated to make it clearer to the public as to how they can report a fire safety hazard. In addition, the fire safety hazard reporting process should be formalised within a documented procedure to ensure that these reports are dealt with in a consistent manner throughout the service. This should include the need to log all reports of fire safety hazards received locally. This log should record details such as the date the report is received, the type of fire safety hazard, the officer to whom the report is allocated, action taken and/or reason given for not pursuing the report. This log should be regularly monitored to ensure that all reports are dealt with appropriately.</b>	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Head of Fire Safety Enforcement</b>	31 March 2022	n/a	Grade 3	40%	GREEN
Progress to Update	An interim procedure has been put in place to address action with a dedicated area on the SFRS public website for reporting a fire safety hazard. Link - <a href="https://www.firescotland.gov.uk/your-safety/business-advice/concerns-queries-and-complaints/">https://www.firescotland.gov.uk/your-safety/business-advice/concerns-queries-and-complaints/</a> . Section added to SFRS audit procedure and guidance document to ensure action taken by SFRS is captured within Prevention and Protection Enforcement Database (PPED). Preparatory work started to create a specific reporting form for reporting a fire safety issue on SFRS Website. This will be separate from SFRS Complaints, Comments and Compliments process. Further scoping exercise has been undertaken with an ICT business analyst who will produce a report which will determine the required amount of time and resources to complete this workstream. Paper will indicate that an extension to proposed timescales will be required and when this paper is received a request for timescale to be extended will be submitted.					
Outstanding actions to close the recommendation	Interrogate and implement recommendations from ICT paper and select appropriate option. To supplement interim solution, links will be added to SFRS social media channels.					
Azets Comments	We note that an interim arrangement has been put in place on the Service's website which provides information for the public who wish to report a fire safety hazard, but acknowledge that further work is required in order to develop a permanent solution to the issue of reporting fire safety hazards.					

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2021-22	LEARNING & DEVELOPMENT	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	0	0	0	0	0	0	0	0	2	0	0	0	0
Rec No. 1	<b>Evaluation Sheets</b> With the transition to virtual learning, management should devise a target response rate in relation to staff submission of feedback following training and take appropriate action should the target response rate not be achieved. This will assist in ensuring a consistently high rate of return is achieved.			Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status								
	Responsible Owner Agreed Response <b>Leadership and Skills Development Manager</b>	Implement a target response rate of 90% for submission of feedback following leadership, learning & development programmes.		31 March 2022	n/a	Grade 1	50%	GREEN								
Progress to Update		Reviewed feedback process and are now implementing for the virtual learning programmes being delivered. Delegates are being sent evaluation forms for the Leadership for Change Programme which will allow us to gain feedback and monitor response rates as we increasingly move to virtual delivery models. Evaluation now live across Leadership for Change delegates - awaiting returns.														
Outstanding actions to close the recommendation		Programme still running so the evaluations have yet to be issued. Return rate will be monitored to determine if target of 90% is received. Monitoring plan includes reminder emails and reissuing of feedback forms where relevant. 01/03/22 Reminder emails being issued.														
Azets Comments		We acknowledge management's comments. Following the issue of reminder emails, the return rates should be determined to ascertain whether the target response rate of 90% has been achieved with evidence provided of this. If not, appropriate action should be taken in order to demonstrate that the recommendation has been fully implemented.														
Rec No. 2	<b>Actions</b> The Leadership and Skills Development Team should internally report the improvement actions taken as a direct consequence of the feedback received in the training evaluation forms. For example, an article could be posted on the intranet showing "We received these recommendations last year and these are the actions we have taken". This would reinforce the importance of feedback and demonstrate to staff that they are being listened to and could also encourage potential applicants to take part in the leadership programmes.			Action Date Due	Agreed Revised Date	Priority	% Complete	Status								
	Responsible Owner Agreed Response <b>Leadership and Skills Development Manager</b>	Report on evaluation feedback recommendations and improvement actions progress for Leadership, learning and development programmes through Learning Partner Group on a quarterly basis and iHub.		31 March 2022	n/a	Grade 1	50%	GREEN								
Progress to Update		Developed approach and are implementing plans to share feedback through iHub and at the quarterly Learning Partner Group meeting. Learning Partners will be asked for their views on the initial presentation of information to assist us further improve the feedback model.														
Outstanding actions to close the recommendation		The review of learning and development delivery and evaluation will be added to the quarterly Learning Partner Group Agenda, meeting due to be held in March Date of Learning Partner meeting is 23 <sup>rd</sup> March and Agenda being developed based on feedback from Learning Partners.														
Azets Comments		We note management's comments regarding the progress made in implementing this recommendation. We understand that the evaluation of feedback and how this is to be shared via iHub will be discussed at the Learning Partner Group meeting on 23 <sup>rd</sup> March 2022 with a view to obtaining their views on how feedback information should be presented. Once their views have been obtained, this information should be posted on iHub in order to fully implement this recommendation.														

## SCOTTISH FIRE AND RESCUE SERVICE

## Audit and Risk Assurance Committee



Report No: C/ARAC/12-22

Agenda Item: 8

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE							
Meeting Date:	30 MARCH 2022							
Report Title:	AUDIT / INSPECTION ACTION PLAN UPDATE							
Report Classification:	For Scrutiny	<b>Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u></b>						
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>
<b>1</b>	<b>Purpose</b>							
1.1	The purpose of the report is to present Audit and Risk Assurance Committee (ARAC) with an update on the progress of the action plan relating to the Audit Scotland Report published in May 2018.							
<b>2</b>	<b>Background</b>							
2.1	The Auditor General reports to the Scottish Government on our performance. Following the publication of the reports, action plans are prepared to address the issues or recommendations that are highlighted within the report.							
2.2	Similarly, HMFSI inspects and reports on the 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.							
<b>3</b>	<b>Main Report/Detail</b>							
3.1	<b>Audit Scotland</b> 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 <b>Appendix A</b> .							
3.2	The completion of 35 actions have already been agreed – these are shaded grey and do not need further scrutiny. ARAC is asked to scrutinise the remaining 1 action (in white), and to raise any issues with the update given.							

3.3	<p>ARAC are asked to note the following:</p> <ul style="list-style-type: none"> <li>Further delays have been experienced as SFRS has not yet received confirmation from the FBU in relation to their final position on the SFRS full and final offer on RDS Terms and Conditions, despite a number of requests. This response will determine appropriate next steps to seek to conclude the harmonisation of Retained Duty System (RDS) terms and conditions. A revised due date will be proposed when a response has been received from the FBU.</li> </ul>
3.4	The above update has been marked on <b>Appendix B</b> in red for ease.
3.5	The overall RAG rating for this action plan remains <b>red</b> , due to awaiting feedback following ongoing discussions with the FBU.
3.6	With all but one action completed, this action plan is noted as 95% complete (percentage completions for individual actions are an estimate provided by the action owner leading to the overall average percentage).
3.7	We recognise that this Plan has been long running, however, we have been unable to complete this action (which also includes implementation of T&Cs) due to delays out with our control.
<b>4</b>	<b>Recommendation</b>
4.1	<p>ARAC is invited to:</p> <ul style="list-style-type: none"> <li>Note the progress of all action plans as presented in the audit and inspection dashboard, attached as <b>Appendix A</b>.</li> <li>Scrutinise the Audit Scotland action plan, attached as <b>Appendix B</b>, and note the further delays to the timescale.</li> </ul>
<b>5</b>	<b>Key Strategic Implications</b>
5.1	<b>Risk</b>
5.1.1	There are no risks associated with the recommendations of this report.
5.2	<b>Financial</b>
5.2.1	There are no financial implications associated with the recommendations of this report.
5.3	<b>Environmental &amp; Sustainability</b>
5.3.1	There are no environmental implications associated with the recommendations of this report.
5.4	<b>Workforce</b>
5.4.1	There are no workforce implications associated with the recommendations of this report.
5.5	<b>Health &amp; Safety</b>
5.5.1	There are no health and safety implications associated with the recommendations of this report.
5.6	<b>Training</b>
5.6.1	There are no training implications associated with the recommendations of this report.
5.7	<b>Timing</b>
5.7.1	Each HMFSI Action Plan will be reported to the ARAC on a quarterly cycle until completion.
5.8	<b>Performance</b>
5.8.1	This process supports robust challenge and scrutiny of our performance against Audit Scotland recommended improvements.

5.9 5.9.1	<b>Communications &amp; Engagement</b> There is no implication associated with the recommendations of this report.	
5.10 5.10.1	<b>Legal</b> 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	<b>Information Governance</b> A DPIA is not required for this report.	
5.12 5.12.1	<b>Equalities</b> An Equality Impact Assessment is not required for this this report.	
5.13 5.13.1	<b>Service Delivery</b> There is no implication associated with the recommendations of this report.	
<b>6</b>	<b>Core Brief</b>	
6.1	Not applicable	
<b>7</b>	<b>Appendices/Further Reading</b>	
7.1	Appendix A – Audit and Inspection Overview Dashboard	
7.2	Appendix B - Audit Scotland Action Plan	
<b>Prepared by:</b>	Kirsty Jamieson, Planning and Performance Officer	
<b>Sponsored by:</b>	Richard Whetton, Head of Governance, Strategy and Performance	
<b>Presented by:</b>	Mark McAteer, Director of Strategic Planning, Performance and Communications	
<b>Links to Strategy and Corporate Values</b>		
Our audit and inspection process contributes to Strategic Outcome 4: We are fully accountable and maximise our public value by delivering a high quality, sustainable fire and rescue service for Scotland.		
<b>Governance Route for Report</b>	<b>Meeting Date</b>	<b>Report Classification/ Comments</b>
<i>Senior Management Board</i>	<i>16 February 2022</i>	<i>For recommendation</i>
<i>Audit and Risk Assurance Committee</i>	<i>30 March 2022</i>	<i>For scrutiny</i>

## Audit and Inspection Overview Dashboard

## APPENDIX A

## Audit Scotland Reports Progress Dashboard

Published	Title	Relevant Committee	Due Date	Revised Due Date	Total Actions	Last Updated	Next Update	Not Started	In Progress	Deferred	Complete	Transferred	Cancelled	Moved to BAU	Void	% complete	RAG
May-18	Scottish Fire and Rescue Service Update	ARAC	Dec-21	Nov-21	36	Feb-22	May-22	0	1	0	33	0	0	0	2	95%	

## 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	Mar-22	Jun-22	0	2	0	18	0	0	0	0	91%	
Feb-2019	Provision of Operational Risk Information	SDC	Mar-22		25	Feb-22	May-22	0	5	0	20	0	0	0	0	90%	
May-2019	Management of Fleet and Equipment	SDC	Mar-22		38	Feb-22	May-22	0	0	0	32	0	6	0	0	100%	
Mar-2020	Training of RDS Personnel	SGC	Mar-23		31	Feb-22	May-22	0	8	5	18	0	0	0	0	88%	
Dec-2020	Planning and Preparedness for COVID Review	SDC	May-26		16	Feb-22	May-22	0	8	0	8	0	0	0	0	86%	
Aug-2020	Command and Control: Aspects of Incident Command	SDC	Mar-22	Dec-23	25	Feb-22	May-22	0	5	0	20	0	0	0	0	93%	
Mar-2021	Assessing the Effectiveness of Inspection Activity	ARAC	-		0	-	-	-	-	-	-	-	-	-	-	-	

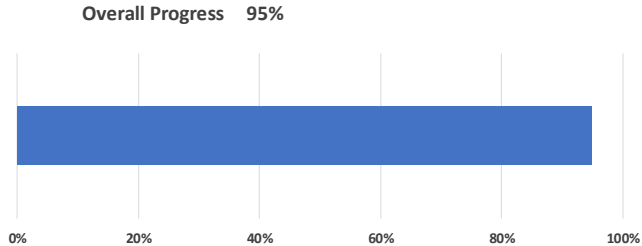
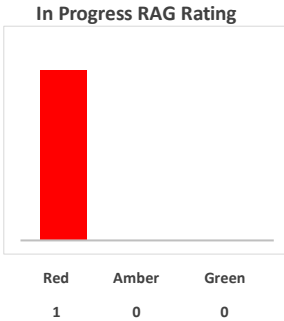
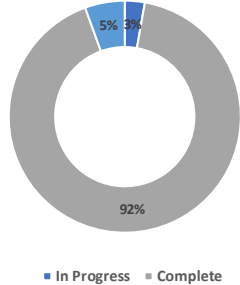
## HMFSI Local Area Inspection Reports Progress Dashboard

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	10	Mar-22	Jun-22	0	1	0	9	0	0	0	0	92%	
Feb-20	Dumfries and Galloway	N/A	Jun-21		12	Mar-22	Jun-22	0	4	0	7	1	0	0	0	100%	
Jun-20	Edinburgh City	N/A	Apr-21		11	Mar-22	Jun-22	0	5	0	0	6	0	0	0	100%	
May-21	Midlothian	N/A	Mar-22	Mar-23	7	Mar-22	Jun-22	0	1	0	6	0	0	0	0	85%	

Audit Scotland - Action Plan Progress

Updated	Next Update
Feb-22	May-22

Status	Count
In Progress	1
Complete	33
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	17 November 2021: A further issue was raised in relation to the improved SFRS offer by the Fire Brigade Union (FBU) during Quarter 2. An SFRS position regarding this new issue has been provided, and we are currently awaiting further response from the FBU regarding appropriate next steps. This further unexpected delay will impact on implementation dates and the revised due date of March 2022 will continue to be reviewed as a result. Employees have been kept updated with communications in July and September 2021. This action remains red due to the slip in the original timescales and the delay caused during ongoing discussions with the relevant Representative Body. A revised due date will be proposed when a response has been received from the FBU. <b>16 February 2022: Further delays have been experienced as SFRS has not yet received confirmation from the FBU in relation to their final position on the SFRS full and final offer on RDS Terms and Conditions, despite a number of requests. This response will determine appropriate next steps to seek to conclude the harmonisation of Retained Duty System (RDS) terms and conditions. This action remains red due to the slip in the original timescales and the delay caused in relation to discussions with the representative body. A revised due date will be proposed when a response has been received from the FBU.</b>	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	✓	

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	✓	
1. The Scottish Fire and Rescue should increase its pace of reform and implement its plans for transforming into a more flexible, modern service.	1.1	Publish documentation, High Level Plan that provides a blueprint to support the delivery of the organisation's vision.	Ian McMeekin	Mar-19		Complete		100%	Jan-20	✓	The High Level Plan was approved by the Board on 31 January 2020.
1. The Scottish Fire and Rescue should increase its pace of reform and implement its plans for transforming into a more flexible, modern service.	1.2	Undertake an organisational P3M3 Assessment, and supporting actions, to understand and enhance the Service's programme and project maturity levels.	Darren Riddell	Aug-19		Complete		100%	Jan-20	✓	P3M3 assessments will be replaced by a Scottish Government Gateway Review which will assess project maturity levels.
1. The Scottish Fire and Rescue should increase its pace of reform and implement its plans for transforming into a more flexible, modern service.	1.3	Embed Portfolio, Programme and Project management skills within the organisation's Leadership Pathway.	Gillian Buchanan	Mar-19		Complete		100%		✓	Portfolio, Programme and Project management skills have been embedded into Supervisory, Middle and Strategic development Pathways. In-house Project Management course also in development.
1. The Scottish Fire and Rescue should increase its pace of reform and implement its plans for transforming into a more flexible, modern service.	1.4	Revise the Programme Office Board governance arrangements to support the management of both Service Transformation and business as usual activities.	Darren Riddell	Dec-19		Complete		100%		✓	Restructure of Programme Office Board was undertaken. This was supported by a review of Programme Office Board and TMPC activities.
1. The Scottish Fire and Rescue should increase its pace of reform and implement its plans for transforming into a more flexible, modern service.	1.5	Develop a Programme Office Communications Strategy to communicate key updates and information to Executive Leads and Project Managers.	Darren Riddell	Jul-19		Complete		100%		✓	New dashboard in place to provide Project/Programme overview. Engagement process to hold meetings between Programme Office and Project management teams in place.
1a. The Scottish Fire and Rescue should increase its pace of reform and implement its plans for transforming into a more flexible, modern service. In particular agree as soon as possible, revised terms and conditions for its uniform staff that reflect the changes to the role as planned, as part of the programme for transformation.	1a.1	Implement revised standardised terms and conditions for uniformed staff.	Rachael Scott	Mar-20		Complete		100%		✓	Collective agreement reached. Revised terms implemented on a phased basis from June 2018, October 2018 and January 2019 along with supporting policies and processes.
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	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%	Jun-19	✓	The Asset Management Strategy was approved by the Board on 27 June 2019.
1c. The Scottish Fire and Rescue should increase its pace of reform and implement its plans for transforming into a more flexible, modern service. In particular agree a long-term strategy for asset management and a medium term asset management plan by December 2018 that reflects the aims of transformation.	1c.2	Deliver planned capital investment in line with the approved programme.	Sarah O'Donnell	Mar-19	Complete			100%		✓	Planned capital investments for 2018/19 delivered in line with amended and approved programme of works.
2. The Scottish Fire and Rescue should ensure that well-developed performance management systems are effectively implemented by October 2018, so that the board, strategic management and local management can access good quality information to effectively drive progress towards its priorities and those set out in the SFRS Framework.	2.1	Communicate the expectations of the PMF.	Alison Hastings	Mar-19	Complete			100%		✓	The PMF has been published on the website and staff intranet.
2. The Scottish Fire and Rescue should ensure that well-developed performance management systems are effectively implemented by October 2018, so that the board, strategic management and local management can access good quality information to effectively drive progress towards its priorities and those set out in the SFRS Framework.	2.2	Identify an appropriate suite of performance measures to support challenge and evidence led decision making at multiple levels.	Alison Hastings/ Stuart Ross	Mar-19	Complete			100%		✓	Revised suite of performance measures have been published with the PMF. A change point process to identify changes in trends has also been implemented.

2. The Scottish Fire and Rescue should ensure that well-developed performance management systems are effectively implemented by October 2018, so that the board, strategic management and local management can access good quality information to effectively drive progress towards its priorities and those set out in the SFRS Framework.	2.3	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.

<p>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.</p>	2.6	Procure and implement a performance management system to support delivery of the PMF.	Alison Hastings/ Chris Fitzpatrick	Mar-20	Complete			100%	✓	<p>InPhase System SFRS Performance Management Framework 2021/22 SFRS BI Strategy 2021/24 SFRS BI Action Plan 2021/22 Microsoft Power BI</p> <p>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.</p>
<p>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.</p>	2.7	Develop performance indicators with partners so SFRS contribution to joint outcome improvement can be measured.	Mark McAteer	Mar-20	Complete			100%	✓	<p>This action will be progressed by the Community Planning Improvement Board. AS this action is no longer under our control, it has been closed.</p>
<p>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.</p>	3.1	Workshop scheduled to develop the delivery plan on 13.08.2018.	Mark McAteer	Dec-18	Complete			100%	✓	Collaboration Strategy developed.
<p>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.</p>	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.
<p>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.</p>	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/13-22

Agenda Item: 9

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:	30 MARCH 2022						
Report Title:	DELOITTE – AUDIT DIMENSIONS AND ANNUAL REPORT AND ACCOUNTS AUDIT REPORTS						
Report Classification:	For Scrutiny	<b>Board/Committee Meetings ONLY</b> For Reports to be held in Private Specify rationale below referring to <b><u>Board Standing Order 9</u></b>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
<b>1</b>	<b>Purpose</b>						
1.1	The purpose of this report is to provide the Audit and Risk Assurance Committee (ARAC) with a progress report on the Deloitte Audit Dimensions and Best Value Report for year ending 31 March 2021 and the Annual Report and Accounts Audit for 2020/21.						
<b>2</b>	<b>Background</b>						
2.1	Deloitte, as External Auditors to SFRS, undertook an Audit Dimensions and Best Value review for year ended 31 March 2021, designed to help the Audit Committee and the Scottish Fire and Rescue Service (SFRS) Board discharge their governance duties on the following areas: <ul style="list-style-type: none"> <li>• Financial Management</li> <li>• Financial sustainability</li> <li>• Governance and transparency</li> <li>• Value for money; and</li> <li>• Best Value</li> </ul>						
2.2	The report was provided to SFRS as part of their overall 2020/21 audit responsibilities and provided to ARAC at a private meeting on 26 August 2021. The final report contained 28 recommendations for improvement with Responsible Owners providing a management response for each recommendation.						
2.3	Separately Deloitte undertook an audit of the 2020/21 Annual Report and Accounts as external auditors to SFRS resulting in a number of recommendations being identified. An action plan has been developed to monitor the Services agreed response to these recommendations and Deloitte will consider progress on all agreed actions as part of their 2021/22 audit.						
<b>3</b>	<b>Main Report/Detail</b>						
3.1	<b>Deloitte Wider Scope Audit</b>						
3.1.1	The Acting Director of Finance and Procurement provided a report to the Audit and Risk Assurance Committee on 20 January 2022 identifying the monitoring framework for the Deloitte Wider Scope audit. The agreed format followed the principles developed for Internal Audit with an aligned Master Register and Report Dashboard. Information detailed in Appendix A provides an update on progress made against these actions.						

3.1.2	<p>The attached report was provided as at 10 March 2022. A number of actions due by 31 March are still on target for completion by this date and the report identifies a number of governance and reporting requirements to be fulfilled by the end of March before sign-off can be provided. Further progress reports will identify any amendment required to these due dates, as agreed by the responsible Director.</p>
3.1.3	<p><u>Actions Identified as Complete by Responsible Owner:</u></p> <p>Recommendations 1.9:</p> <p>ARAC had a detailed discussion at its meeting on 20 January 2022 on the actions being led by the SLT and the Good Governance Board to address outstanding recommendations and establish a more realistic approach to responding to recommendations. Based on the assurances received, ARAC is satisfied that good progress has been made against this Deloitte recommendation</p> <p>Recommendation 2.7:</p> <p>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</p> <p>Information supporting closure was provided by the Acting Director of Finance and Procurement and is contained within the Master Register (Appendix A).</p>
3.2	<p><b>External Audit – Annual Report and Accounts</b></p>
3.2.1	<p>Deloitte undertake an annual audit of the Annual Report and Accounts and provided their final report, for the 2020/21 audit, to the Audit and Risk Assurance Committee on 20 January 2022. The report identified 8 internal control recommendations and Appendix B details agreed management actions and progress made against each.</p>
3.2.2	<p>The reporting template aligns to the Wider Scope audit and Internal audit reporting to allow a consistent approach to the management of recommendations.</p>
3.2.3	<p><u>Actions Identified as Complete by Responsible Owner</u></p> <p>Recommendation 6:</p> <p>During our discussions in respect of the Cash and Banking process, we understand that there is a “cash banking daily log” spreadsheet completed. This is updated by the cashiers department, however, for the spreadsheet we reviewed the “Prepared by” and “Reviewed by” boxes were not completed. Whilst, we note there is a mitigating control, being the “Cash flow monitoring” document, we would recommend that the Service reviews its processes to ensure appropriate segregation of duties by evidencing the “Prepared by” and “Reviewed by” element of the “cash banking daily log”.</p> <p>Information supporting closure was provided by the Acting Director of Finance and Procurement and is contained within the Master Register (Appendix B).</p>
<b>4</b>	<b>Recommendation</b>
4.1	<p>The Audit and Risk Assurance Committee is asked to scrutinise progress against Deloitte audit recommendations.</p>

<b>5</b>	<b>Key Strategic Implications</b>
5.1	<b>Risk</b>
5.1.1	External Audit forms part of the Services wider governance and assurance framework and aims to minimise the Services exposure to risk.
5.2	<b>Financial</b>
5.2.1	Any financial implications arising from the Deloitte report are contained within the Master Register in Appendix A and B.
5.3	<b>Environmental &amp; Sustainability</b>
5.3.1	Any environment or sustainability implications arising from the Deloitte report are contained within the Master Registers.
5.4	<b>Workforce</b>
5.4.1	Any workforce implications arising from the Deloitte report are contained within the Master Registers.
5.5	<b>Health &amp; Safety</b>
5.5.1	Any health and safety implications arising from the Deloitte report are contained within the Master Registers.
5.6	<b>Training</b>
5.6.1	Any training implications arising from the Deloitte report are contained within the Master Registers
5.7	<b>Timing</b>
5.7.1	The timing of this report is aligned to our reporting requirements to Deloitte and scrutiny undertaken by ARAC and GGB.
5.8	<b>Performance</b>
5.8.1	The report provides assurance on the adequacy and effectiveness of management responses to external audit activity
5.9	<b>Communications &amp; Engagement</b>
5.9.1	There are no direct issues arising in relation to Communications and Engagement
5.10	<b>Legal</b>
5.10.1	There are no direct legal implications arising from this report.
5.11	<b>Information Governance</b>
5.11.1	There are no direct Information Governance implications arising from this report.
5.12	<b>Equalities</b>
5.12.1	There are no direct Equality implications arising directly from this report. Where specific actions impact upon Directorate policies or guidance this should be reflected within any relevant Equality Impact Assessment.
5.13	<b>Service Delivery</b>
5.13.1	There are no direct implications arising from this report on Service Delivery
<b>6</b>	<b>Core Brief</b>
6.1	Not Applicable



<b>7</b>	<b>Appendices/Further Reading</b>	
7.1	Appendix A – Deloitte Wider Scope Dashboard.	
7.2	Appendix B – Deloitte Annual Report Dashboard.	
<b>Prepared by:</b>	David Johnston, Risk and Audit Manager	
<b>Sponsored by:</b>	John Thomson, Acting Director of Finance and Procurement	
<b>Presented by:</b>	John Thomson, Acting Director of Finance and Procurement	
<b>Links to Strategy and Corporate Values</b>		
<p>External Audit forms part of the Services Governance arrangements and links back to Outcome 4 of the 2019-22 Strategic Plan, specifically Objectives 4.2 &amp; 4.4</p> <ul style="list-style-type: none"> <li>• Outcome 4: We are fully accountable and maximise our public value by delivering a high quality, sustainable fire and rescue service for Scotland.</li> <li>• Objective 4.2: We will minimise the risks we face through effective business management and high levels of compliance with all our responsibilities.</li> <li>• Objective 4.4: We will strengthen performance management and improvement arrangements to enable robust scrutiny, challenge and decision making nationally and locally</li> </ul>		
<b>Governance Route for Report</b>	<b>Meeting Date</b>	<b>Report Classification/ Comments</b>
<i>Audit and Risk Assurance Committee</i>	<i>30 March 2022</i>	<i>For Scrutiny</i>

STATUS KEY				
GREEN	AMBER	RED	WHITE	BLUE
On Target	Sight Delay	Major Delay	Not Started	Complete

APPENDIX A

DELOITTE AUDIT DIMENSIONS & BEST VALUE REPORT - Dashboard

**FINANCIAL MANAGEMENT**

Action No.	Action Owner	Action Priority	Action Due	Revised Date	Last updated	Not Started	In Progress	Complete	Not Implemented	% Complete	RAG STATUS
1.1	Acting Director of Finance & Procurement	HIGH	31/03/2022	-	08.03.2022	-	✓	-	-	90%	GREEN
1.2	Acting Director of Finance & Procurement	HIGH	31/03/2022	-	08.03.2022	-	✓	-	-	90%	GREEN
1.3	Acting Director of Finance & Procurement	HIGH	31/03/2023	-	08.03.2022	-	✓	-	-	10%	GREEN
1.4	Acting Director of Finance & Procurement	MEDIUM	31/03/2023	-	08.03.2022	-	✓	-	-	30%	GREEN
1.5	Acting Director of Finance & Procurement	MEDIUM	31/03/2022	-	08.03.2022	-	✓	-	-	90%	GREEN
1.6	Acting Director of Finance & Procurement	MEDIUM	31/03/2022	-	08.03.2022	-	✓	-	-	90%	GREEN
1.7	Acting Director of Finance & Procurement	MEDIUM	n/a	n/a	n/a	n/a	n/a	n/a	✓	n/a	BLUE
1.8	Acting Director of Finance & Procurement	MEDIUM	30/09/2022	-	08.03.2022	-	✓	-	-	5%	GREEN
1.9	Chair of ARAC	MEDIUM	31/03/2022	-	16.03.2022	-	-	✓	-	100%	BLUE

**FINANCIAL SUSTAINABILITY**

Action No.	Action Owner	Action Priority	Action Due	Revised Date	Last updated	Not Started	In Progress	Complete	Not Implemented	% Complete	RAG STATUS
2.1	Acting Director of Asset Management	HIGH	31/03/2022	31/03/2023	01.03.2022	-	✓	-	-	10%	GREEN
2.2	Acting Director of Asset Management	HIGH	31/03/2022	30/04/2022	16.03.2022	-	✓	-	-	60%	GREEN
2.3	Acting Director of Finance & Procurement	HIGH	31/03/2023	-	08.03.2022	-	✓	-	-	10%	GREEN
2.4	Acting Director of Finance & Procurement	HIGH	31/03/2023	-	08.03.2022	-	✓	-	-	90%	GREEN
2.5	Director of People & Organisational Development	HIGH	31/12/2022	-	07.03.2022	-	✓	-	-	30%	GREEN
2.6	Acting Director of Finance & Procurement	MEDIUM	31/03/2022	-	08.03.2022	-	✓	-	-	90%	GREEN
2.7	Acting Director of Finance & Procurement	MEDIUM	31/03/2022	-	08.03.2022	-	-	✓	-	100%	BLUE
2.8	Acting Director of Asset Management	MEDIUM	31/03/2022	-	01.03.2022	-	✓	-	-	60%	GREEN
2.9	Acting Director of Asset Management	MEDIUM	31/03/2022	31/05/2022	16.03.2022	-	✓	-	-	60%	GREEN
2.10	Director of Training, Safety & Assurance	MEDIUM	31/03/2022	-	02.03.2022	-	✓	-	-	100%	GREEN
2.11	Director of People & Organisational Development	MEDIUM	31/03/2022	-	07.03.2022	-	✓	-	-	35%	GREEN
2.12	Director of People & Organisational Development	MEDIUM	31/03/2022	-	07.03.2022	-	✓	-	-	30%	GREEN

**GOVERNANCE & TRANSPARENCY**

Action No.	Action Owner	Action Priority	Action Due	Revised Date	Last updated	Not Started	In Progress	Complete	Not Implemented	% Complete	RAG STATUS
3.1	Director of Strategic Planning, Performance & Communications	HIGH	31/03/2022	-	08.03.2022	-	✓	-	-	80%	GREEN
3.2	Director of Strategic Planning, Performance & Communications	HIGH	31/08/2021	n/a	05.01.2022	n/a	n/a	✓	n/a	100%	BLUE

**VALUE FOR MONEY**

Action No.	Action Owner	Action Priority	Action Due	Revised Date	Last updated	Not Started	In Progress	Complete	Not Implemented	% Complete	RAG STATUS
4.1	Director of Strategic Planning, Performance & Communications	HIGH	31/03/2022	30/11/2022	08.03.2022	-	-	-	-	10%	GREEN
4.2	Director of Strategic Planning, Performance & Communications	HIGH	31/03/2022	31/03/2023	08.03.2022	-	✓	-	-	75%	GREEN
4.3	Director of Service Development	HIGH	31/03/2022	-	10.03.2022	-	✓	-	-	80%	GREEN
4.4	Director of Strategic Planning, Performance & Communications	HIGH	31/03/2022	-	08.03.2022	-	✓	-	-	75%	GREEN
4.5	Director of People & Organisational Development	MEDIUM	31/12/2022	-	07.03.2022	-	✓	-	-	50%	GREEN

**FOLLOW PREVIOUS YEARS ACTIONS**

Action No.	Action Owner	Action Priority	Action Due	Revised Date	Last updated	Not Started	In Progress	Complete	Not Implemented	% Complete	RAG STATUS
1	Director of Finance & Contractual Services	MEDIUM	31/03/2021	31/03/2023	08.03.2022	-	✓	-	-	75%	GREEN

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
BLUE	Action Completed

DELOITTE AUDIT DIMENSIONS & BEST VALUE REPORT – FINANCIAL MANAGEMENT			Total No of Actions	% Complete Actions	Fully Implemented			Part/In Progress			Not Implemented		
					H	M	L	H	M	L	H	M	L
			9	0	0	0	0	3	5	0	0	1	0
Rec No.	Financial Reporting		Target Date	Agreed Revised Date	Priority	% Complete	Status						
1.1	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.	31/03/2022	n/a	HIGH	90%	GREEN						
Progress to Update		The budget strategy for 2022/23 which outlined the assumptions and parameters for the resource budget was approved by the Board on the 22 <sup>nd</sup> March 2022. The draft resource budget papers for 2022/23 have been produced and are currently being reviewed. The paper includes the Resource Budget presentation that was completed at the Board Information Day on 22 <sup>nd</sup> February.											
Outstanding actions to close the recommendation		Action will be complete when resource budget is scrutinised by Board on 31 <sup>st</sup> March 2022											
Rec No.	Financial Reporting		Target Due	Agreed Revised Date	Priority	% Complete	Status						
1.2	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.	31/03/2022	n/a	HIGH	90%	GREEN						
Progress to Update		The budget strategy was approved by the Board on 22 <sup>nd</sup> February this included reference to the strategic plan/LT vision and Long Term Finance Strategy. The presentation to the Board at the Board Information Day on 22 <sup>nd</sup> February 2022 included details of workforce planning, target operating models and the inputs that produced the staff budgets for each of the different staff groups of wholetime, retained, control and support staff. The draft resource budget papers for 2022/23 have been produced and are currently being reviewed. The paper includes the Resource Budget presentation that was completed at Board Information Day on 22 <sup>nd</sup> February.											
Outstanding actions to close the recommendation		Action will be complete when resource budget is scrutinised by Board on 31 <sup>st</sup> March 2022											

Rec No. <b>1.3</b>	<b>Financial Reporting</b> 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.	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	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.	31/03/2023	n/a	HIGH	10%
Progress to Update		The production of a summary of how resources are allocated against objectives is being developed over the next financial year. The presentation to the Board included how Directorate resources are allocated to outcomes and objectives. This presentation will be included in the draft resource budget paper as an interim recognising that more work is required to satisfy action.				
Outstanding actions to close the recommendation		The action is not complete and further development work is required to determine requirements and if systems and processes can be modified to give additional information that would help scrutiny of allocation of resources to outcomes.				
Rec No. <b>1.4</b>	<b>Savings Plans</b> 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.	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	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.	31/03/2023	n/a	MEDIUM	30%
Progress to Update		The information presented to the Board included reference to the Medium Term Financial Model and specifically gave information on expected budget allocation in future years as well as comparison to current forecast and budget for next year. Efficiencies required to achieve a balanced budget position were also detailed and presented to the Board. The MTFM and LTFS will be updated following the publication of the Resource Spending Review in May 2022 which will determine the resource funding SFRS will receive from Scottish Government until the end of financial year 25/26. SFRS is on track to exceed the savings target from reform. The savings position will be updated following approval of the resource budget at the end of March.				
Outstanding actions to close the recommendation		SFRS is on track to exceed the savings target from reform. The savings position will be updated following approval of the resource budget at the end of March.				
Rec No. <b>1.5</b>	<b>Savings Plans</b> 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.	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	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.	31/03/2022	n/a	MEDIUM	90%
Progress to Update		Efficiency savings are tracked as part on monthly monitoring and are also split into recurring, non-recurring or deferred. The efficiency information is to be included in the end of February 2022 monthly monitoring of resource budget to conclude this action				

Outstanding actions to close the recommendation		Efficiency savings included and presented to Board at the end of March as part of February resource monitoring report.				
Rec No. <b>1.6</b>	<b>Savings Plans</b> 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.	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	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.	31/03/2022	n/a	MEDIUM	90%
Progress to Update		The budgeted efficiencies for 22/23 have been identified as part of budget setting process and will have a RAG status associated with them and included in the Resource Budget which is scheduled to be approved by Board at end of March				
Outstanding actions to close the recommendation		RAG status on efficiencies included in resource budget for 2022/23 will close this action.				
Rec No. <b>1.7</b>	<b>Financial Capacity</b> 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.	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	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.	n/a	n/a	MEDIUM	n/a
Progress to Update		No action required				
Outstanding actions to close the recommendation						

Rec No. <b>1.8</b>	<b>Financial Capacity</b> 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.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	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.	30/09/2022	n/a	MEDIUM	5%	<b>GREEN</b>
Progress to Update		An initial discussion has taken place between finance and training team to determine competencies/ skills required. A potential CIPFA framework is to be considered and how this links with current SFRS framework.					
Outstanding actions to close the recommendation		Training needs analysis completed.					
Rec No. <b>1.9</b>	<b>Internal Audit</b> 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 focused to deliver the recommendations.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Chair of ARAC</b>	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.  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.	31/03/2022	n/a	MEDIUM	100%	<b>BLUE</b>
Progress to Update		ARAC had a detailed discussion at its meeting on 20 January 2022 on the actions being led by the SLT and the Good Governance Board to address outstanding recommendations and establish a more realistic approach to responding to recommendations. Based on the assurances received, ARAC is satisfied that good progress has been made against this Deloitte recommendation					
Outstanding actions to close the recommendation							

DELOITTE AUDIT DIMENSIONS & BEST VALUE REPORT – FINANCIAL SUSTAINABILITY			Total No of Actions	% Complete Actions	Fully Implemented			Part/In Progress			Not Implemented		
					H	M	L	H	M	L	H	M	L
			12	8%	0	1	0	5	6	0	0	0	0
Rec No.	<u>Capital Planning &amp; Asset Management</u> 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.		Target Date	Agreed Revised Date	Priority	% Complete	Status						
2.1	Responsible Owner Agreed Response  Acting Director of Asset Management	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.	31/03/2022	31/03/2023	HIGH	10%	GREEN						
Progress to Update		Work is continuing on the Fleet Strategy, the first draft is complete, including the creation of a stakeholder engagement plan and a standard document methodology, both of which will also be used for the Asset Management Strategy. In order to assist the Asset Governance & Performance Manager with the completion of this task, recruitment of 2 additional staff within the Asset Governance & Performance section is underway. 1 new start has commenced work in December 2021 and the other is expected to take up post in April 2022.											
Outstanding actions to close the recommendation		There are a number of tasks involved in the creation of an Asset Management Strategy, critically this will include work to align the strategy with the outcomes from the Service Delivery Model Programme (SDMP) which is scheduled for completion in March 2023. Request for this action due date to be moved to March 2023 to tie in with both the SDMP programme, as well as an internal audit action for a revised Property Strategy which has been approved for completion in March 2023.											
Rec No.	<u>Capital Planning &amp; Asset Management</u> 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.		Target Due	Agreed Revised Date	Priority	% Complete	Status						
2.2	Responsible Owner Agreed Response  Acting Director of Asset Management	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.	31/03/2022	30/04/2022	HIGH	60%	GREEN						
Progress to Update		Work is also progressing on a 10-year risk based approach to the Capital Programme for Property, Fleet and Equipment. This has been presented to the Board and a formal document will be prepared for submission to Scottish Government in April 2022. It is recognised however that this will have to be revisited at a future date to align the strategy with the outcomes from the SDMP process.											
Outstanding actions to close the recommendation		A formal reporting document will be produced for submission to Scottish Government in April 2022.  Further fleet, property condition, as well as property suitability, data analysis work will continue to be undertaken; this will combine a number of fleet and property risk assessment information with activity data from fire stations.											

Rec No. <b>2.3</b>	<b>Medium-to-Long Term Financial Planning</b> 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.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	Agreed. As indicated at 1.3 the Service will review the LTFS and will include how the service applies budget resources to outcomes.	31/03/2023	n/a	HIGH	10%	<b>GREEN</b>
Progress to Update		The allocation of resources was presented to the Board which included MTFM information. There has been discussion on budget to outcomes both at an SLT level and with Board. It is recognised the approach to budget to outcomes still needs to be determined before being applied to MTFM/ LTFS. The strategic plan for the service will revise the Outcomes in line with LT vision. In addition, the Resource Spending Review due to be published in May 2022 will give SFRS the resource funding parameters which will enable both and update to MTFM and LTFS in 2022/23					
Outstanding actions to close the recommendation		Agreement on method/approach to allocation of resources to outcomes and then updating LTFS					
Rec No. <b>2.4</b>	<b>Medium-to-Long Term Financial Planning</b> 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.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	Agreed. As indicated in 1.2 the Service will ensure documents that have an impact on the LTFS will be linked to it.	31/03/2023	n/a	HIGH	90%	<b>GREEN</b>
Progress to Update		The budget strategy for 22/23 referenced the LTFS and includes comparison of expected funding requirements from the LTFS compared to funding received for both capital and resource and describes current position in relation to LTFS. The presentation to the Board on resource budget highlighted the potential funding scenarios going forward, workforce planning requirements, the direction of travel to meet Target Operating Model and the initiatives that are being invested in to realise our strategic objectives. The capital programme included the rationale for investment and the impact on the asset backlog and was linked to the asset investment plan. The proposed budget for capital and resource budget is scheduled for approval by the Board and if approved the action will be complete					
Outstanding actions to close the recommendation		The proposed budget for capital and resource budget 2022/23 is scheduled for approval by the Board and if approved the action will be complete.					
Rec No. <b>2.5</b>	<b>Workforce Planning</b> 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.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Director of People and Organisational Development</b>	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.	31/12/2022	n/a	HIGH	30%	<b>GREEN</b>
Progress to Update		We have benchmarked our approach to Workforce Planning with other Category One Responders and have commenced drafting our revised approach. We continue to focus on Strategic Workforce Planning to support both operational crewing and recruitment of all our staff groups following the impacts of the pandemic. This is reported through the People Board, People Committee, and Service Delivery Forums of Continuous Improvement Forum and Operational Availability Group.					



Outstanding actions to close the recommendation		Finalise our documented approach to Strategic Workforce Planning and progress this through the SFRS governance route.				
Rec No. 2.6	<b>Budget Setting</b> 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.	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	Agreed, the budget setting process for 22/23 will include the consultation completed with budget holders, SLT and the Board.	31/03/2022	n/a	MEDIUM	90%
Progress to Update		The approach for budget setting for resource and capital was included in the presentation to the Board on 22 <sup>nd</sup> February 2022. The budget approach for both resource and capital has been amended to include greater engagement. For resource budget an SLT sub group was established and this has shaped the budget allocation and decision making. For capital, more information was captured from budget holders on the rational for investment and the impact on asset backlogs etc. In addition, the allocation of capital was linked to the developed asset investment plan. The final budget papers for resource and capital 2022/23 will be presented to the Board for approval				
Outstanding actions to close the recommendation		Approval of the Capital and Resource Budget for 2022/23 by the Board at end of March will close this action				
Rec No. 2.7	<b>Budget Setting</b> 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	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	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.	31/03/2022	n/a	MEDIUM	100%
Progress to Update		Changes were made to the financial reporting this year to include a summary report and more focus on financial risks. In addition, board members sought additional detail on budget virements and this is now included as part of the financial reporting for resource and capital. The changes were well received by the Board. The budget setting process for 22/23 is drawing to a close and the approach has been modified to improve transparency and engagement for both resource and capital. The Acting Director of Finance and procurement recognises that the current systems and processes for business planning do not support best practice and are too reliant on spreadsheets and manual processes. The current finance system includes a business planning module which is used to hold budgets and manage projects but has not met our needs in terms of being able to provide analytical analysis and financial scenario planning, better tools are available in the marketplace. As part of PTFAS SFRS has reviewed its requirements in this area and these are now included in the statement of requirements as part of the People, Procurement and Finance project. These requirements will be used to procure a new solution.				
Outstanding actions to close the recommendation						
Rec No. 2.8	<b>Capital Planning &amp; Asset Management</b> 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.	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Acting Director of Asset Management</b>	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	31/03/2022	n/a	MEDIUM	60%

		will update the LTFS, based on the revised AMS and highlight the impacts on the resource budget.					
Progress to Update	The Asset Management and Finance Departments are developing a new report, which will be presented on an annual basis. The report will show how the Capital Programme is linked to the LTFS and the AMS. This report will further detail how delivery of the Capital Programme progresses the LTFS and the AMS, whilst also showing the consequences of the capital investment decisions on the resource budget over the year.						
Outstanding actions to close the recommendation	Staff from the Asset Management and Finance Departments will continue to meet to develop the format of the new report.						
Rec No. 2.9	<b>Capital Planning &amp; Asset Management</b> 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.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response  <b>Acting Director of Asset Management</b>	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.	31/03/2022	31/05/2022	MEDIUM	60%	GREEN
Progress to Update	The Asset Management and Finance Departments have developed a new Capital monitoring report which will highlight variations from the original project cost and timescales. This report will be presented on a monthly basis at Capital Monitoring meetings and will be developed further following meetings between Asset Management and Finance.						
Outstanding actions to close the recommendation	The new Capital monitoring report will go live from the start of the new financial year and once reported will allow action to be closed.						
Rec No. 2.10	<b>Workforce Planning</b> The Training Strategy should be clearly linked to the Strategic Plan and the Workforce and Strategic Resourcing Plan, including measurable actions and targets		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response  <b>Director of Training, Safety and Assurance</b>	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.	31/03/2022	n/a	MEDIUM	100%	GREEN
Progress to Update	The Training Function have carried out a review of the delivery of the Wholetime Firefighter Foundation Programme to ensure that it meets the needs of the Strategic Plan, the Workforce and Strategic Resourcing Plan and the Recovery Plan. This resulted in a completely new model being put in place to maximise the number of Trainee Firefighters that can be onboarded given the current COVID restrictions. This new model is innovative and allows the course to run 7 days per week with 2 cadres of Trainee Firefighters effectively being trained in tandem but separately. A full review of the effectiveness and efficiency of this approach will be carried out at the earliest opportunity to identify good practice and any opportunities for improvement. This approach has been facilitated by the implementation of revised Terms and Conditions for our Instructors in mid-late 2021 following a review of the legacy terms and conditions that were in place across the SFRS. A full review of the Training Annual Operating Plan has been completed and resulted in a reduced number of specific targets, each of which have a timeline with key milestones and will add value. This Annual Operating Plan was prepared following the review of the Training Strategy.						

Outstanding actions to close the recommendation		Supporting documented evidence to be forwarded for review				
Rec No. <b>2.11</b>	<b>Workforce Planning</b> 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.	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Director of People and Organisational Development</b>	Agreed. This will be done via the People Board and People Committee which will agree targets and monitor progress against them.	31/03/2022	n/a	MEDIUM	35%
Progress to Update		Although our approach to Strategic Workforce Planning is being refreshed, our workforce planning and resourcing requirements are balanced against our target operating models. This is reported formally through the People Board, People Committee, and Service Delivery Forums of Continuous Improvement Forum and Operational Availability Group.				
Outstanding actions to close the recommendation		Finalise our documented approach to Strategic Workforce Planning and progress this through the SFRS governance route.				
Rec No. <b>2.12</b>	<b>Workforce Planning</b> 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	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Director of People and Organisational Development</b>	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	31/03/2023	n/a	MEDIUM	30%
Progress to Update		We have benchmarked our approach to Workforce Planning with other Category One Responders and have commenced drafting our revised approach. We are maintaining a five-year resourcing plan based on predicted retirements and leavers and impacts of COVID-19, this is driving our recruitment and promotional activity.				
Outstanding actions to close the recommendation		Finalise our documented approach to Strategic Workforce Planning and progress this through the SFRS governance route.				

DELOITTE AUDIT DIMENSIONS & BEST VALUE REPORT – GOVERNANCE & TRANSPARENCY		Total No of Actions	% Complete Actions	Fully Implemented			Part/In Progress			Not Implemented		
				H	M	L	H	M	L	H	M	L
		2	50%	1	0	0	1	0	0	0	0	0
Rec No. 3.1	<p><b>Governance &amp; Scrutiny Arrangements</b> 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>	Target Date	Agreed Revised Date		Priority	% Complete	Status					
	<p>Responsible Owner Agreed Response</p> <p><b>Director of Strategic planning, Performance &amp; Communications</b></p> <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 &amp; 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 &amp; 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>	31/03/2022	n/a		HIGH	80%	GREEN					
Progress to Update		The Decision-Making at a Board level continues to be captured on a dedicated SFRS Board Decision Log. This has developed during 2021/22 and now includes a 12-month review of effectiveness’s and impact following the original decision, which are presented public for complete transparency. The Anti-Fraud and Corruption Policy was agreed by the SFRS Board at its meeting of 28 October 2021 and is now live. The Risk Management Policy was agreed by the SFRS Board at its meeting of 28 October 2021 and is now live.										
Outstanding actions to close the recommendation		The Good Governance Board is now well established and the revised SFRS Good Governance Framework will go through this governance route through to the Board in April '22.										
Rec No. 3.2	<p><b>Openness &amp; Transparency</b> 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>	Target Due	Agreed Revised Date		Priority	% Complete	Status					
	<p>Responsible Owner Agreed Response</p> <p><b>Director of Strategic planning, Performance &amp; Communications</b></p> <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>	31/08/2021	n/a		HIGH	100%	BLUE					

<p>Progress to Update</p>	<p>All public Board and Committee meetings continue to be accessible 'live' through request to all stakeholders from our <a href="#">SFRS website</a> (click link). We also have the recordings of both Board and Committee meetings which sit alongside the papers and previous minutes for each public meeting. These are uploaded to our website at the earliest possible opportunity and can therefore be accessed by all stakeholders retrospectively. Looking forward into 2022/23 a Board/Committee Forward Plan was submitted to the Board for decision on 28<sup>th</sup> October '21. In our recovery from COVID-19, and to ensure our commitment to supporting the rebuilding of our society and economy in a greener, fairer and more sustainable way. The proposal for the 2022-23 schedule will aspire to equally balancing the number of in person and virtual meetings and that by adopting this hybrid approach we are also providing our stakeholders with different options to attend our public meetings over this period.</p>
<p>Outstanding actions to close the recommendation</p>	

DELOITTE AUDIT DIMENSIONS & BEST VALUE REPORT – VALUE FOR MONEY			Total No of Actions	% Complete Actions	Fully Implemented			Part/In Progress			Not Implemented		
					H	M	L	H	M	L	H	M	L
			5	0	0	0	0	4	1	0	0	0	0
Rec No.	Performance Management Framework	Target Date	Agreed Revised Date	Priority	% Complete	Status							
4.1	<p>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.</p> <p>Responsible Owner Agreed Response <b>Director of Strategic planning, Performance &amp; Communications</b></p>	31/03/2022	30/11/2022	HIGH	10%	GREEN							
Progress to Update		Benchmarking information will be included within performance management reporting increasingly during 2022/23 and will form part of the 21/22 PMF Annual Report due for publication in November 22. It will not be part of the 20/21 report recently created.											
Outstanding actions to close the recommendation		This action will not be formally closed until we have created the PMF Annual Report in November 2022.											
Rec No.	Performance Data	Target Due	Agreed Revised Date	Priority	% Complete	Status							
4.2	<p>Performance reports should include targets and trend data to enable a meaningful assessment of performance.</p> <p>Responsible Owner Agreed Response <b>Director of Strategic planning, Performance &amp; Communications</b></p>	31/03/2022	31/03/2023	HIGH	75%	GREEN							
Progress to Update		Target and trend data is evident in reports currently produced across the service. In addition, a paper on KPI Methodology and Target Setting Recommendations was submitted through Good Governance in August 2021. This identified current issues in the Services approach to target setting. Despite a significant relaxation in restrictions affecting SFRS operational activity, residual effects of the Covid-19 global pandemic will continue for some time. With no previous experience of regaining normality following a global pandemic, accurate recognition of the full societal, environmental, and economic impact is not possible until some stability is retained across all factors. As such, target setting that is both reasonable and achievable for the 2021/22 period is complex and will be considered into 2021/22 in line with the design of the PMF that will support the new Strategic Plan.											
Outstanding actions to close the recommendation		Full corporate performance in all directorate areas following same rules and format unlikely to be in place until 2023.											

Performance Management Framework		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
Rec No. <b>4.3</b>	<p>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>					
	<p>Responsible Owner Agreed Response  <b>Director of Service Development</b></p> <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 2<sup>nd</sup> 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>	31/03/2022	n/a	HIGH	80%	GREEN
Progress to Update		Assessment of CI maturity now complete using the GCU model and final draft report and recommendations awaiting finalisation and verification prior to presentation to SMB. Further CI academic contact made with Heriot-Watt University. An early draft Service Improvement Strategy has been produced incorporating recommendations of the CI maturity report. A further four SIFS cohorts secured for 2022/23 with a view to establishing local Improvement Practitioners with the ability to self-audit and produce/deliver associated targeted action plans. Pilot implementation of EFQM model as self-assessment instrument, with membership and the associated AssessBase platform used as a reporting framework, providing an evidence-based insight into performance locally and nationally, will be in place by 31/03/22. Connection with the global EFQM community, case studies expertise and advice, with potential to reach for EFQM globally recognised Recognition Award will ensure a focus for ongoing development.				
Outstanding actions to close the recommendation		Establishing a plan for the design, development and implementation of Continuous Improvement and Self-Assessment Reporting Frameworks. And Method with Integrated Self-Assessment Process				
Performance Data		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
Rec No. <b>4.4</b>	<p>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.</p>					
	<p>Responsible Owner Agreed Response <b>Director of Strategic planning, Performance &amp; Communications</b></p> <p>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.</p>	31/03/2022	n/a	HIGH	75%	GREEN

Progress to Update		SFRS Board received a draft of the PMF Review in December 2021. Initial comments were positive with members expressing the desire for more clarity on who the review was aimed at. There was acceptance that each KPI required a narrative to provide context on the 4 quarter performance. This PMF Review will cover fiscal year 2020-21 and will be delivered in January 2022. Work will continue on performance reporting across the service throughout 2022.				
Outstanding actions to close the recommendation		Final approval for PMF Annual Report expected within the existing time frame.				
Rec No. <b>4.5</b>	<b>Equalities</b> 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.	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Director of People and Organisational Development</b>	Agreed. This will be collated throughout the year and summarised for the Annual Report.	31/12/2022	n/a	MEDIUM	50%
Progress to Update		The SFRS Mainstreaming and Equality Outcomes Report was published in July 2021. The SFRS will report on the progress of our Equality Outcomes on a yearly basis.				
Outstanding actions to close the recommendation		The 2022 census has an amended list of equality characteristics. Discussions are ongoing across SFRS to consider how we might align to this new listing for the purposes of monitoring employment practice and service provision data.				



DELOITTE AUDIT DIMENSIONS & BEST VALUE REPORT – FOLLOW-UP PREVIOUS YEARS ACTIONS		Total No of Actions	% Complete Actions	Fully Implemented			Part/In Progress			Not Implemented			
				H	M	L	H	M	L	H	M	L	
				1	0	0	0	0	0	1	0	0	0
Rec No.	<u>Financial Sustainability</u> 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.	Target Date	Agreed Revised Date	Priority	% Complete	Status							
1	Responsible Owner Agreed Response  Director of Finance & Contractual Services	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 Route map 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.	31/03/2021	31/03/2023	MEDIUM	75%	GREEN						
Progress to Update		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 2022/23. Recovery actions were agreed as part of business cases approved in April 2021. Recruitment of temporary resources for these recovery activities has been slower than planned due to difficulties within the marketplace. In the main temporary resources were required over a two year period and these resources are still required to continue the recovery work and have been rephased as required. The Recovery, Reset and Renew programme continues to meet and manage overall progress in terms of recovery and set out the pathway for reset and renewal.											
Outstanding actions to close the recommendation		The reset and renew elements to be included in subsequent budget in 23/24.											

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## APPENDIX B

**DELOITTE REPORT dated 15 December 2021 – OTHER SIGNIFICANT FINDINGS – INTERNAL CONTROLS**Dashboard

Action No.	Action Owner	Action Priority	Action Due	Revised Date	Last updated	Not Started	In Progress	Complete	Not Implemented	% Complete	RAG STATUS
1	Acting Director of Finance & Procurement	HIGH	31/06/2022	-	21.02.2022	-	✓	-	-	75%	GREEN
2	Acting Director of Finance & Procurement	MEDIUM	31/10/2022	-	21.02.2022	✓		-	-	0%	GREEN
3	Acting Director of Finance & Procurement	MEDIUM	31/10/2022	-	21.02.2022	✓		-	-	0%	GREEN
4	Acting Director of Finance & Procurement	MEDIUM	31/10/2022	-	21.02.2022	✓		-	-	0%	GREEN
5	Acting Director of Finance & Procurement	MEDIUM	31/10/2022	-	21.02.2022	-	✓	-	-	80%	GREEN
6	Acting Director of Finance & Procurement	LOW	31/12/2021	-	21.02.2022	-		✓	-	100%	BLUE
7	Acting Director of Finance & Procurement	LOW	31/10/2023	-	21.02.2022	-	✓	-	-	50%	GREEN
8	Acting Director of Finance & Procurement	LOW	31/10/2022	-	21.02.2022	-	✓	-	-	90%	GREEN

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DELOITTE FINAL ISA260 SFRS 2021 REPORT dated 15 December 2021 – OTHER SIGNIFICANT FINDINGS – INTERNAL CONTROL		Total No of Actions	% Complete Actions	Fully Implemented			Part/In Progress			Not Implemented		
				H	M	L	H	M	L	H	M	L
		8	13%	0	0	1	1	4	2	0	0	0
Rec No. <b>1</b>	<p><b>Firefighter's Uniforms</b></p> <p>As part of our audit procedures, we have identified that management account for the purchase of Firefighter's Uniforms initially within inventory, before reclassifying them to Property, Plant and Equipment when the uniform is provided to the Firefighter for usage. This accounting treatment is non-compliant with the FReM, and an error has been raised on page 26 and also included within the management representation letter.</p> <p>The impact of this incorrect treatment is that the budgetary impact is currently recorded within the wrong financial period, being the year of distribution rather than the year of purchase. We understand that management have held initial discussions with the Sponsor department regarding realigning the capital budget, however, it is recommended that the Service finalise these discussions as soon as possible and for the 2021/22 Annual Report and Accounts.</p>	Action Date Due	Agreed Revised Date	Priority	% Complete	Status						
	<p>Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b></p> <p>1) A business case for an increase of £3.7 million in CDEL budget funding was submitted to Scottish Government in November 2021 to cover the reclassification from Stock (where no budget is required until issued) to Assets (where budget is required on purchase). Approval for the increase has still to be confirmed.</p> <p>2) Correct treatment of these uniforms to be confirmed and actioned, i.e. transfer and record PPE from Stock to Assets.</p>	31/06/2022	n/a	HIGH	75%	GREEN						
Progress to Update	<p>1) A one-off non-cash increase of £3.7 million was made by SG to the Capital DEL budget and confirmed in December 2021.</p> <p>2) The value of Uniforms held in Stock will be determined and an adjustment made to transfer balance to Assets Under Construction until such times as they are issued and become Operational Assets. The Stock system will continue to be used to record the PPE and a year-end adjustment will be made to ensure it is recorded in the correct place within the Financial Statements, i.e. Assets not Stock.</p>											
Outstanding actions to close the recommendation	<p>Part 1 has been completed – (budget adjustment confirmed).</p> <p>The action required for Part 2 is known and will be demonstrated once the year end adjustment (transfer from Stock to Assets) has been completed.</p>											
Rec No. <b>2</b>	<p><b>Management Review</b></p> <p>We have identified a number of required adjustments to the disclosures included within the Annual Report and Accounts during our audit. In future years, we would encourage the Service to further enhance their existing processes in reviewing the Annual Report and Accounts before submitting the draft Annual Report and Accounts for audit, to minimize the number of required changes.</p>	Target Date	Agreed Revised Date	Priority	% Complete	Status						
	<p>Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b></p> <p>SFRS will enhance the peer review process to include the disclosure checklist and improve the overall quality of the Annual Report and Accounts</p>	31/10/2022	n/a	MEDIUM	0%	GREEN						
Progress to Update	Preparation of the ARA has not yet begun but process will include a comparison between the checklist and the draft document prior to submission for audit.											
Outstanding actions to close the recommendation												

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Rec No.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
3	<b>Fixed Asset Register</b> From our detailed Property, Plant and Equipment testing, it was noted that there was no review of the capital accounting entries into the Fixed Asset Register module of Technology One. The Service should implement a review control and segregation of duties such that one person calculates and prepares all the year-end fixed asset accounting entries, and another person reviews these to ensure that they are accurate.					
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	A review process will be implemented to demonstrate that transactions are reviewed. Due to technical constraints, this will not be held within the financial system.	31/10/2022	n/a	MEDIUM	0%
Progress to Update		The system does not require separate authorisation of Fixed Asset year end processes (depreciation, impairment, revaluations), unlike journals where 2 people are required. A review process will be put in place to ensure that these transactions are checked. This will start after the end of the financial year once year end work begins.				
Outstanding actions to close the recommendation		Agreed within Accountants in Fixed Assets team that a review of Fixed Asset Processes will take place. This will commence for the 21/22 Year End Fixed Asset processes.				
Rec No.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
4	<b>Holiday Pay Accrual Calculation</b> From our work in respect of the holiday pay accrual, we understand that one individual is responsible for the preparation of the holiday pay accrual. Management should look to plan for the future and ensure that within the wider team there are people who are able to cover this role to add greater resilience to the preparation of key working papers.					
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	The long-term aim is to automate this process within our HR/Finance systems. The Decision Support Manager will work with the Finance Business Partner to increase resilience for this task going forward.	31/10/2022	n/a	MEDIUM	0%
Progress to Update		This is a year-end process so will begin after 31 March 2022.				
Outstanding actions to close the recommendation						
Rec No.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
5	<b>Related Party Transactions</b> From our related party work, we identified that management had not identified all related parties (such as SFRS Family Support Trust) which has subsequently been updated within the Annual Report and Accounts. Management should refresh their processes for identifying related parties to ensure that they adequately capture all bodies.					
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	This has been noted and processes refreshed. Amendments have been made to the Register of Interests.	31/10/2022	n/a	MEDIUM	80%
Progress to Update		Processes have been refreshed and put in place. Board Members and SLT Members are asked to provide their Interests quarterly which are recorded in the Register and published on the website.				
Outstanding actions to close the recommendation		Completion of final quarter returns for 2021/22.				

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Rec No.		Target Due	Agreed Revised Date	Priority	% Complete	Status
6	<b>Cash &amp; Banking</b> During our discussions in respect of the Cash and Banking process, we understand that there is a "cash banking daily log" spreadsheet completed. This is updated by the cashiers department, however, for the spreadsheet we reviewed. The "Prepared by" and "Reviewed by" boxes were not completed. Whilst, we note there is a mitigating control, being the "Cash flow monitoring" document, we would recommend that the Service reviews its processes to ensure appropriate segregation of duties by evidencing the "Prepared by" and "Reviewed by" element of the "cash banking daily log".					
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	Noted. This process has now been amended and the relevant boxes are being completed by the Preparer and Reviewer and checked by an Accountant.	31/12/21	n/a	LOW	100%
Progress to Update		This is complete.				
Outstanding actions to close the recommendation						
Rec No.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
7	<b>Impairment Review</b> Non-current assets that are not subject to the formal revaluation review in the year should be reviewed for impairment indicators. As part of the year-end financial reporting process this should be documented in a management paper clearly setting out the process and discussions that have taken place. This should address impairment indicators for each asset class i.e. Vehicles, ICT Equipment, Operational Equipment.					
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	The SFRS will carry out an annual review for different categories of assets to take into account potential changes in value.	31/10/2023	n/a	LOW	50%
Progress to Update		Impairment reviews have been carried out in previous years on Ops Equipment and Heritage Assets. Reviews of ICT and Vehicles will be carried out over the next 2 financial years. Properties are reviewed for revaluation purposes at least once every 2 years and are therefore considered for impairment at that point.				
Outstanding actions to close the recommendation		Carry out impairment reviews of ICT and Vehicles – ICT assets have been reviewed. Adjustments will be carried out as part of the 21/22 Year End process. Vehicle Assets Review has started.				
Rec No.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
8	<b>Depreciation Calculation</b> SFRS' depreciation policy is not to depreciate assets in the year of addition to the Fixed Asset Register and to charge a full years depreciation in the year of disposal. Given that the Service currently has a significant balance of assets included within Assets Under Construction, the Service should review its depreciation policy to ensure that it remains fit for purpose and does not distort the Service's in year expenditure.					
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	The Depreciation Policy will be reviewed to ensure continued relevance. The SFRS will undertake a review of Assets Under Construction to determine if depreciation would be materially different should the policy change.	31/10/2022	n/a	LOW	90%
Progress to Update		The Depreciation Policy has been reviewed by the Accounting Manager and Deputy Accounting Manager for relevance. It is still considered relevant to depreciate in year of disposal as assets are generally held beyond their useful economic lives (refer also to backlog maintenance issue). AUC value was higher in 2020/21 due to timing of completion of property related projects.				
Outstanding actions to close the recommendation		The wording of the current Depreciation policy in the 21/22 Accounts will be reviewed and reported to the March meeting of the ARAC if amendments are necessary				

## SCOTTISH FIRE AND RESCUE SERVICE

## Audit and Risk Assurance Committee



SCOTTISH  
FIRE AND RESCUE SERVICE  
Working together for a safer Scotland

Report No: C/ARAC/14-22

Agenda Item: 10

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:	30 MARCH 2022						
Report Title:	DRAFT INTERNAL AUDIT PLAN 2022 - 2024						
Report Classification:	For Recommendation	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>
<b>1</b>	<b>Purpose</b>						
1.1	To consider the proposed Internal Plan for 2022/23 and 2023/24.						
<b>2</b>	<b>Background</b>						
2.1	We have developed a draft Internal Audit Plan and Charter for the years 2022/23 and 2023/24 in consultation with Strategic Leadership Team (SLT). The Audit and Risk Assurance Committee (ARAC) are invited to comment on the content of the plan.						
<b>3</b>	<b>Main Report/Detail</b>						
3.1	The Internal Audit Plan outlines the main areas of proposed audit coverage for the years 2022/23 and 2023/24.						
<b>4</b>	<b>Recommendation</b>						
4.1	The Audit and Risk Assurance Committee is asked to review the draft Internal Audit Plan with a view to recommending it for Board approval.						
<b>5</b>	<b>Key Strategic Implications</b>						
5.1	<b>Risk</b>						
5.1.1	The internal audit programme forms part of the Service's Assurance Framework.						
5.2	<b>Financial</b>						
5.2.1	The cost of providing internal audit services is contained within the Resource Budget.						
5.3	<b>Environmental &amp; Sustainability</b>						
5.3.1	There are no direct implications associated with the report.						
5.4	<b>Workforce</b>						
5.4.1	There are no direct implications associated with the report.						
5.5	<b>Health &amp; Safety</b>						
5.5.1	There are no direct implications associated with the report.						
5.6	<b>Training</b>						
5.6.1	There are no direct implications associated with the report.						

5.7 5.7.1	<b>Timing</b> The internal audit plan covers the financial years 2022/23 and 2023/24.	
5.8 5.8.1	<b>Performance</b> Internal audit is intended to support the service and where relevant identify areas where performance can be enhanced.	
5.9 5.9.1	<b>Communications &amp; Engagement</b> Individual reports are issued and agreed with management for each of the audit assignments contained within the internal audit plan and are presented separately to the Audit and Risk Assurance Committee throughout the year.	
5.10 5.10.1	<b>Legal</b> There are no direct implications associated with the report.	
5.11 5.11.1	<b>Information Governance</b> Collection or use of personal data has not been required in the preparation of the Internal Audit Plan. For this reason, a Data Protection Impact Assessment has not been required.	
5.12 5.12.1	<b>Equalities</b> 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	<b>Service Delivery</b> There are no direct implications associated with the report.	
<b>6</b>	<b>Core Brief</b>	
6.1	Not Applicable	
<b>7</b>	<b>Appendices/Further Reading</b>	
7.1	Appendix A: Draft Internal Audit Plan 2022/23 and 2023/24	
<b>Prepared by:</b>	Gill Callaghan, Senior Manager, Azets	
<b>Sponsored by:</b>	John Thomson, Acting Director of Finance and Procurement	
<b>Presented by:</b>	Matthew Swann, Associate Director, Azets	
<b>Links to Strategy and Corporate Values</b>		
Working Together for a Safer Scotland		
<b>Governance Route for Report</b>	<b>Meeting Date</b>	<b>Report Classification/ Comments</b>
<i>Audit and Risk Assurance Committee</i>	<i>30 March 2022</i>	<i>For Recommendation</i>



# Scottish Fire & Rescue Service Internal Audit Plan 2022-24

March 2022







# Scottish Fire & Rescue Service

## Internal Audit Plan 2022-24

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INTERNAL AUDIT APPROACH	3
DELIVERING THE INTERNAL AUDIT PLAN	5
PROPOSED INTERNAL AUDIT PLAN	6
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# Introduction

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

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

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

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

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

This document addresses these requirements by setting out an internal audit plan for the years 2022/23 and 2023/24.

## Audit & Risk Assurance Committee action

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

We now ask the Audit & Risk Assurance Committee to review and approve the proposed Internal Audit Plan for 2022/23 and 2023/24.

# Internal audit approach

## Supporting the Governance Statement

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

## Risk based internal auditing

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

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

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

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

## Audit needs assessment

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

Our audit needs assessment involved the following activities:

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

## Best value

Our work helps SFRS to determine whether services are providing best value. Where we identify opportunities for improving value for money, we raise these with management and include them in the report action plan.

## Liaison with external audit

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

# Delivering the internal audit plan

## Internal Audit team – indicative staff mix

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

## Internal Audit Team Contacts

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Gary Devlin  
 Chief Internal Auditor  
 email: [gary.devlin@azets.co.uk](mailto:gary.devlin@azets.co.uk)  
 telephone: 0141 567 4500

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Matt Swann  
 Associate Director  
 email: [matthew.swann@azets.co.uk](mailto:matthew.swann@azets.co.uk)  
 telephone: 0141 567 4500

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Gill Callaghan  
 Senior Internal Audit Manager  
 email: [gillian.callaghan@azets.co.uk](mailto:gillian.callaghan@azets.co.uk)  
 telephone: 0141 567 4500

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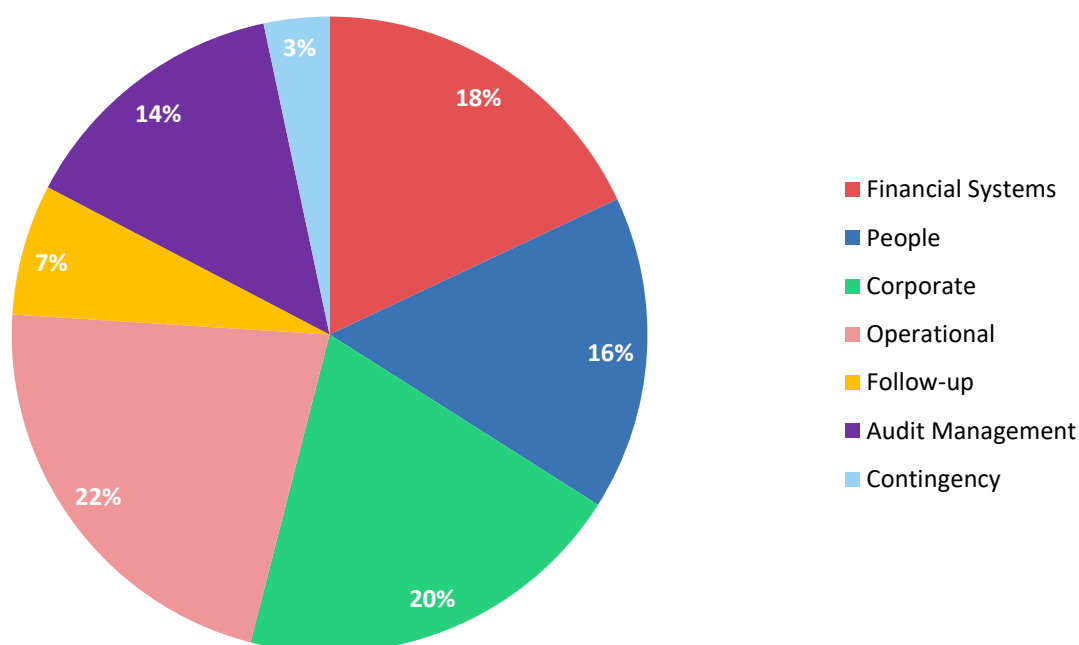
# Proposed Internal Audit Plan

Appendix 1 presents the internal audit plan for 2022/23 to 2023/24. The Internal Audit plan is based on our risk and audit needs assessment as at March 2022.

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

The table below demonstrates how the internal audit days for 2022/23 are allocated across each area of the audit universe.

## Allocation of audit days 2022/23



# Links to Strategic Risks

Below we have demonstrated the link between each area of the audit universe and SFRS's strategic risk areas. In italics we have stated the corresponding audit assignments.

## Financial

Risk 7 - Ability to deliver a high quality, sustainable service within the funding envelope.  
*(Revenue Maximisation, Capital Investment Strategy and Budgetary Control)*

## People

Risk 4 - Ability to ensure legal and regulatory compliance.  
*(Equality, Diversity and Inclusion, Staff Recruitment and Retention)*

Risk 5 - Ability to have in place a suitably skilled, trained and motivated workforce that is well supported both physically and mentally.  
*(Sickness Absence Management, Training and Equality, Diversity and Inclusion, Staff Recruitment and Retention)*

## Corporate

Risk 1 - Ability to improve the safety and well-being of people throughout Scotland through the delivery of our services.  
*(Corporate Performance Management)*

Risk 4 - Ability to ensure legal and regulatory compliance.  
*(Whistleblowing)*

Risk 5 - Ability to have in place a suitably skilled, trained and motivated workforce that is well supported both physically and mentally.  
*(Post Pandemic Review)*

Risk 8 - Ability to anticipate and adapt to a changing environment through innovation and improved performance.  
*(Corporate Performance Management and Change Management)*

Risk 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.  
*(Post Pandemic Review)*

## Operational

Risk 1 - Ability to improve the safety and well-being of people throughout Scotland through the delivery of our services.  
*(Workforce Planning – RDS Firefighters)*

Risk 3 - Ability to collaborate effectively with partners and communities, to enhance service delivery and best value.  
*(Partnership Working)*

Risk 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.  
*(Personal Protection Equipment)*



# Appendix 1 – Internal Audit Plan 2020-21 to 2023-24

Audit area	2020/21	2021/22	2022/23	2023/24	Audit objectives
<b>A. Financial systems</b>					
A.1 Financial Systems Health Check	15				To ensure there are appropriate financial controls in place which ensure completeness and integrity, and that there are for effective arrangements for producing management information.
A.2 Procurement and Tendering	12				To ensure procedures in place at the SFRS for procuring good and services are effectively communicated, monitored and comply with best practice and the Procurement Reform (Scotland) Act 2014.
A.3 Expenses Policy	12				To ensure that all expenses are managed in an appropriate, effective and efficient manner.
A.4 Revenue Maximisation			12		This review will examine the arrangements SFRS has in place to ensure it maximises its opportunities for obtaining revenue additional to its core funding by applying for grants/other funding for which it may be eligible. This will include the methods for identifying other means of income and the arrangements for ensuring applications are submitted within the required deadlines and that any related conditions are complied with.
A.5 Capital Investment Strategy			15		This review will examine SFRS's strategy for capital investment including the identification of the need for investment and consideration of any environmental impact related to business case decisions. We will evaluate SFRS's approach to preparing and approving business cases for capital investment. As part of the review, we will identify areas for improvement to support a robust, repeatable process, which can be consistently applied

					throughout SFRS to different business planning and capital investment decisions.
A.6 Budgetary Control				15	With budgets increasingly under pressure, this review will aim to ensure that SFRS has robust and effective controls over budget setting, monitoring and reporting with particular emphasis on ensuring the service's financial sustainability going forward.
<b>Subtotal A:</b>	<b>39</b>	<b>0</b>	<b>27</b>	<b>15</b>	
<b>B. People</b>					
B.1 Learning & Development		15			<p>To ensure that there are appropriate controls over leadership training. This will include:</p> <ul style="list-style-type: none"> <li>ensuring eligible staff are identified for the leadership programme so they are developed to their full potential;</li> <li>ensuring that there are effective and cost efficient methods of training delivery;</li> <li>ensuring feedback is obtained on the effectiveness of the training given; and</li> <li>that there are appropriate management information and reporting arrangements in place.</li> </ul>
B.2 Sickness Absence Management			12		This review will aim to ensure that sickness absence levels are regularly monitored, kept to a minimum and that appropriate action is taken in the event of repeated and/or prolonged absence. As part of this audit, we will also review the arrangements to ensure that appropriate levels of staffing are maintained in order to meet service delivery requirements where this is affected by sickness absence. This will include consideration of sickness levels on a local and national basis in order to ensure sickness absence does not compromise SFRS's ability to meet Service staffing needs.
B.3 Training			12		This review will evaluate controls over the provision of training including the identification of training needs and the method and delivery of training,

					including cost considerations. We will also examine the arrangements for obtaining feedback on the effectiveness of training. This review will exclude specialist training delivered to firefighters.
B.4 Staff Recruitment and Retention				18	We will examine and evaluate controls over staff recruitment and retention processes ensuring only appropriate staff with the required qualifications, experience and skills are recruited. Additionally, we will review SFRS's arrangements for ensuring experienced staff are retained including appropriate staff retention strategies and the reasons for staff leaving are identified and given due consideration.
B.5 Equality, Diversity and Inclusion				14	This review will aim to ensure that SFRS has appropriate arrangements in place to ensure it meets its statutory obligations with regard to equalities legislation and that equality, diversity and inclusion are actively promoted throughout SFRS and its operations. As part of the review, we will consider the extent to which equality, diversity and inclusion are embedded within the Service alongside compliance with statutory monitoring and reporting requirements for this area.
<b>Subtotal B:</b>	<b>0</b>	<b>15</b>	<b>24</b>	<b>32</b>	

### C. Corporate

C.1 Implementation of SFRS Corporate Governance structure, Strategy and Reporting	15				To ensure the SFRS is aligning its corporate governance structure to facilitate monitoring and reporting of the achievements of strategic aims and implementing an integrated assurance plan.
C.2 Risk Management Review	20				To ensure overall understanding of risk management and effective arrangements for identification of risks, challenge, review and reporting.
C.3 Fire safety enforcement		14			To ensure SFRS has effective arrangements in place to deliver its statutory Fire Safety Enforcement duties under Part 3 of the Fire (Scotland) Act 2005.

				This should include national and local management arrangements, resource and performance management arrangements.
C.4 Programme Office		20		<p>To ensure there are effective controls over the Change Portfolio and the programmes and projects are being effectively managed, in line with the Scottish Government's Programme and Project Management Principles. This will include:</p> <ul style="list-style-type: none"> <li>• controls to ensure the approach to managing programmes and projects is proportionate, effective and consistent with recognised good practice;</li> <li>• that appropriate business cases have been developed;</li> <li>• that objectives are identified, recorded and evaluated;</li> <li>• that the programme secures and maintains management commitment to the selected approach; and</li> <li>• that the programme records and monitors the benefits it will deliver.</li> </ul>
C.5 Environmental Sustainability		12		To ensure there is an Environmental Strategy and Environmental Policy that has been communicated to all staff; that the Environmental Strategy is aligned to relevant Scottish Government legislation including the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019; to ensure implementation progress is considered as part of the monitoring process and that overall progress against the strategy is being regularly monitored and reported to senior management.
C.6 Corporate Performance Management			12	This review will aim to ensure there are effective controls in place over the management of SFRS's performance including: the setting and approval of KPIs which drive continuous improvement; the collation and validation of performance data; monitoring and reporting arrangements; and the actions taken should performance not meet the required standards. As part of this,

				we will examine how the impact of not achieving objectives is considered in order to ensure that any corrective actions are suitably prioritised.
C.7 Post Pandemic Review			18	This review will evaluate the high-level arrangements SFRS has in place for determining the impact of the pandemic on its operations, and for ensuring that appropriate plans are being devised and actioned to ensure the Service can recover and meet its objectives. As part of this, we will examine the recovery, reset and renew programme including actions being taken to minimise and address the effects of Covid-19 and subsequently enhance SFRS's ability to achieve potential efficiency savings and continue the modernisation of the Service.
C.8 Risk Management (Assurance Stocktake)			12	We will undertake a stocktake of assurances obtained in relation to the SFRS's strategic risks and challenge whether the assurance obtained provides sufficient comfort to ARAC and the Board that controls in place and other actions are effectively mitigating the risks. As part of this audit, we will consider gaps in assurance provided and we will also interview a sample of risk owners and challenge them on any assumptions made regarding the risks. We will also reflect on whether the assurance provided meets the needs of stakeholders overseeing the risk management process in that the assurances obtained are understood and clearly demonstrate to them whether risk mitigation is working effectively.
C.9 Change Management			20	We will examine the controls over change management to ensure that robust processes exist in respect of changes to be implemented as a result of the Service Delivery Model Programme as well as any other significant changes required. We will review change processes across the portfolio to ensure that changes: align to the Service's strategic objectives; have been clearly set out with roles and responsibilities defined as well as clear monitoring and reporting structures; have been approved; and are being enacted in a controlled manner to ensure the successful delivery of the changes and to promote continuous improvement within the Service.

C.10 Whistleblowing				12	We will review the arrangements within SFRS for dealing with whistleblowing and for ensuring compliance with the Public Interest Disclosure Act 1998. We will examine relevant policies and procedures to ensure they are fit for purpose and meet legal requirements. We will also examine the measures SFRS has for ensuring staff are aware of how a whistleblowing report can be made. As part of this audit, we will review a sample of whistleblowing reports to ascertain whether these have been dealt with in accordance with internal procedures and that appropriate action has been taken.
<b>Subtotal C:</b>	<b>35</b>	<b>46</b>	<b>30</b>	<b>44</b>	
<b>D. Operational</b>					
D.1 Estates Asset Management and Maintenance	10				To ensure controls are in place to identify the requirements for capital expenditure and to monitor expenditure and the maintenance of assets under management.
D.2 Operational Equipment	10				To ensure there are effective controls in place to confirm equipment in operational use is fit for purpose e.g maintenance and inspection arrangements, user engagement.
D.3 Workforce Planning – RDS Firefighters				18	This audit will seek to ensure that there are appropriate controls in place over workforce planning in relation to Retained Duty System (RDS) firefighters. This review may cover various aspects in relation to this subject including: overall strategy for workforce planning in relation to RDS firefighters; recruitment of RDS firefighters based on operational and geographical need; training and development of RDS firefighters; arrangements to ensure sufficient capacity of RDS firefighters in place at each location including shift allocation; and monitoring and reporting of usage of RDS firefighters. The exact scope of this review will be determined with management prior to the commencement of the review.
D.4 Remote Working		25			To ensure SFRS has appropriate arrangements in place to facilitate remote working including security controls over access to systems and records,

					management and authorisation controls, communication arrangements, ensuring staff have appropriate equipment and support to carry out their duties remotely and to ensure consideration is given to staff wellbeing i.e. staff working in isolation do not suffer from lack of inclusion.
D.5 Personal Protection Equipment			15		This review will expand on the work carried out in 2021/22 in relation to the Fire Kit Investigation where issues in relation to the control of stock items were identified. This audit will seek to ensure that there are robust controls over the management of stock in relation to Personal Protection Equipment to prevent loss and/or misappropriation of items and to ensure appropriate PPE is readily available to operational staff, where required. The audit will cover controls over the storage of items of PPE; the issue of PPE items to staff; the arrangements for staff reporting items of PPE which may be lost or damaged/worn; the process for replacing of PPE items which are lost or damaged/worn; the process of ordering PPE stock for stores; and the arrangements for performing stock counts and reconciliations.
D.6 Partnership Working				18	This review will examine the arrangements SFRS has in place with external partners to ensure both organisations work together effectively to ensure successful outcomes for SFRS. This will include reviewing documented partnership agreements to ensure roles and responsibilities for both parties are clearly defined; the aims and objectives of the partnerships are established at the beginning which align to SFRS's strategic objectives; and that there are regular liaison and monitoring arrangements in process to ensure successful collaboration and outcomes.
<b>Subtotal D:</b>	<b>20</b>	<b>25</b>	<b>33</b>	<b>18</b>	
<b>E. I.T.</b>					
E.1 ICT and Data Security	20				To ensure there are robust controls over internal and external security of the SFRS network and for identifying and resolving threats to the network and cyber security.

E.2 ICT and Data Security Follow Up		10			To ensure that actions identified in the 2020/21 audit have been addressed in line with agreed timescales and that network access for privileged users and leavers is controlled, managed and supported by appropriate policies.
<b>Subtotal E:</b>	<b>20</b>	<b>10</b>	<b>0</b>	<b>0</b>	
<b>F. Compliance and Regularity</b>					
F.1 Follow-up	10	10	10	10	To confirm that management actions have been implemented as agreed.
<b>Subtotal F:</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	
<b>G. Management/Contingency</b>					
G.1 Audit needs assessment/annual plan preparation	-	5	5	5	In year one of our appointment audit needs assessment was undertaken in advance of commencement of audit activity.
G.2 Audit & Risk Assurance Committee planning and attendance	8	8	8	8	
G.3 Annual and internal audit progress reports, meetings with management	8	8	8	8	
G.4 Contingency	5	5	5	10	
<b>Subtotal G:</b>	<b>26</b>	<b>26</b>	<b>26</b>	<b>31</b>	
<b>TOTAL</b>	<b>145</b>	<b>150</b>	<b>150</b>	<b>150</b>	





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## SCOTTISH FIRE AND RESCUE SERVICE

## Audit and Risk Assurance Committee



SCOTTISH  
FIRE AND RESCUE SERVICE  
Working together for a safer Scotland

Report No: C/ARAC/15-22

Agenda Item: 11

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:	30 MARCH 2022						
Report Title:	PLANNING REPORT TO THE AUDIT AND RISK ASSURANCE COMMITTEE ON 2021/22 AUDIT						
Report Classification:	For Recommendation	<b>Board/Committee Meetings ONLY</b> For Reports to be held in Private Specify rationale below referring to <b><u>Board Standing Order 9</u></b>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
<b>1</b>	<b>Purpose</b>						
1.1	This is the external audit plan for the 2021/22 financial statements and is provided for recommendation.						
<b>2</b>	<b>Background</b>						
2.1	This is the external audit plan for the 2021/22 financial statements and is provided for recommendation.						
<b>3</b>	<b>Main Report/Detail</b>						
3.1	This is the external audit plan for the 2021/22 financial statements and is provided for recommendation. The paper includes planned significant audit risks alongside planning materiality.						
<b>4</b>	<b>Recommendation</b>						
4.1	Recommend the paper for approval.						
<b>5</b>	<b>Key Strategic Implications</b>						
5.1	<b>Risk</b>						
5.1.1	This is an external report and therefore not applicable.						
5.2	<b>Financial</b>						
5.2.1	This is an external report and therefore not applicable.						
5.3	<b>Environmental &amp; Sustainability</b>						
5.3.1	This is an external report and therefore not applicable.						
5.4	<b>Workforce</b>						
5.4.1	This is an external report and therefore not applicable.						
5.5	<b>Health &amp; Safety</b>						
5.5.1	This is an external report and therefore not applicable.						

5.6 5.6.1	<b>Training</b> This is an external report and therefore not applicable.	
5.7 5.7.1	<b>Timing</b> This is an external report and therefore not applicable.	
5.8 5.8.1	<b>Performance</b> This is an external report and therefore not applicable.	
5.9 5.9.1	<b>Communications &amp; Engagement</b> This is an external report and therefore not applicable.	
5.10 5.10.1	<b>Legal</b> This is an external report and therefore not applicable.	
5.11 5.11.1	<b>Information Governance</b> This is an external report and therefore not applicable.	
5.12 5.12.1	<b>Equalities</b> This is an external report and therefore not applicable.	
5.13 5.13.1	<b>Service Delivery</b> This is an external report and therefore not applicable.	
<b>6</b>	<b>Core Brief</b>	
6.1	Not applicable	
<b>7</b>	<b>Appendices/Further Reading</b>	
7.1	Appendix A - Planning Report to the Audit and Risk Assurance Committee on 2021/22 Audit	
<b>Prepared by:</b>	Deloitte LLP	
<b>Sponsored by:</b>	John Thomson, Acting Director of Finance and Contractual Services	
<b>Presented by:</b>	Deloitte LLP	
<b>Links to Strategy and Corporate Values</b>		
<b>Governance Route for Report</b>	<b>Meeting Date</b>	<b>Report Classification/ Comments</b>
<i>Audit and Risk Assurance Committee</i>	<i>30 March 2022</i>	<i>For Recommendation</i>



# Scottish Fire and Rescue Service

Planning report to the Audit and Risk Assurance Committee on the 2021/22  
audit

Issued on 9 March 2022 for the meeting on 30 March 2022

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# Introduction

## The key messages in this report

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

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

I have pleasure in presenting our planning report to the Audit and Risk Assurance Committee ('ARAC') of Scottish Fire and Rescue Service ('SFRS') for the 2021/22 audit. I would like to draw your attention to the key messages of this paper:

### **Audit plan**

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

### **Key risks**

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

### **Audit dimensions**

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

In carrying out our planning work, we have considered the arrangements in place for each dimension, building on our findings and conclusions from previous years' audits as well as planning guidance published by Audit Scotland. Our audit dimension significant risks are presented on pages 11 to 13.

As part of our work on the audit dimensions, we will consider the arrangements in place to secure Best Value (BV) as well as other wider scope requirements set out on pages 21 to 23.

# Introduction (continued)

## The key messages in this report (continued)

### **Regulatory change**

IFRS 16, Leases, comes into effect on 1 April 2022, therefore will be first implemented in financial year 2022/23. This will require adjustments to recognise on balance sheet arrangements currently treated as operating leases. Further details are provided on page 26 and as part of the 2021/22 audit, we will evaluate the adequacy of the arrangements in place for compliance with the new standard.

### **Our commitment to quality**

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

### **Managing transition to 2022/23 audits**

2021/22 is the final year of the current audit appointments. We will minimise disruption to all parties, and maximise the transfer of knowledge of SFRS, by working in partnership with Audit Scotland and the incoming auditors.

### **Added value**

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

We have also shared our recent research, informed perspectives and best practice from our work across the wider public sector on pages 28 to 30 of this plan.

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

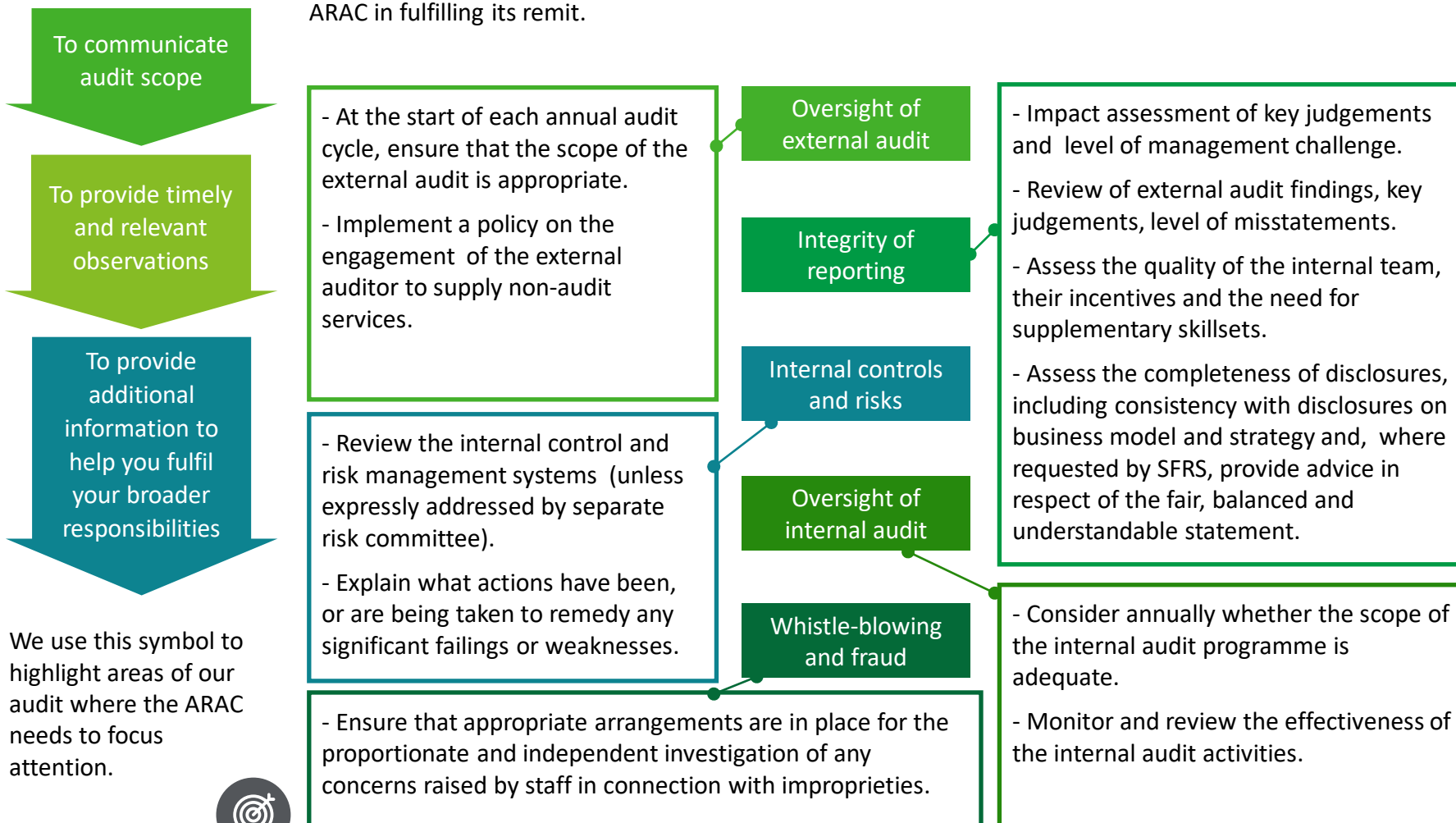


# Responsibilities of the ARAC

## Helping you fulfil your responsibilities

Why do we interact with the ARAC?

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



# Your control environment

## What we consider when we plan the audit

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

### Responsibilities of management

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

### Responsibilities of the ARAC

As explained further in the Responsibilities of the ARAC slide on the previous page, the ARAC is responsible for:

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

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

#### Reliance on controls



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

#### Performance materiality



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

# Our audit explained

## We tailor our audit to your business and your strategy

### Identify changes in your business and environment

SFRS continues to face significant financial pressures, which have sustained during 2021/22. A total of £2.080m is forecasted to be spent on COVID-19 activities offset against savings. We have considered the Service’s exposure to COVID-19 further in pages 15-17.

### Scoping

Our scope is in line with the Code of Audit Practice issued by Audit Scotland.  
More detail is given on page 10.

### In our final report

In our final report to you we will conclude on the significant risks identified in this paper, report to you our other findings, and detail those items we will be including in our audit report, including key audit matters if applicable.



### Determine materiality

We will use a materiality level of £8.69m (2020/21: £8.53m) in planning our audit. This is based on forecast gross expenditure and will be updated based on actual outturn. We will report to you any misstatements above £250k (2020/21: £250k).

Further details on our materiality considerations are provided on page 9.

### Significant risk assessment

We have identified significant audit risks in relation to SFRS. More detail is given on pages 11 to 13. These are consistent with our prior year audit.

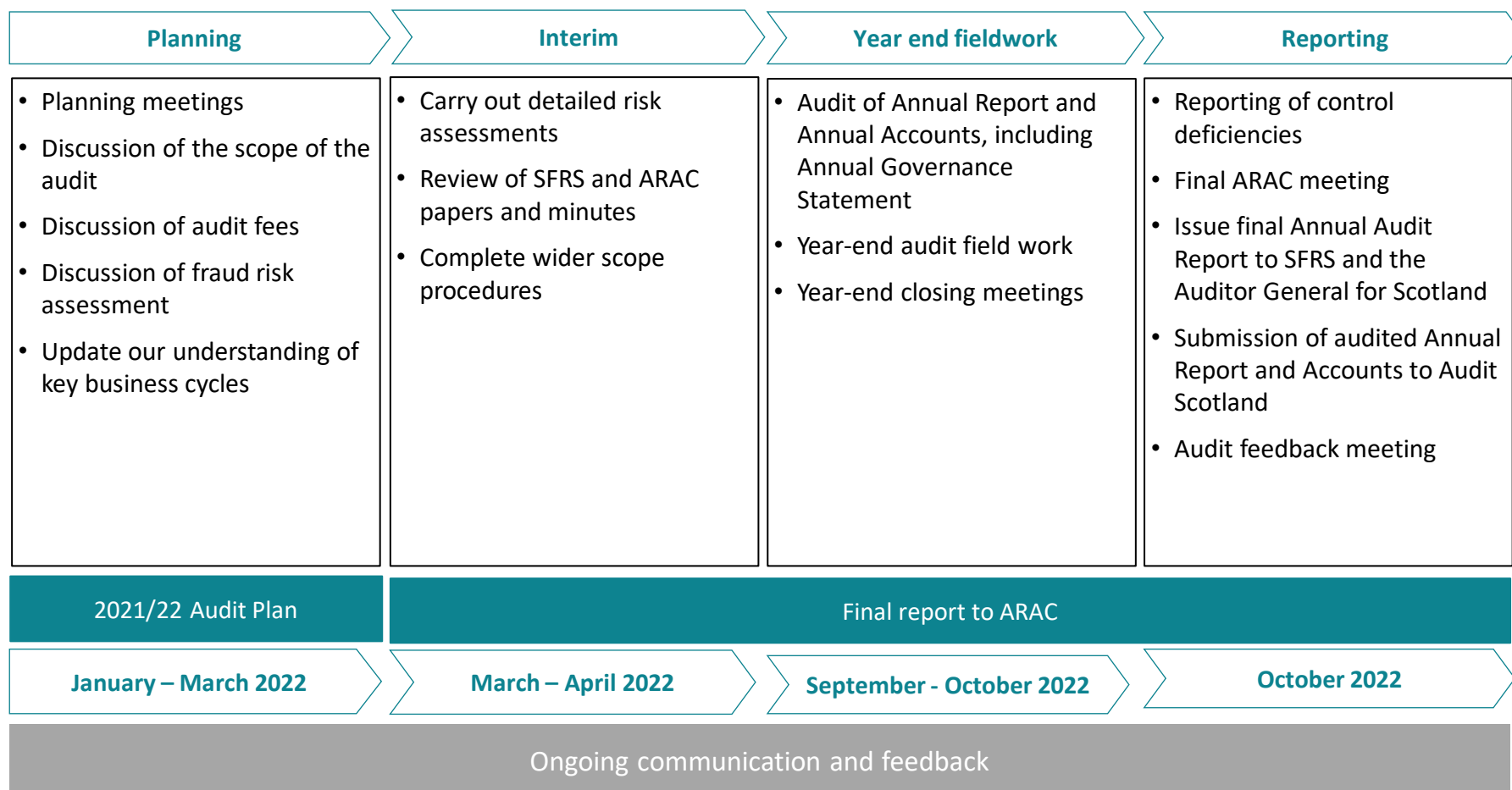
### Quality and Independence

We confirm all Deloitte network firms and engagement team members are independent of SFRS. We take our independence and the quality of the audit work we perform very seriously. Audit quality is our number one priority.

# Continuous communication and reporting

## Planned timing of the audit

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



# Materiality

## Our approach to materiality

### Basis of our materiality benchmark

- The Audit Director has determined materiality as £8.69m (2020/21: £8.53m) and performance materiality as £6.08m (2020/21: £5.97m), based on professional judgement, the requirements of auditing standards and the financial measures most relevant to users of the Annual Report and Accounts.
- We have used 1.8% of forecast gross expenditure as the benchmark for determining materiality (2020/21: 1.8%) and applied 70% (2020/21: 70%) as performance materiality. We have judged expenditure to be the most relevant measure for the users of the accounts.
- The approach is consistent with previous years.

### Reporting to those charged with governance

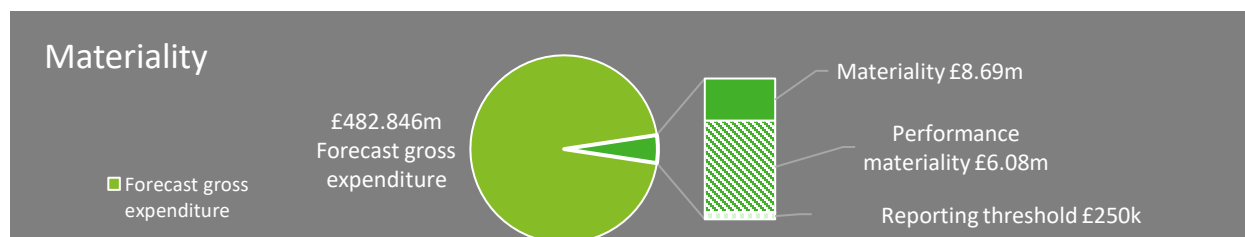
- We will report to you all misstatements found in excess of £250k.
- We will report to you misstatements below this threshold if we consider them to be material by nature.

- Our approach to determining the materiality benchmark is consistent with Audit Scotland guidance which states that the threshold for clearly trivial above which we should accumulate misstatements for reporting and correction to the Audit and Risk Assurance Committee must not exceed £250k.

### Our Annual Audit Report

We will:

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



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

# Scope of work and approach

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







Core audit work	Planned output	Proposed reporting timeline to the Committee	Audit Scotland/ statutory deadline
1. Auditing the annual accounts	Annual Audit Plan	30 March 2022	28 Feb 2022
	Independent auditor's report	13 Oct 2022	31 Oct 2022
2. Audit dimensions	Annual Audit Plan	30 March 2022	28 Feb 2022
	Annual Audit Report	13 Oct 2022	31 Oct 2022
3. Other wider scope audit work	Fraud Returns	N/A	30 Nov 2021*, 28 Feb 2022, 31 May 2022, 31 Aug 2022
	National Fraud Initiative (NFI) audit questionnaire	N/A	28 February 2022

Note, proposed reporting dates above are still provisional and need to be confirmed.

\* All returns have been submitted in accordance with the Audit Scotland / statutory deadlines.

# Significant risks

## Significant risk dashboard

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



**Level of management judgement**

High degree of management judgement



Some degree of management judgement



Limited management judgement



**Controls approach adopted**

Assess design & implementation

# Significant risks

## Management override of controls



### Risk identified

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

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



### Deloitte response and challenge

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

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

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

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

review, we plan to:

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

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



# Significant risks (continued)

## Operating within the expenditure resource limits



### Risk identified and key judgements

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

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

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



### Deloitte response and challenge

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

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

# Other areas of focus (continued)

## Pension liability



### Risk identified and key judgements

SFRS participates in nine defined benefits schemes:

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

The net pension liability increased by £345.177m in 2020/21 from the 2019/20 value. The increase is a combination of an increase in the fair value of the assets and an increase in the liabilities as a result of demographic changes and financial assumptions. The liability also continues to be affected by the McCloud and Goodwin legal cases.

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

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



### Deloitte response and challenge

We will perform the following procedures to address the risk:

- Assess the independence and expertise of the actuary supporting the basis of reliance upon their work;
- Review and challenge the assumptions made by the actuaries;
- Obtain assurance from the auditor of the pension fund over the controls for providing accurate data to the actuary;
- Assess the reasonableness of SFRS' share of the total assets of the scheme with the Pension Fund annual accounts;
- Consider the impact of the Quinquennial Review of the FFPS;
- Review and challenge the calculation of the impact of the McCloud and Goodwin cases on pension liabilities; and
- Review the disclosures within the accounts against the FRoM.

# Coronavirus (COVID-19) outbreak

## Impact on our audit

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The COVID-19 pandemic had a significant impact on the 2019/20 and 2020/21 audit process.

### Requirements

A key element of the reporting requirements for SFRS, which will continue for 2021/22, is communicating risks and governance impacts in narrative reporting, consistent with the Financial Reporting Council's guidance to organisations on the importance of communicating the impact of COVID-19 and related uncertainties, including their impact on resilience and going concern assessments.

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

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### Actions

We would expect organisations as part of their reporting to conduct a thorough assessment of the current and potential future effects of the COVID-19 pandemic including:

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

# Coronavirus (COVID-19) outbreak (continued)

## Impact on our audit (continued)

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

### Impact on Annual Report and Accounts

#### Impact on Property, Plant and Equipment

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

SFRS will need to consider the approach to its valuation (including any changes as a result of the pandemic and consequent service and organisational changes on the "modern equivalent asset" assumed in valuations). SFRS will also need to consider whether there are any indications of impairment of assets requiring adjustment at 31 March 2022.

# Coronavirus (COVID-19) outbreak (continued)

## Impact on our audit (continued)

### Impact on Annual Report and Accounts

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



# Reporting hot topics

## Increased focus on quality reporting

### Deloitte view

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



### The ongoing uncertainty about the UK's future relationship with the EU

The UK-EU Trade and Cooperation Agreement (the 'Deal') agreed on 24 December 2020 has brought certainty and clarification about many (but importantly not all) of the changes arising from the UK's departure from the EU. SFRS should update their assessments of the impact of Brexit on their operations and business model, and on the Annual Report and Accounts (both the recognition and measurement of assets and liabilities and the related disclosures).

Clear disclosure should be provided of the key assumptions used in cash flow forecasts and the significant judgements and estimates made in recognising and measuring the amounts in the Annual Report and Accounts.

**ACTION:** Depending upon events through to the date of signing, we would expect to see Annual Report and Accounts reflecting at least:

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

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



# Reporting hot topics (continued)

## Increased focus on quality reporting



### Climate-related risks

The PRI and other investors groups have published an open letter confirming their view that climate-related risks are material factors that should be reflected appropriately in Annual Report and Accounts statements. The IIGCC has also published a report reiterating their expectations for the Paris Agreement to be considered in drawing up accounts.

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

In November 2020, the FRC published its review of climate-related considerations which includes the FRC's expectations of companies, financial statements and auditors. The FRC highlights that "the implications of climate change will affect a wide range of companies. In developing a company's strategic direction, SFRS "should be taking into account all the possible effects of climate change" and that "corporate reporting should address the company's impact on the environment, the resilience of its business model and the impact of climate change on its financial statements." The [FRC's year-end letter to CEOs, CFOs and Audit and Risk Assurance Committee Chairs](#) highlights that "users expect companies to provide full information about the future impact of climate change on the business and how the company's activities affect the environment" and that financial statements should explain the impact of climate-related risks, policies and strategies on measurement and disclosure.

The path to mandatory Task Force on Climate-related Financial Disclosures (TCFD) reporting is also clear:

- TCFD disclosures are required under a new listing rule for all premium listed companies, initially, on a comply or explain basis **from 1 January 2021**;
- The UK Government has published a consultation on requiring mandatory climate-related disclosures for publicly quoted companies, large private companies and LLPs in line with the four pillars of TCFD and its roadmap towards mandatory climate-related disclosures across the economy by 2025; and
- The European Commission (EC) has published proposals for a Corporate Sustainability Reporting Directive (CSRD) that would make sustainability reporting mandatory for all EU listed and large companies. The EU has stated that its approach to standard-setting should take account of existing standards and frameworks, including TCFD. TCFD is already included in voluntary guidance on the Non-Financial Reporting Directive.

**ACTION:** Climate change is a strategic issue and should be on SFRS' agenda. We therefore expect the narrative within the Annual Report and Accounts to include the following:

- An explanation of how climate change is assessed as a strategic issue
- Clarity of whether climate change represents a principal or emerging risk and how it is being managed
- If climate-related targets or metrics are disclosed, an explanation of how those targets or metrics fit into strategic targets/ approach.
- An assessment of the readiness to make disclosures in line with the four areas recommended by the TCFD.

# Audit quality

## Our commitment to audit quality



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

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

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

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

Our engagement team is selected to ensure that we have the right subject matter expertise and industry knowledge. We will involve property specialists to support the audit team in our work on the valuation of land and buildings and our pension specialists will support the audit team in our work on the pension liability.

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



### Engagement Quality Control Review

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



# Wider scope requirements

## Overview

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

In carrying out our annual risk assessment, we have considered the arrangements in place, building on our findings and conclusions from previous years' audits as well as planning guidance published by Audit Scotland. The following pages summarise the significant risks identified and our planned audit response.



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 (BV). We are required to consider the organisational arrangements in place in this regard as part of our wider scope work.

# Wider scope requirements (continued)

## Audit dimensions (continued)

Audit dimension	Significant risks identified	Planned audit response
Financial sustainability	While the Service has historically achieved short term financial balance, there remains a risk that the Service is not financially sustainable in the medium to longer term.	We will review progress being made by SFRS in refreshing its long term financial strategy during 2021/22, particularly in terms of reflecting the impact of COVID-19 and other demand pressures. We will also specifically follow up on our recommendations raised in the prior year.
Financial management	<p>In the previous year, we identified some areas for improvement in respect of financial management.</p> <p>We have not identified any significant risks in relation to financial management during planning our audit.</p>	We will continue to review the financial management arrangements in place. We will specifically follow up on the recommendations made in our previous audit.
Governance and transparency	In previous years, we have concluded that the Service has effective governance and scrutiny arrangements in place, therefore we have not identified any significant risks. In our 2020/21 annual audit report, we recommended in the interest of continuous improvement, the Service should consider if there are any lessons learned from other public bodies or other ways of engaging with wider stakeholders.	We will review the work of SFRS and ARAC to assess whether the arrangements are operating effectively, including assessing whether there is effective scrutiny, challenge and informed decision making. Specifically we will follow up on the recommendations made in our previous audit, such as: improvement to the implementation of governance arrangements (e.g., live Board meetings for members of the public to join).
Value for money	The COVID-19 pandemic is expected to continue to have a substantial impact on reporting. There therefore remains a risk that performance reporting has not been timely, reliable, balanced, transparent and appropriate to users' needs.	We will review the performance reports across the Service to assess the extent of openness and transparency during the year. Specifically we will follow up on the recommendations made in our previous audit.

# Wider scope requirements (continued)

## Other requirements

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### National Fraud Initiative (NFI)

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The NFI in Scotland is a biennial counter-fraud exercise led by Audit Scotland, and overseen by the Cabinet Office for the UK as a whole. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems that might suggest the existence of fraud and error.

Participating bodies received matches for investigation from January 2021. Most matches should have been investigated by 30 September 2021 and the results recorded on the NFI system. However, some investigations may continue beyond this date.

We must complete a short questionnaire for each body participating in the NDDI and submit to Audit Scotland by 28 February 2022. We are on target to meet this deadline.

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### Other areas

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

- Preliminary enquiries on all correspondence received
  - Submission of fraud returns
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# Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

## What we report

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

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

## Use of this report

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

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

## What we don't report

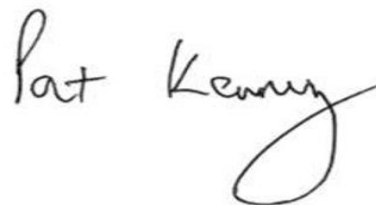
As you will be aware, our audit is not designed to identify all matters that may be relevant to SFRS.

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

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

## Other relevant communications

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



**Pat Kenny**

**for and on behalf of Deloitte LLP**

Glasgow | 9 March 2022

# Technical update and sector developments

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# Changes to accounting standards

## IFRS 16 - Leases

### Background

IFRS 16 comes into effect on 1 April 2022. HM Treasury have decided that IFRS 16 will be adopted without retrospective restatement: this means that when it is implemented in 2022/23, the Service will recognise the cumulative impact of applying the standard as at 1 April 2022, with all adjustments to opening balances at that date taken through the General Fund.

IFRS 16 introduces a single lessee accounting model that results in more faithful representation of a lessee's assets and liabilities, and improves comparability between leased and purchased assets operated by the Service. The standard also introduces enhanced disclosures which are intended to improve transparency of financial reporting; full disclosure will be required in 2022/23 financial statements and beyond.

IAS 8 requires entities to disclose an assessment in their 2021/22 accounts of the possible impact of implementing IFRS 16. The Service should be in a position to estimate this impact before 1 April 2022 and make these disclosures unless immaterial.

### Next steps

We recommend that management update on the progress made with the implementation of the new standard, and we will report specifically on the findings from our audit work in this area.

### Practical Challenges

There are a number of practical challenges that the Service need to consider in preparing for implementation of the new standard, including:

- **Additional cost of asset ownership** – IFRS 16 will increase the amount of fixed assets an organisation will need to maintain information regarding to inform valuation assessments for instance (revaluation or impairment)
- **Completeness of data** – Obtaining and assessing all of the relevant data. Completeness of the lease registers/Assets records will require greater level of detail.
- **Estimates and judgements** – Separating lease and non-lease components, consideration of extension and termination options
- **Judgements around existing arrangements** – Lack of documentation around the lease agreement in some cases will require judgements as to what extent arrangements represent and what accounting treatment is appropriate.
- **Lease Management** – after the initial implementation SFRS will have to continue maintaining control of the lease arrangements. Regular reassessment reviews etc.

There are many colleagues within the Service and externally who can assist with challenges and issues you come across when implementing the new Standard – Finance, Estates teams, contract owners, HM Treasury, Other Services/IJB/Local Authorities, National Bodies and Auditors.

# Changes to the Government Financial Reporting Manual (FReM)

## 2021/22 Edition

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### Background

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HM Treasury has issued a revised version of the FReM for the financial year 2021/22. The FReM is the technical accounting guide to the preparation of the annual report and accounts.

The main changes in the 2021/22 edition of the FReM apply to the Remuneration and Staff Report and relate to:

- additional guidance and reporting requirements for a single total figure of remuneration table (paragraphs 6.5.8e to 6.5.15)
- Revised disclosures for fair pay (6.5.19 to 6.5.24)

We have provided management with detailed guidance to help ensure compliance with the above. We have also provided management with a paper summarising the key sections of the FReM which we recommend is used as a 'checklist' to ensure that the mandatory requirements are met, from both the *letter* and the *spirit* of the requirements. These should be considered from the users of the accounts perspective, who may not necessarily be as informed/ knowledgeable as the entity on the matters being disclosed.

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### Next steps

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We recommend that management review the changes to the FReM at the earliest opportunity, with particular reference to our detailed guidance note. We are happy to have early discussion on this to agree proposed amendments.

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# Climate change

## Consideration of the impact on the audit annual report and accounts

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### Role of Audit

In June 2021, the Auditor General for Scotland published a blog “making climate change an audit priority” that sets out the challenges for the public sector in tackling climate change and the role audit could play in this.

In July, Audit Scotland held a roundtable to help inform its approach to auditing climate change. The roundtable was made up of the climate change leads for the Accounts Commission and key stakeholders from across Scotland. They posed some challenging questions around the opportunities and challenges of tackling climate change and what it meant for the public sector. Several **key themes and challenges** emerged which were published in an update in October 2021 [Auditing climate change: An update \(audit-scotland.gov.uk\)](https://www.audit-scotland.gov.uk/auditing-climate-change-an-update):

- Climate ambition v plans and actions.
- Importance of adaptation.
- Paying for it.
- Critical role of the public.
- Joined up working.
- Public sector leadership role.

The time is right for independent audit and scrutiny to help achieve Scotland’s climate change ambitions.

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### Annual Report and Accounts considerations

As part of our planning discussions with management, we have shared an illustrative framework. The potential impacts of climate change are extensive and pervasive, therefore we recommend the framework is adopted and continually reviewed. Specific areas to start considering in advance of drafting the Annual Report and Accounts include key risks, mitigating actions (for **narrative disclosure**) and impact on **judgements and estimates** made by management:

**Acute physical risks**, e.g. extreme weather events causing supply chain disruption or severe damage to PPE.

**Chronic physical risks**, e.g. rising sea levels causing damage to PPE; or increased temperatures resulting in higher heat stress to employees.

**Policy and Legal transition risks**, e.g. direct and indirect tax compliance as tax legislation develops.

**Technology transition risks**, e.g. development and use of emerging technologies such as renewable energy and battery storage.

**Market transition risks**, e.g. changing consumer trends resulting in services becoming obsolete.

**Reputation transition risks**, e.g. damage to reputation through failure to transition effectively to a lower-carbon economy.

**Financing risks**.



# The State of the State 2021-22

## Towards a new public sector normal

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### Background and overview

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Now in its ninth year, this report brings together Deloitte and think tank Reform to provide an annual snapshot of the UK's public sector.

This year's report features an exclusive Ipsos MORI survey of more than 5,000 members of the UK public – including almost 900 Scottish adults – plus analysis of interviews with more than 50 senior figures across the UK's public sector. This blend of quantitative and qualitative research offers a unique perspective on government and public services.

#### **What will I learn from this year's State of the State?**

Since March 2020, the UK's governments and public services have led radical, exhaustive, and dynamic responses to the coronavirus pandemic. This year's State of the State finds them dealing with both the pandemic and its wider repercussions as a 'new normal' emerges.

Looking beyond the pandemic, the UK Government has set out its ambition to 'build back better' through infrastructure investment, levelling up economic outcomes across the regions and revitalising the UK's place in the world. At the same time, the policies and politics of Scotland, Northern Ireland and Wales continue to diverge from Westminster and Whitehall as well as each other. The State of the State explores all of these developments.

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### Next steps

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A summary of some of the key Scottish findings are provided on the next page. The full report is available at [The State of the State 2021/22 \(deloitte.com\)](https://www.deloitte.com/uk/en/insights/industry/public-sector/state-of-the-state-2021-22.html)



# The State of the State 2021-22 (continued)

## Towards a new public sector normal (continued)

### Public spending

This year has seen a shift in attitudes to public spending amongst Scottish people. Historically, the keenest in the UK on a higher tax and higher spend environment, views in Scotland are now broadly the same as those in the rest of the UK; possibly driven by the cost of the pandemic on the public purse and worries over household incomes.

**29%** of the public want to see higher levels of spending after the pandemic.

**30%** want to see the same balance of tax and spending as before the pandemic began

**27%** would like to see tax cuts and spending cuts to match.



### Social mobility

**40%** of Scots believe skills and employability are the most important factors when trying to get ahead in life. However, Scots feel more strongly than the UK average that wealth and region are also important indicators on getting ahead in society.



### Spending priorities

The Scottish public's views were in line with the rest of the UK with public health and social care the most frequently named priorities.

Support for the growth in green industries and technologies is also high in Scotland, sitting behind housing but on a par with primary and secondary schools and reducing inequality between UK regions.

# Appendices

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# Prior year audit adjustments

## Uncorrected misstatements

The following uncorrected misstatements were identified during the course of our prior year audit:

		Debit/(Credit) Statement of Comprehensive Net Expenditure £m	Debit/(Credit) in Net Assets £m	Debit/(Credit) prior year Taxpayer's Equity £m	Debit/(Credit) in Income £m
<b>Misstatements identified in current year</b>					
Firefighter's Uniforms	[1]	-	4.659 (4.659)	-	-
GMP Equalisation	[2]	0.800	(0.800)	-	-
Goodwin	[3]	0.320	(0.320)	-	-
Pension Fund Auditor	[4]	(0.386)	0.386	-	-
<b>Total</b>		<b>0.734</b>	<b>(0.734)</b>	-	-

[1] The accounting for the purchase of Firefighter's Uniforms is incorrectly recorded within inventory and should be included within Property, Plant and Equipment. This adjustment is a balance sheet reclassification between current assets and non-current assets.

[2] In respect to the Service's Local Government Pension Schemes, no allowance has been made for the GMP Equalisation. This adjustment is to recognise the impact of GMP Equalisation within Other Comprehensive Income.

[3] In respect to the Service's Local Government Pension Schemes, no allowance has been made for the Goodwin ruling.

[4] This is the Service's share of the errors identified by the Local Government Pension Scheme auditors.

We obtained written representations from management, confirming that after considering all these uncorrected items, both individually and in aggregate, no adjustments were required.

# Our other responsibilities explained

## Fraud responsibilities



### Your Responsibilities:

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



### Our responsibilities:

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

### Fraud Characteristics:



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

# Our other responsibilities explained (continued)

## Fraud responsibilities (continued)

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



### Management:

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

### Internal audit

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



### Those charged with governance

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



# Independence and fees

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

## Independence confirmation

We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of SFRS and will reconfirm our independence and objectivity to the Audit and Risk Assurance Committee for the year ending 31 March 2022 in our final report to the Audit and Risk Assurance Committee.

## Fees

The audit fees for 2020/21 and 2021/22 are analysed below. For 2021/22, in line with the fee range provided by Audit Scotland is £108,110, as analysed below:

	2021/22	2020/21
	£	£
Auditor remuneration	84,550	88,383.60*
Audit Scotland fixed charges:		
Pooled costs	19,550	19,060
Contribution to AS costs	4,010	4,220
<b>Total fee</b>	<b>108,110</b>	<b>111,663.60</b>



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

\* The final fee for 2020/21 included an overrun of £5,593.60 which has been agreed with management.

## Non-audit services

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

## Relationships

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

# Our approach to quality

## AQR team report and findings

Executing high quality audits remains our number one priority. We are committed to our critical public interest role and continue to embed our culture of quality and excellence into all of our people. This includes using new technology and tools to continue to transform our audit approach.

In July 2021 the Financial Reporting Council (“FRC”) issued individual reports on each of the seven largest firms, including Deloitte, on Audit Quality Inspections providing a summary of the findings of its Audit Quality Review (“AQR”) team for the 2020/21 cycle of reviews.

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

In that context, overall FRC inspection results, showing an improvement since last year from 76% to 79% of all inspections assessed as good or needing limited improvement, reflect the progress we are making. The overall profile of our ICAEW inspections and our internal inspection programme also show a similar overall improvement since last year.

The results for the inspections of FTSE 350 entities fell short of our overall scores, reflecting specific findings on those particular audits rather than issues pervasive across other audits. Our objective continues to be for all of our audits to be assessed as good or needing limited improvement and we know we still have work to do in order to meet this standard.

We agree with and accept the FRC’s findings on the individual inspections. The FRC has recognised improvements following the actions and programmes for previous years and we welcome the good practice points raised, including in respect of impairment and revenue where individual findings continue to occur.

Overall, we are pleased that there have been no significant findings over our firm wide processes and controls over the last three inspection cycles in the areas subject to rotational review by the FRC. However, we are continually enhancing our processes and controls across our business and such changes will directly or indirectly affect audit quality.

All the AQR public reports are available on its website. <https://www.frc.org.uk/auditors/audit-quality-review/audit-firm-specific-reports>





## Our approach to quality (continued)

### AQR team report and findings (continued)

#### The AQR's 2020/21 Audit Quality Inspection Report on Deloitte LLP

“We reviewed 19 individual audits this year and assessed 15 (79%) as requiring no more than limited improvements. Of the 11 FTSE 350 audits we reviewed this year, we assessed eight (73%) as achieving this standard”.

“Our key findings related primarily to the need to:

- Improve the evaluation and challenge of management’s key assumptions of impairment assessments of goodwill and other assets.
- Enhance the consistency of group audit teams’ oversight of component audit teams.
- Strengthen the effectiveness and consistency of the testing of revenue.”

“The firm has taken steps to address the key findings in our 2019/20 public report, with actions that included increasing the extent of consultations, and enhanced learning, coaching and support programmes.

We have identified improvements, for example, in the extent of challenge of management by audit teams in respect of the estimates used for model testing. This was identified as a key finding last year.

We also identified good practice in a number of areas of the audits we reviewed (including robust procedures relating to going concern and evidence to support the challenge of management in areas of key judgement) and in the firm-wide procedures (including establishing a centre of excellence focused on credit for banking audits to encourage the consistent application of the firm’s methodology and guidance).“



# Our approach to quality (continued)

## Quality of public audit in Scotland – Annual Report 2020/21

Audit Scotland published its annual assessment of audit quality carried out on the audit work delivered by Audit Scotland and appointed firms. A copy of the full report is available: [Quality of public audit in Scotland annual report 2020/21 | Audit Scotland \(audit-scotland.gov.uk\)](#)

The **public audit model in Scotland** is fundamentally different to the private sector audit regime and is well placed to meet the challenges arising from the reviews of the auditing profession.

The audit profession remains under scrutiny after high-profile corporate collapses in the private sector. The Brydon review, alongside the Kingman review, the Competition and Markets Authority market study of the audit services market and the Business, Energy and Industrial Strategy Committee's report on the Future of Audit all placed a strong focus on the need for independence of auditors from the bodies they audit.

Public audit in Scotland is well placed to meet the challenges arising from the reviews of the auditing profession. It already operates many of the proposed features to reduce threats to auditor independence including:

- independent appointment of auditors by the Auditor General for Scotland and Accounts Commission
- rotation of auditors every five years (current appointments extended to six years due to COVID-19)
- independent fee-setting arrangements and limits on non-audit services
- a comprehensive Audit Quality Framework.

### Environment

The global pandemic has changed and challenged most aspects of our lives. Public bodies have been at the forefront of managing the effects of the COVID-19 pandemic. Public bodies have focused on supporting those most affected. Many bodies had new obstacles to overcome as they prepared financial statements and responded to auditors.

The Scottish Government delayed the accounting and auditing deadlines for NHS and local government bodies to help accommodate these competing pressures. The Auditor General for Scotland and Accounts Commission revised their work programme and prepared COVID-19 specific briefing papers to support public bodies and auditors to respond to the pandemic.

The Auditor General for Scotland and Accounts Commission recognised that the safety and wellbeing of audit staff and staff in public bodies was paramount and that auditors would need to take a pragmatic and flexible approach to their work in 2020/21. They were clear that audit quality should not be compromised.

# Our approach to quality (continued)

## Quality of public audit in Scotland – Annual Report 2020/21 (continued)

### Key messages

1. The application of the Audit Quality Framework (AQF) continues to identify improvement areas and good practice in audit quality. Across the range of evidence used to assess audit quality the conclusion is that the quality of audit work is good in Performance audit and Best Value audit and accountancy firms, with improvement required and planned in Audit Scotland's Audit Services Group where the financial audit quality results do not meet the expected standards.
2. **Areas of Good Practice**
  - ICAS have reviewed compliance with International Standard on Quality Control 1 for all auditors and did not note any issues or matters for further consideration. [\(One Deloitte file reviewed in 2020/21\)](#)
  - All 2019/20 annual audit opinions were signed off by 9 March 2021. [\(All Deloitte opinions signed by 31 October 2020\)](#)
  - Two financial audits reviewed were awarded the highest scores available by the Institute of Chartered Accountants of Scotland (ICAS) with no areas for improvement identified. [\(One Deloitte file reviewed – awarded score of 2A – limited improvement required\)](#)
  - All of the Performance audit and Best Value audits reviewed achieved expected quality standards with limited concerns identified. All audit providers have confirmed that there continued to be a strong culture of support for performing high-quality audit during the pandemic. [\(One Deloitte Best Value file reviewed – awarded score of 2A – limited improvement required\)](#)
  - Stakeholder feedback shows further improvement in the level of satisfaction with external audit services provided, the usefulness of the annual audit report and shows that audit work has had impact.
3. **Areas for improvement**
  - Seven of the eleven (64 per cent) 2019/20 Audit Services Group financial audits reviewed did not meet the expected standard. [\(Not applicable to Deloitte audits\)](#)
  - For two audits, auditors need to investigate the risk of material misstatement in the financial statements and ensure that any such misstatement is resolved appropriately. [\(Not applicable to Deloitte audits\)](#)
  - An area that continues to be an issue for most audit providers is on audit staff views of having sufficient time and resources to deliver high quality audit. [\(An area continually monitored in planning all audits\)](#)

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## SCOTTISH FIRE AND RESCUE SERVICE

## Audit and Risk Assurance Committee



SCOTTISH  
FIRE AND RESCUE SERVICE  
Working together for a safer Scotland

Report No: C/ARAC/17-22

Agenda Item: 12

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:	30 MARCH 2022						
Report Title:	REVIEW OF CODE OF CONDUCT FOR MEMBERS OF THE SFRS						
Report Classification:	For Recommendation	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>
<b>1</b>	<b>Purpose</b>						
1.1	The purpose of this report is to present the revised Code of Conduct for Members of the Scottish Fire and Rescue Service (SFRS), see Appendix A. The Audit and Risk Assurance Committee (ARAC) are therefore invited to recommend minor amendments made to the Code of Conduct for Members of the SFRS.						
<b>2</b>	<b>Background</b>						
2.1	The SFRS Members Code of Conduct was first presented to the Board on 14 January 2013 with an updated version subsequently presented to the Board on 30 August 2018.						
2.2	The Ethical Standards in Public Life etc (Scotland) Act 2000 provides for Codes of Conduct for local authority councillors and members of relevant public bodies, including the SFRS. The Act requires the Scottish Ministers to lay before Parliament a Model Code for Members of Devolved Public Bodies and the last Model Code was approved by Scottish Parliament on 4 December 2013.						
2.3	Scottish Government acknowledged that various developments have taken place in society since then, for example, the increasing role played by social media in our society, while also underlining the importance of respectful behaviour and highlighting that bullying and harassment should not be tolerated under any circumstances.						
2.4	As a result, the “Ethical Standards In Public Life: Consultation On Model Code Of Conduct For Board Members Of Devolved Public Bodies” was launched in October 2020 to seek views on proposed changes to the Model Code.						
2.5	Following conclusion of this consultation a revised Model Code of Conduct was issued by the Scottish Ministers in December 2021, with the approval of the Scottish Parliament.						
2.6	The Commissioner for Ethical Standards in Public Life has previously prepared and revised the Model Code of Conduct and the Scottish Government has asked the SFRS to adopt this template which it continues to do as requested.						

<b>3</b>	<b>Main Report/Detail</b>
3.1	The Board's attention should be brought towards the key amendments contained within the Code of Conduct for Members of the Scottish Fire and Rescue Service:
3.2	<b>Section 1 – Introduction To The Code Of Conduct</b>
3.2.1	Removal of unnecessary wording to leave a more concise overview which is reflected throughout the Model Code making it easier to read and understand. Emphasis has been given to the use of the word "I" clearly highlighting the responsibilities of individual Board members.
3.3	<b>Section 3 – General Conduct</b>
3.3.1	Broader scope and greater emphasis around relations with everyone you come into contact with, bullying and harassment, using social media and gifts and hospitality.
3.4	<b>Section 4 – Registration Of Interests</b>
3.4.1	Two additional categories have been added to clearly identify areas that require to be registered. These new categories are in relation to Election Expenses (only applicable where a Board member is elected to their public body) and Close Family Members (relates to the need to now register the interests of any close family member who has transactions with the public body or is likely to have transactions or do business with it).
3.5	<b>Section 5 – Declaration Of Interests</b>
3.5.1	This section has been revised and streamlined considerably to make it clearer that members need to take responsibility for declaring matters of interest. It has been broken down into three separate stages to try and make it more evident in how Board members should consider if they have a connection to a matter that is an interest that should be declared using the objective test.
3.6	<b>Annex A: Breaches Of The Code</b>
3.6.1	Annex A has been extended to include information about the role of the Commissioner for Ethical Standards and the sanctions available to the Standards Commission following a finding of a breach of the Code and what these mean.
<b>4</b>	<b>Recommendation</b>
4.1	ARAC are invited to recommend the revised Code of Conduct for Members of the SFRS, which will form part of the Board and Committee annual governance review, subject to any further amendments.
<b>5</b>	<b>Key Strategic Implications</b>
5.1	<b>Risk</b>
5.1.1	The implementation of the proposed arrangements in this report are intended to support control measures identified to mitigate the impact of Strategic Risk 4 – Ability to ensure legal and regulatory compliance.
5.2	<b>Financial</b>
5.2.1	There are no key strategic financial implications arising from the recommendations set out in this paper.
5.3	<b>Environmental &amp; Sustainability</b>
5.3.1	There are no key strategic environmental and sustainability implications arising from the recommendations set out in this paper.
5.4	<b>Workforce</b>
5.4.1	There are no key strategic workforce implications arising from the recommendations set out in this paper.

5.5	<b>Health &amp; Safety</b>
5.5.1	There are no key strategic health and safety implications arising from the recommendations set out in this paper.
5.6	<b>Training</b>
5.6.1	There are no key strategic training implications arising from the recommendations set out in this paper.
5.7	<b>Timing</b>
5.7.1	This forms part of the annual governance review process.
5.8	<b>Performance</b>
5.8.1	There are no key strategic performance implications arising from the recommendations set out in this paper.
5.9	<b>Communications &amp; Engagement</b>
5.9.1	The SFRS Members Code of Conduct was revised in consultation with the Director of Strategic Planning, Performance and Communications and the Members of the SFRS Board.
5.10	<b>Legal</b>
5.10.1	The Ethical Standards in Public Life etc (Scotland) Act 2000 requires Scottish Ministers to issue a Model Code of Conduct for Members of Devolved Public Bodies.
5.11	<b>Information Governance</b>
5.11.1	<i>DPIA completed - No. If not applicable state reasons.</i>
5.11.2	This is set out clearly within the relevant Sections of the Code of Conduct for Members of the SFRS, in particular Section 3 – General Conduct: Confidentiality.
5.12	<b>Equalities</b>
5.12.1	<i>EIA completed No. If not applicable state reasons.</i>
5.12.2	The existing Equality Impact Assessment – Board Operating Arrangements, has been considered and there are no issues arising from the matters raised within this report.
5.13	<b>Service Delivery</b>
5.13.1	There are no key strategic service delivery implications arising from the recommendations set out in this paper.
<b>6</b>	<b>Core Brief</b>
6.1	Not Applicable.
<b>7</b>	<b>Appendices/Further Reading</b>
7.1	Appendix A - Code of Conduct for Members of the Scottish Fire and Rescue Service
<b>Prepared by:</b>	Alasdair Cameron, Group Commander, Board Support Manager & Heather Greig, Board Support Executive Officer
<b>Sponsored by:</b>	Richard Whetton, Head of Governance, Strategy and Performance
<b>Presented by:</b>	Mark McAteer, Director of Strategic Planning, Performance and Communications

<b>Links to Strategy and Corporate Values</b>		
This links to the SFRS Strategic Plan 2019-22 through Outcome 4 - We are fully accountable and maximise our public value by delivering a high quality, sustainable fire and rescue service for Scotland.		
<b>Governance Route for Report</b>	<b>Meeting Date</b>	<b>Report Classification/ Comments</b>
Audit and Risk Assurance Committee	30 March 2022	<i>For Recommendation</i>
<i>SFRS Board</i>	<i>28 April 2022</i>	<i>For Decision</i>



**Working together  
for a safer Scotland**



**SCOTTISH**  
**FIRE AND RESCUE SERVICE**  
Working together for a safer Scotland

# SCOTTISH FIRE AND RESCUE SERVICE BOARD

## CORPORATE GOVERNANCE

### CODE OF CONDUCT FOR MEMBERS OF THE SCOTTISH FIRE AND RESCUE SERVICE

Original Author/Role	Lynne Dickson
Date of Risk Assessment (if applicable)	N/A
Date of Equality Impact Assessment	March 2020
Date of Impact Assessment (commenced)	December 2019
Date of Impact Assessment (concluded)	March 2020
Quality Control (name and date)	Richard Whetton, Head of Governance, Strategy and Performance - March 2022
Authorised (name and date)	Mark McAteer, Director of Strategic Planning, Performance and Communications – March 2022
Last reviewed (name and date)	GC Alasdair Cameron – March 2022
Date for Next Review	March 2023

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### **Section 1: Introduction to the Code of Conduct**

My Responsibilities  
Enforcement

### **Section 2: Key Principles of the Code of Conduct**

### **Section 3: General Conduct**

Respect and Courtesy  
Remuneration, Allowances and Expenses  
Gifts and Hospitality  
Confidentiality  
Use of Public Body Resources  
Dealing with the SFRS and Preferential Treatment  
Appointments to Outside Organisations

### **Section 4: Registration of Interests**

Category One: Remuneration  
Category Two: Other Roles  
Category Three: Contracts  
Category Four: Election Expenses  
Category Five: Houses, Land and Buildings  
Category Six: Interest in Shares and Securities  
Category Seven: Gifts and Hospitality  
Category Eight: Non-Financial Interests  
Category Nine: Close Family Members

### **Section 5: Declaration of Interests**

Stage 1: Connection  
Stage 2: Interest  
Stage 3: Participation

### **Section 6: Lobbying and Access**

## ANNEXES

Annex A Breaches of the Code  
Annex B Definitions

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## SECTION 1: INTRODUCTION TO THE CODE OF CONDUCT

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1.1 This Code has been issued by the Scottish Ministers, with the approval of the Scottish Parliament, as required by the [Ethical Standards in Public Life etc. \(Scotland\) Act 2000 \(the “Act”\)](#).

1.2 The purpose of the Code is to set out the conduct expected of those who serve on the boards of public bodies in Scotland.

1.3 The Code has been developed in line with the nine key principles of public life in Scotland. The principles are listed in [Section 2](#) and set out how the provisions of the Code should be interpreted and applied in practice.

### My Responsibilities

1.4 I understand that the public has a high expectation of those who serve on the boards of public bodies and the way in which they should conduct themselves in undertaking their duties. I will always seek to meet those expectations by ensuring that I conduct myself in accordance with the Code.

1.5 I will comply with the substantive provisions of this Code, being sections 3 to 6 inclusive, in all situations and at all times where I am acting as a board member of the Scottish Fire and Rescue Service (SFRS), have referred to myself as a board member or could objectively be considered to be acting as a board member.

1.6 I will comply with the substantive provisions of this Code, being sections 3 to 6 inclusive, in all my dealings with the public, employees and fellow board members, whether formal or informal.

1.7 I understand that it is my personal responsibility to be familiar with the provisions of this Code and that I must also comply with the law and the SFRS’s rules, standing orders and regulations. I will also ensure that I am familiar with any guidance or advice notes issued by the Standards Commission for Scotland (“Standards Commission”) and the SFRS, and endeavour to take part in any training offered on the Code.

1.8 I will not, at any time, advocate or encourage any action contrary to this Code.

1.9 I understand that no written information, whether in the Code itself or the associated Guidance or Advice Notes issued by the Standards Commission, can provide for all circumstances. If I am uncertain about how the Code applies, I will seek advice from the Standards Officer of the SFRS, failing whom the Chair or Chief Executive of the SFRS. I note that I may also choose to seek external legal advice on how to interpret the provisions of the Code.

### Enforcement

1.10 [Part 2 of the Act](#) sets out the provisions for dealing with alleged breaches of the Code, including the sanctions that can be applied if the Standards Commission finds that there has been a breach of the Code. More information on how complaints are dealt with and the sanctions available can be found at [Annex A](#).

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**SECTION 2: KEY PRINCIPLES OF THE MODEL CODE OF CONDUCT**

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2.1 The Code has been based on the following key principles of public life. I will behave in accordance with these principles and understand that they should be used for guidance and interpreting the provisions in the Code.

2.2 I note that a breach of one or more of the key principles does not in itself amount to a breach of the Code. I note that, for a breach of the Code to be found, there must also be a contravention of one or more of the provisions in sections 3 to 6 inclusive of the Code.

The key principles are:

**Duty**

I have a duty to uphold the law and act in accordance with the law and the public trust placed in me. I have a duty to act in the interests of the public body of which I am a member and in accordance with the core functions and duties of that body.

**Selflessness**

I have a duty to take decisions solely in terms of public interest. I must not act in order to gain financial or other material benefit for myself, family or friends.

**Integrity**

I must not place myself under any financial, or other, obligation to any individual or organisation that might reasonably be thought to influence me in the performance of my duties.

**Objectivity**

I must make decisions solely on merit and in a way that is consistent with the functions of the SFRS when carrying out public business including making appointments, awarding contracts or recommending individuals for rewards and benefits.

**Accountability and Stewardship**

I am accountable to the public for my decisions and actions. I have a duty to consider issues on their merits, taking account of the views of others and I must ensure that the SFRS uses its resources prudently and in accordance with the law.

**Openness**

I have a duty to be as open as possible about my decisions and actions, giving reasons for my decisions and restricting information only when the wider public interest clearly demands.

**Honesty**

I have a duty to act honestly. I must declare any private interests relating to my public duties and take steps to resolve any conflicts arising in a way that protects the public interest.

**Leadership**

I have a duty to promote and support these principles by leadership and example, and to maintain and strengthen the public's trust and confidence in the integrity of the SFRS and its members in conducting public business.

**Respect**

I must respect all other board members and all employees of the SFRS and the role they play, treating them with courtesy at all times. Similarly, I must respect members of the public when performing my duties as a board member.

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**SECTION 3: GENERAL CONDUCT**

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**Respect and Courtesy**

3.1 I will treat everyone with courtesy and respect. This includes in person, in writing, at meetings, when I am online and when I am using social media.

3.2 I will not discriminate unlawfully on the basis of race, age, sex, sexual orientation, gender reassignment, disability, religion or belief, marital status or pregnancy/maternity; I will advance equality of opportunity and seek to foster good relations between different people.

3.3 I will not engage in any conduct that could amount to bullying or harassment (which includes sexual harassment). I accept that such conduct is completely unacceptable and will be considered to be a breach of this Code.

3.4 I accept that disrespect, bullying and harassment can be:

- a) a one-off incident,
- b) part of a cumulative course of conduct; or
- c) a pattern of behaviour.

3.5 I understand that how, and in what context, I exhibit certain behaviours can be as important as what I communicate, given that disrespect, bullying and harassment can be physical, verbal and non-verbal conduct.

3.6 I accept that it is my responsibility to understand what constitutes bullying and harassment and I will utilise resources, including the Standards Commission's guidance and advice notes, the SFRS's policies and training material (where appropriate) to ensure that my knowledge and understanding is up to date.

3.7 Except where it is written into my role as Board member, and / or at the invitation of the Chief Executive, I will not become involved in operational management of the SFRS. I acknowledge and understand that operational management is the responsibility of the Chief Executive and Executive Team.

3.8 I will not undermine any individual employee or group of employees, or raise concerns about their performance, conduct or capability in public. I will raise any concerns I have on such matters in private with senior management as appropriate.

3.9 I will not take, or seek to take, unfair advantage of my position in my dealings with employees of the SFRS or bring any undue influence to bear on employees to take a certain action. I will not ask or direct employees to do something which I know, or should reasonably know, could compromise them or prevent them from undertaking their duties properly and appropriately.

3.10 I will respect and comply with rulings from the Chair during meetings of:

- a) the SFRS, its committees; and
- b) any outside organisations that I have been appointed or nominated to by the SFRS or on which I represent the SFRS.

3.11 I will respect the principle of collective decision-making and corporate responsibility. This means that once the Board has made a decision, I will support that decision, even if I did not agree with it or vote for it.

### **Remuneration, Allowances and Expenses**

3.12 I will comply with the rules, and the policies of the SFRS, on the payment of remuneration, allowances and expenses.

### **Gifts and Hospitality**

3.13 I understand that I may be offered gifts (including money raised via crowdfunding or sponsorship), hospitality, material benefits or services (“gift or hospitality”) that may be reasonably regarded by a member of the public with knowledge of the relevant facts as placing me under an improper obligation or being capable of influencing my judgement.

3.14 I will never **ask for** or **seek** any gift or hospitality.

3.15 I will refuse any gift or hospitality, unless it is:

- a) a minor item or token of modest intrinsic value offered on an infrequent basis;
- b) a gift being offered to the SFRS;
- c) hospitality which would reasonably be associated with my duties as a board member; or
- d) hospitality which has been approved in advance by the SFRS.

3.16 I will consider whether there could be a reasonable perception that any gift or hospitality received by a person or body connected to me could or would influence my judgement.

3.17 I will not allow the promise of money or other financial advantage to induce me to act improperly in my role as a board member. I accept that the money or advantage (including any gift or hospitality) does not have to be given to me directly. The offer of monies or advantages to others, including community groups, may amount to bribery, if the intention is to induce me to improperly perform a function.

3.18 I will never accept any gift or hospitality from any individual or applicant who is awaiting a decision from, or seeking to do business with, the SFRS.

3.19 If I consider that declining an offer of a gift would cause offence, I will accept it and hand it over to the SFRS at the earliest possible opportunity and ask for it to be registered.

3.20 I will promptly advise the SFRS’s Standards Officer if I am offered (but refuse) any gift or hospitality of any significant value and / or if I am offered any gift or hospitality from the same source on a repeated basis, so that the SFRS can monitor this.

3.21 I will familiarise myself with the terms of the [Bribery Act 2010](#), which provides for offences of bribing another person and offences relating to being bribed.

## Confidentiality

3.22 I will not disclose confidential information or information which should reasonably be regarded as being of a confidential or private nature, without the express consent of a person or body authorised to give such consent, or unless required to do so by law. I note that if I cannot obtain such express consent, I should assume it is not given.

3.23 I accept that confidential information can include discussions, documents, and information which is not yet public or never intended to be public, and information deemed confidential by statute.

3.24 I will only use confidential information to undertake my duties as a board member. I will not use it in any way for personal advantage or to discredit the SFRS (even if my personal view is that the information should be publicly available).

3.25 I note that these confidentiality requirements do not apply to protected whistleblowing disclosures made to the prescribed persons and bodies as identified in statute.

## Use of Public Body Resources

3.26 I will only use the SFRS's resources, including employee assistance, facilities, stationery and IT equipment, for carrying out duties on behalf of the public body, in accordance with its relevant policies.

3.27 I will not use, or in any way enable others to use, the SFRS's resources:

- a) imprudently (without thinking about the implications or consequences);
- b) unlawfully;
- c) for any political activities or matters relating to these; or
- d) improperly.

## Dealing with the SFRS and Preferential Treatment

3.28 I will not use, or attempt to use, my position or influence as a board member to:

- a) improperly confer on or secure for myself, or others, an advantage;
- b) avoid a disadvantage for myself, or create a disadvantage for others or
- c) improperly seek preferential treatment or access for myself or others.

3.29 I will avoid any action which could lead members of the public to believe that preferential treatment or access is being sought.

3.30 I will advise employees of any connection, as defined at [Section 5](#), I may have to a matter, when seeking information or advice or responding to a request for information or advice from them.



## **Appointments to Outside Organisations**

3.31 If I am appointed, or nominated by the SFRS, as a member of another body or organisation, I will abide by the rules of conduct and will act in the best interests of that body or organisation while acting as a member of it. I will also continue to observe the rules of this Code when carrying out the duties of that body or organisation.

3.32 I accept that if I am a director or trustee (or equivalent) of a company or a charity, I will be responsible for identifying, and taking advice on, any conflicts of interest that may arise between the company or charity and the SFRS.

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**SECTION 4: REGISTRATION OF INTERESTS**

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4.1 The following paragraphs set out what I have to register when I am appointed and whenever my circumstances change. The register covers my current term of appointment.

4.2 I understand that regulations made by the Scottish Ministers describe the detail and timescale for registering interests; including a requirement that a board member must register their registrable interests within one month of becoming a board member, and register any changes to those interests within one month of those changes having occurred.

4.3 The interests which I am required to register are those set out in the following paragraphs. Other than as required by paragraph 4.23, I understand it is not necessary to register the interests of my spouse or cohabitee.

**Category One: Remuneration**

4.4 I will register any work for which I receive, or expect to receive, payment. I have a registrable interest where I receive remuneration by virtue of being:

- a) employed;
- b) self-employed;
- c) the holder of an office;
- d) a director of an undertaking;
- e) a partner in a firm;
- f) appointed or nominated by the SFRS to another body; or
- g) engaged in a trade, profession or vocation or any other work.

4.5 I understand that in relation to 4.4 above, the amount of remuneration does not require to be registered. I understand that any remuneration received as a board member of this specific public body does not have to be registered.

4.6 I understand that if a position is not remunerated it does not need to be registered under this category. However, unremunerated directorships may need to be registered under Category Two, "Other Roles".

4.7 I must register any allowances I receive in relation to membership of any organisation under Category One.

4.8 When registering employment as an employee, I must give the full name of the employer, the nature of its business, and the nature of the post I hold in the organisation.

4.9 When registering remuneration from the categories listed in paragraph 4.4 (b) to (g) above, I must provide the full name and give details of the nature of the business, organisation, undertaking, partnership or other body, as appropriate. I recognise that some other employments may be incompatible with my role as board member of the SFRS in terms of paragraph [6.7](#) of this Code.

4.10 Where I otherwise undertake a trade, profession or vocation, or any other work, the detail to be given is the nature of the work and how often it is undertaken.

4.11 When registering a directorship, it is necessary to provide the registered name and registered number of the undertaking in which the directorship is held and provide information about the nature of its business.

4.12 I understand that registration of a pension is not required as this falls outside the scope of the category.

### **Category Two: Other Roles**

4.13 I will register any unremunerated directorships where the body in question is a subsidiary or parent company of an undertaking in which I hold a remunerated directorship.

4.14 I will register the registered name and registered number of the subsidiary or parent company or other undertaking and the nature of its business, and its relationship to the company or other undertaking in which I am a director and from which I receive remuneration.

### **Category Three: Contracts**

4.15 I have a registerable interest where I (or a firm in which I am a partner, or an undertaking in which I am a director or in which I have shares of a value as described in paragraph 4.20 below) have made a contract with the SFRS:

- a) under which goods or services are to be provided, or works are to be executed; and
- b) which has not been fully discharged.

4.16 I will register a description of the contract, including its duration, but excluding the value.

### **Category Four: Election Expenses**

4.17 If I have been elected to the SFRS, then I will register a description of, and statement of, any assistance towards election expenses relating to election to the SFRS.

### **Category Five: Houses, Land and Buildings**

4.18 I have a registrable interest where I own or have any other right or interest in houses, land and buildings, which may be significant to, of relevance to, or bear upon, the work and operation of the SFRS.

4.19 I accept that, when deciding whether or not I need to register any interest I have in houses, land or buildings, the test to be applied is whether a member of the public, with knowledge of the relevant facts, would reasonably regard the interest as being so significant that it could potentially affect my responsibilities to the SFRS and to the public, or could influence my actions, speeches or decision-making.

**Category Six: Interest in Shares and Securities**

4.20 I have a registerable interest where:

- a) I own or have an interest in more than 1% of the issued share capital of the company or other body; or
- b) Where, at the relevant date, the market value of any shares and securities (in any one specific company or body) that I own or have an interest in is greater than £25,000.

**Category Seven: Gifts and Hospitality**

4.21 I understand the requirements of paragraphs 3.13 to 3.21 regarding gifts and hospitality. I will not accept any gifts or hospitality, other than under the limited circumstances allowed, however, in line with SFRS policy I understand that any gifts or hospitality offered, even if declined, must be recorded for reporting and monitoring purposes.

**Category Eight: Non-Financial Interests**

4.22 I may also have other interests and I understand it is equally important that relevant interests such as membership or holding office in other public bodies, companies, clubs, societies and organisations such as trades unions and voluntary organisations, are registered and described. In this context, I understand non-financial interests are those which members of the public with knowledge of the relevant facts might reasonably think could influence my actions, speeches, votes or decision-making in the SFRS (this includes its Committees and memberships of other organisations to which I have been appointed or nominated by the SFRS).

**Category Nine: Close Family Members**

4.23 I will register the interests of any close family member who has transactions with the SFRS or is likely to have transactions or do business with it.

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**SECTION 5: DECLARATION OF INTERESTS**

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**Stage 1: Connection**

5.1 For each particular matter I am involved in as a board member, I will first consider whether I have a connection to that matter.

5.2 I understand that a connection is any link between the matter being considered and me, or a person or body I am associated with. This could be a family relationship or a social or professional contact.

5.3 A connection includes anything that I have registered as an interest.

5.4 A connection does not include being a member of a body to which I have been appointed or nominated by the SFRS as a representative of the SFRS, unless:

- a) The matter being considered by the SFRS is quasi-judicial or regulatory; or
- b) I have a personal conflict by reason of my actions, my connections or my legal obligations.

**Stage 2: Interest**

5.5 I understand my connection is an interest that requires to be declared where the objective test is met – that is where a member of the public with knowledge of the relevant facts would reasonably regard my connection to a particular matter as being so significant that it would be considered as being likely to influence the discussion or decision-making.

**Stage 3: Participation**

5.6 I will declare my interest as early as possible in meetings. I will not remain in the meeting nor participate in any way in those parts of meetings where I have declared an interest.

5.7 I will consider whether it is appropriate for transparency reasons to state publicly where I have a connection, which I do not consider amounts to an interest.

5.8 I note that I can apply to the Standards Commission and ask it to grant a dispensation to allow me to take part in the discussion and decision-making on a matter where I would otherwise have to declare an interest and withdraw (as a result of having a connection to the matter that would fall within the objective test). I note that such an application must be made in advance of any meetings where the dispensation is sought and that I cannot take part in any discussion or decision-making on the matter in question unless, and until, the application is granted.

5.9 I note that public confidence in a public body is damaged by the perception that decisions taken by that body are substantially influenced by factors other than the public interest. I will not accept a role or appointment if doing so means I will have to declare interests frequently at meetings in respect of my role as a board member. Similarly, if any appointment or nomination to another body would give rise to objective concern because of my existing personal involvement or affiliations, I will not accept the appointment or nomination.

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**SECTION 6: LOBBYING AND ACCESS**

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6.1 I understand that a wide range of people will seek access to me as a board member and will try to lobby me, including individuals, organisations and companies. I must distinguish between:

- a) any role I have in dealing with enquiries from the public;
- b) any community engagement where I am working with individuals and organisations to encourage their participation and involvement, and;
- c) lobbying, which is where I am approached by any individual or organisation who is seeking to influence me for financial gain or advantage, particularly those who are seeking to do business with the SFRS (for example contracts/procurement).

6.2 In deciding whether, and if so how, to respond to such lobbying, I will always have regard to the objective test, which is whether a member of the public, with knowledge of the relevant facts, would reasonably regard my conduct as being likely to influence my, or the SFRS's, decision-making role.

6.3 I will not, in relation to contact with any person or organisation that lobbies, do anything which contravenes this Code or any other relevant rule of the SFRS or any statutory provision.

6.4 I will not, in relation to contact with any person or organisation that lobbies, act in any way which could bring discredit upon the SFRS.

6.5 If I have concerns about the approach or methods used by any person or organisation in their contacts with me, I will seek the guidance of the Chair, Chief Executive or Standards Officer of the SFRS.

6.6 The public must be assured that no person or organisation will gain better access to, or treatment by, me as a result of employing a company or individual to lobby on a fee basis on their behalf. I will not, therefore, offer or accord any preferential access or treatment to those lobbying on a fee basis on behalf of clients compared with that which I accord any other person or organisation who lobbies or approaches me. I will ensure that those lobbying on a fee basis on behalf of clients are not given to understand that preferential access or treatment, compared to that accorded to any other person or organisation, might be forthcoming.

6.7 Before taking any action as a result of being lobbied, I will seek to satisfy myself about the identity of the person or organisation that is lobbying and the motive for lobbying. I understand I may choose to act in response to a person or organisation lobbying on a fee basis on behalf of clients but it is important that I understand the basis on which I am being lobbied in order to ensure that any action taken in connection with the lobbyist complies with the standards set out in this Code and the [Lobbying \(Scotland\) Act 2016](#).

6.8 I will not accept any paid work:

- a) which would involve me lobbying on behalf of any person or organisation or any clients of a person or organisation.
- b) to provide services as a strategist, adviser or consultant, for example, advising on how to influence the SFRS and its members. This does not prohibit me from being remunerated for activity which may arise because of, or relate to, membership of the SFRS, such as journalism or broadcasting, or involvement in representative or presentational work, such as participation in delegations, conferences or other events.

## ANNEX A: BREACHES OF THE CODE

### Introduction

1. [The Ethical Standards in Public Life etc. \(Scotland\) Act 2000](#) (“the Act”) provided for a framework to encourage and, where necessary, enforce high ethical standards in public life.
2. The Act provided for the introduction of new codes of conduct for local authority councillors and members of relevant public bodies, imposing on councils and relevant public bodies a duty to help their members comply with the relevant code.
3. The Act and the subsequent Scottish Parliamentary Commissions and Commissioners etc. Act 2010 established the [Standards Commission for Scotland](#) (“Standards Commission”) and the post of [Commissioner for Ethical Standards in Public Life in Scotland](#) (“ESC”).
4. The Standards Commission and ESC are separate and independent, each with distinct functions. Complaints of breaches of a public body’s Code of Conduct are investigated by the ESC and adjudicated upon by the Standards Commission.
5. The first Model Code of Conduct came into force in 2002. The Code has since been reviewed and re-issued in 2014. The 2021 Code has been issued by the Scottish Ministers following consultation, and with the approval of the Scottish Parliament, as required by the Act.

### Investigation of Complaints

6. The ESC is responsible for investigating complaints about members of devolved public bodies. It is not, however, mandatory to report a complaint about a potential breach of the Code to the ESC. It may be more appropriate in some circumstances for attempts to be made to resolve the matter informally at a local level.
7. On conclusion of the investigation, the ESC will send a report to the Standards Commission.

### Hearings

8. On receipt of a report from the ESC, the Standards Commission can choose to:
  - Do nothing;
  - Direct the ESC to carry out further investigations; or
  - Hold a Hearing.
9. Hearings are held (usually in public) to determine whether the member concerned has breached their public body’s Code of Conduct. The Hearing Panel comprises of three members of the Standards Commission. The ESC will present evidence and/or make submissions at the Hearing about the investigation and any conclusions as to whether the member has contravened the Code. The member is entitled to attend or be represented at the Hearing and can also present evidence and make submissions. Both parties can call witnesses. Once it has heard all the evidence and submissions, the Hearing Panel will make a determination about whether or not it is satisfied, on the balance of probabilities, that there has been a contravention of the Code by the



member. If the Hearing Panel decides that a member has breached their public body's Code, it is obliged to impose a sanction.

### Sanctions

10. The sanctions that can be imposed following a finding of a breach of the Code are as follows:

- **Censure:** A censure is a formal record of the Standards Commission's severe and public disapproval of the member concerned.
- **Suspension:** This can be a full or partial suspension (for up to one year). A full suspension means that the member is suspended from attending all meetings of the public body. Partial suspension means that the member is suspended from attending some of the meetings of the public body. The Commission can direct that any remuneration or allowance the member receives as a result of their membership of the public body be reduced or not paid during a period of suspension.
- **Disqualification:** Disqualification means that the member is removed from membership of the body and disqualified (for a period not exceeding five years), from membership of the body. Where a member is also a member of another devolved public body (as defined in the Act), the Commission may also remove or disqualify that person in respect of that membership. Full details of the sanctions are set out in section 19 of the Act.

### Interim Suspensions

11. Section 21 of the Act provides the Standards Commission with the power to impose an interim suspension on a member on receipt of an interim report from the ESC about an ongoing investigation. In making a decision about whether or not to impose an interim suspension, a Panel comprising of three Members of the Standards Commission will review the interim report and any representations received from the member and will consider whether it is satisfied:

- That the further conduct of the ESC's investigation is likely to be prejudiced if such an action is not taken (for example if there are concerns that the member may try to interfere with evidence or witnesses); or
- That it is otherwise in the public interest to take such a measure. A policy outlining how the Standards Commission makes any decision under Section 21 and the procedures it will follow in doing so, should any such a report be received from the ESC can be found [here](#).

12. The decision to impose an interim suspension is not, and should not be seen as, a finding on the merits of any complaint or the validity of any allegations against a member of a devolved public body, nor should it be viewed as a disciplinary measure.

## ANNEX B: DEFINITIONS

**“Bullying”** is inappropriate and unwelcome behaviour which is offensive and intimidating, and which makes an individual or group feel undermined, humiliated or insulted.

**"Chair"** includes Board Convener or any other individual discharging a similar function to that of a Chair or Convener under alternative decision-making structures.

**“Code”** is the code of conduct for members of your devolved public body, which is based on the Model Code of Conduct for members of devolved public bodies in Scotland.

**"Cohabitee"** includes any person who is living with you in a relationship similar to that of a partner, civil partner, or spouse.

**“Confidential Information”** includes:

- any information passed on to the public body by a Government department (even if it is not clearly marked as confidential) which does not allow the disclosure of that information to the public;
- information of which the law prohibits disclosure (under statute or by the order of a Court);
- any legal advice provided to the public body; or
- any other information which would reasonably be considered a breach of confidence should it be made public.

**"Election expenses"** means expenses incurred, whether before, during or after the election, on account of, or in respect of, the conduct or management of the election.

**“Employee”** includes individuals employed:

- directly by the public body;
- as contractors by the public body, or
- by a contractor to work on the public body’s premises.

**“Gifts”** a gift can include any item or service received free of charge, or which may be offered or promised at a discounted rate or on terms not available to the general public. Gifts include benefits such as relief from indebtedness, loan concessions, or provision of property, services or facilities at a cost below that generally charged to members of the public. It can also include gifts received directly or gifts received by any company in which the recipient holds a controlling interest in, or by a partnership of which the recipient is a partner.

**“Harassment”** is any unwelcome behaviour or conduct which makes someone feel offended, humiliated, intimidated, frightened and / or uncomfortable. Harassment can be experienced directly or indirectly and can occur as an isolated incident or as a course of persistent behaviour.

**“Hospitality”** includes the offer or promise of food, drink, accommodation, entertainment or the opportunity to attend any cultural or sporting event on terms not available to the general public.

**“Relevant Date”** Where a board member had an interest in shares at the date on which the member was appointed as a member, the relevant date is – (a) that date; and (b) the 5th April immediately following that date and in each succeeding year, where the interest is retained on that 5th April.

**“Public body”** means a devolved public body listed in Schedule 3 of the Ethical Standards in Public Life etc. (Scotland) Act 2000, as amended.

**“Remuneration”** includes any salary, wage, share of profits, fee, other monetary benefit or benefit in kind.

**“Securities”** a security is a certificate or other financial instrument that has monetary value and can be traded. Securities includes equity and debt securities, such as stocks bonds and debentures.

**“Undertaking”** means:

- a) a body corporate or partnership; or
- b) an unincorporated association carrying on a trade or business, with or without a view to a profit.

## SCOTTISH FIRE AND RESCUE SERVICE

## Audit and Risk Assurance Committee



Report No: C/ARAC/16-22

Agenda Item: 13

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:	30 MARCH 2022						
Report Title:	ARRANGEMENTS FOR PREPARING THE 2021-22 ANNUAL GOVERNANCE STATEMENT						
Report Classification:	For Information	<b>Board/Committee Meetings ONLY</b> For Reports to be held in Private Specify rationale below referring to <b><u>Board Standing Order 9</u></b>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
<b>1</b>	<b>Purpose</b>						
1.1	This report outlines the preparatory arrangements and reporting methods developed to provide sufficient levels of assurance in support of the 2021/22 Annual Governance Statement (AGS).						
<b>2</b>	<b>Background</b>						
2.1	The Scottish Public Finance Manual (SPFM) issued by the Scottish Ministers provides guidance on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety.						
2.2	It requires the Accountable Officer to produce an AGS for inclusion within the accountability section of the Annual Report and Accounts.						
2.3	In summary the AGS outlines the effectiveness of the arrangements that are in place for internal control, risk management and corporate governance, during the period under review.						
<b>3</b>	<b>Main Report and Discussion</b>						
3.1	This report details Scottish Fire and Rescue Service's (SFRS) approach for preparing the AGS for the year ended March 2022. The approach and related documentation is outlined in the SFRS Policy for Preparing AGS for the Accountable Officer. This policy enables the Service to ensure SPFM compliance in a coordinated and structured way.						
3.2	The content, layout and style of the AGS will be prepared to align with the: <ul style="list-style-type: none"> <li>• Essential features outlined in the SPFM</li> <li>• Recent updates (March 2022) to the Internal Control Checklist with updated guidance supplied to support those completing</li> <li>• Strategic risks</li> <li>• Best practice of other public bodies</li> <li>• Changes to the structure of the Annual Report and Accounts</li> <li>• Greater focus on highlighting where assurances can be provided, demonstrated by achievements and outcomes during the period under review</li> <li>• Board and Committee effectiveness</li> </ul>						

3.3	Administering the SFRS Assurance Framework and preparing the 2021/22 AGS within the prescribed timescales requires engagement across the organisation. The Corporate Business and Admin Manager is responsible for the administration of the Framework, working in partnership with the Risk and Audit Manager to prepare the 2021/22 AGS on behalf of the Accountable Officer for inclusion in the end of year Annual Report and Accounts.
3.4	Collation of the Internal Control Checklist returns will continue to be co-ordinated and managed online using the 'Executive Support' SharePoint site with the appropriate access rights granted. This will support ongoing monitoring and improve oversight.
3.5	Formal guidance and a training module are hosted on the online Learning Content and Management System (LCMS) for those who are new to the process or require refresher training.
3.6	Improvement Action Plans (IPA's) produced following the review of Internal Controls are monitored and scrutinised through the Good Governance Board (GGB) and ARAC by exception reporting. All IPA's established for 2020/21 were hosted on the SharePoint site and will be reported to the GGB meeting on 19 April 2021.
3.7	Fraud Risk Assessment (FRA) Checklists provide increased scrutiny around potential areas of Fraud. FRA (FRA) Plans are monitored and scrutinised through the Good Governance Board (GGB) and ARAC by exception reporting. All FRA's established for 2020/21 were hosted on the SharePoint site and will be reported to the GGB meeting on 19 April 2021.
3.8	The SFRS policy for preparing the AGS for the Accountable Officer has been updated with minor changes to reflect changes in nomenclature and to reflect monitoring and scrutiny of Fraud Risk Action Plans. This supports continual development and guidance to Heads of Function (HoF) and Directors when completing their Certificates of Assurance and Internal Control Checklists for the AGS.
3.9	<p>Minor amendments and strengthening of arrangements have been made to The Assurance Framework (<b>Appendix A</b>). This includes changes in nomenclature and the following key amendments:</p> <ul style="list-style-type: none"> <li>• 2<sup>nd</sup> Line of Defence (Corporate Assurance): reference made to Risk Management and Business Assurance through GGB.</li> <li>• 3<sup>rd</sup> Line of Defence (Independent Assurance): External Audit, HMFSI, Audit Scotland, HSE, local scrutiny all added to 3<sup>rd</sup> Line of Defence. Board and ARAC Committee Scrutiny added as an overarching link to the 3 lines of defence and overall scrutiny, as opposed to a specific line of defence as previously detailed.</li> </ul>
3.10	The SFRS Assurance Plan ( <b>Appendix B</b> ) has been updated with minor changes to reflect changes in nomenclature.
3.11	External Audit's annual programme of work for auditing the SFRS requires the AGS to be completed for audit by the end of June each year. The Assurance Framework is owned by the Accountable Officer who will sign off the 2021/22 AGS as a statement of the adequacy and effectiveness of the SFRS's governance, risk and internal control arrangements. Directorates will assist in the preparation of the AGS by confirming the evidence against the areas highlighted in the SFRS Internal Control Checklist are in place.
3.12	It will continue to be the responsibility of the HoF's (Deputy Directors) to ensure the evidence in support of their Certificates of Assurance is readily available should this be required for any further Internal or External Audit purposes or further scrutiny by the Good Governance Board (GGB) and/or ARAC. Throughout this time there may also be a direct

	request for the responsible managers to attend the ARAC to answer any questions the Committee may wish to ask on progress being made.
3.13	The ARAC will have complete oversight of the SFRS Assurance Framework and will scrutinise the 2021/22 AGS at its public meeting planned for Tuesday 28 June 2022.
<b>4</b>	<b>Recommendation</b>
4.1	The ARAC Committee are requested to note the legislative background and SFRS approach towards the AGS preparations.
<b>5</b>	<b>Key Strategic Implications</b>
5.1	<b>Risk</b>
5.1.1	The Annual Governance Statement is linked to the Risk Management framework and is a core element of the Service's governance arrangements.
5.2	<b>Financial</b>
5.2.1	Not applicable.
5.3	<b>Environmental &amp; Sustainability</b>
5.3.1	Not applicable.
5.4	<b>Workforce</b>
5.4.1	As this is a significant piece of work, which must be completed within relatively short timescales, resourcing will be reviewed by the Corporate Business and Admin Manager and Audit and Risk Manager on a regular basis. They will provide ongoing support and guidance to the identified HoF who are responsible for providing evidence to support the 2021/22 AGS.
5.5	<b>Health &amp; Safety</b>
5.5.1	Not applicable.
5.6	<b>Training</b>
5.6.1	Guidance is available on the iHub and a training module hosted on the online Learning Content and Management System (LCMS), along with support from the Chief Officer's Business Manager and Risk and Audit Manager to HoF's. Follow-up support sessions will be available to assist with AGS co-ordination and returns hosted on the 'Executive Support' SharePoint Site with access granted to HoF's and a designate responsible for co-ordinating the return.
5.7	<b>Timing</b>
5.7.1	The support arrangements have been scheduled to ensure that the Timeline for Preparing Certificates of Assurance contained within the SFRS Policy for Preparing the AGS is adhered to.
5.8	<b>Performance</b>
5.8.1	Further scrutiny in relation to the Internal Control Checklists, Improvement Actions Plans and Fraud Risk Assessments will be conducted by GGB and ARAC. The Annual Operating Plan or business as usual arrangements remain in place to ensure that these are monitored and reviewed thereby ensuring continuous improvement.
5.8.2	The Annual Governance Statement forms part of the Services wider governance arrangements and will collectively ensure improved performance.
5.9	<b>Communications &amp; Engagement</b>
5.9.1	The 2021/22 AGS will be reported to the GGB and ARAC.

5.10 5.10.1	<b>Legal</b> The Public Finance and Accountability (Scotland) Act 2000 (PFA Act), which is framed in resource terms, sets out the rules for spending money, accounting requirements, accountability of officials and auditing arrangements. The basic principle is that spending can take place only if authorised by the Parliament in Budget Acts and must not exceed any amount so authorised in relation to that purpose. The AGS is a requirement of the SPFM and is a key feature of the Annual Report and Accounts, both of which are published to meet statutory and parliamentary compliance. The SFRS Assurance Framework will therefore enable the Service to manage the evidence required to prepare the 2021/22 AGS in a structured and co-ordinated manner.	
5.11 5.11.1	<b>Information Governance</b> N/A. Issues associated with GDPR are covered within existing policy, procedure and practice. There are no anticipated specific additional requirements associated with the implementation of this report.	
5.12 5.12.1	<b>Equalities</b> There are no key strategic equalities implications arising from the recommendations set out in this paper. An Equality Impact Assessment has been undertaken in relation to the Risk Management Policy. There are no additional equality implications associated with this report.	
5.13 5.13.1	<b>Service Delivery</b> The SFRS Assurance Framework will assist in compliance and will support the oversight of Improvement Action Plans to ultimately improve Service Delivery.	
<b>6</b>	<b>Core Brief</b>	
6.1	Not applicable	
<b>7</b>	<b>Appendices/Further Reading</b>	
7.1	Appendix A – SFRS Assurance Framework	
7.2	Appendix B – SFRS Assurance Plan	
<b>Prepared by:</b>	Marion Lang, Corporate Business and Admin Manager, Alasdair Cameron, Board Support Manager	
<b>Sponsored by:</b>	Richard Whetton, Head of Governance, Strategy and Performance	
<b>Presented by:</b>	Ross Haggart, Deputy Chief Officer	
<b>Links to Strategy and Corporate Values</b>		
This links to the <b>SFRS Strategic Plan 2019-22</b> and forms part of the Services Governance arrangements and links to <b>Outcome 4 (Public Value)</b> : We are fully accountable and maximise our public value by delivering a high quality, sustainable fire and rescue service for Scotland and specifically objectives 4.2 and 4.3		
<ul style="list-style-type: none"> <li>We will minimise the risks we face through effective business management and high levels of compliance with all our responsibilities</li> <li>We will strengthen performance management and improvement arrangements to enable robust scrutiny, challenge and decision making nationally and locally.</li> </ul>		
<b>Governance Route for Report</b>	<b>Meeting Date</b>	<b>Report Classification/ Comments</b>
<i>Audit and Risk Assurance Committee</i>	<i>30 March 2022</i>	<i>For Information</i>
<i>Strategic Leadership Team</i>	<i>22 March 2022</i>	<i>For Information</i>
<i>Strategic Management Board</i>	<i>16 March 2022</i>	<i>Verbal Update</i>

**SCOTTISH FIRE AND RESCUE SERVICE ASSURANCE FRAMEWORK**

**APPENDIX A**



**SFRS INTERNAL CONTROL CHECKLIST (SPFM ALIGNED)**

1. Risk management
2. Business Planning
3. Major Investment
4. Project Management
5. Financial Management
6. Fraud
7. Procurement
8. Human Resources
9. Equality & Diversity
10. Information
11. Health & Safety
12. Sponsored Bodies (N/A to SFRS)
13. Compliance
14. Review
15. Other Issues

**SFRS Accountable Officer**  
Signs off Annual Governance Statement

**Annual Governance Statement Published**

**SFRS Audit & Risk Assurance Committee**  
Review and monitor internal control checklist, and scrutinise the Annual Governance Statement.

**Scottish Government Requirements**

- Fire and Rescue Framework
- SFRS Governance and Accountability Framework
- Scottish Public Finance Manual (SPFM)

**SFRS Assurance Plan**

Outlines the specific areas to be examined and followed for completion

**Internal Governance Support**

Co-ordinate and assess evidence, and draft Annual Governance Statement. Includes oversight by the Good Governance Board (GGB)

**SFRS Assurance Components**

**1<sup>st</sup> Line of Defence (Management Control)**

- Strategies, plans, risk registers, policies
- Performance Management and reporting at functional/ operational level
- Financial Management and reporting at Functional/operational level
- Internal Control Checklist
- Self-assessment e.g. Certificates of Assurance

**2<sup>nd</sup> Line of Defence (Corporate Oversight)**

- Functional compliance reviews
- Internal quality Control Checks
- Customer satisfaction survey's/complaints
- Risk Management
- Business Assurance (GGB)

**3<sup>rd</sup> Line of Defence (Independent Assurance)**

- Internal Audit
- Gateway Reviews
- External accreditation
- External Audit
- HMFSI
- Audit Scotland
- HSE
- Local Scrutiny Boards/Committees

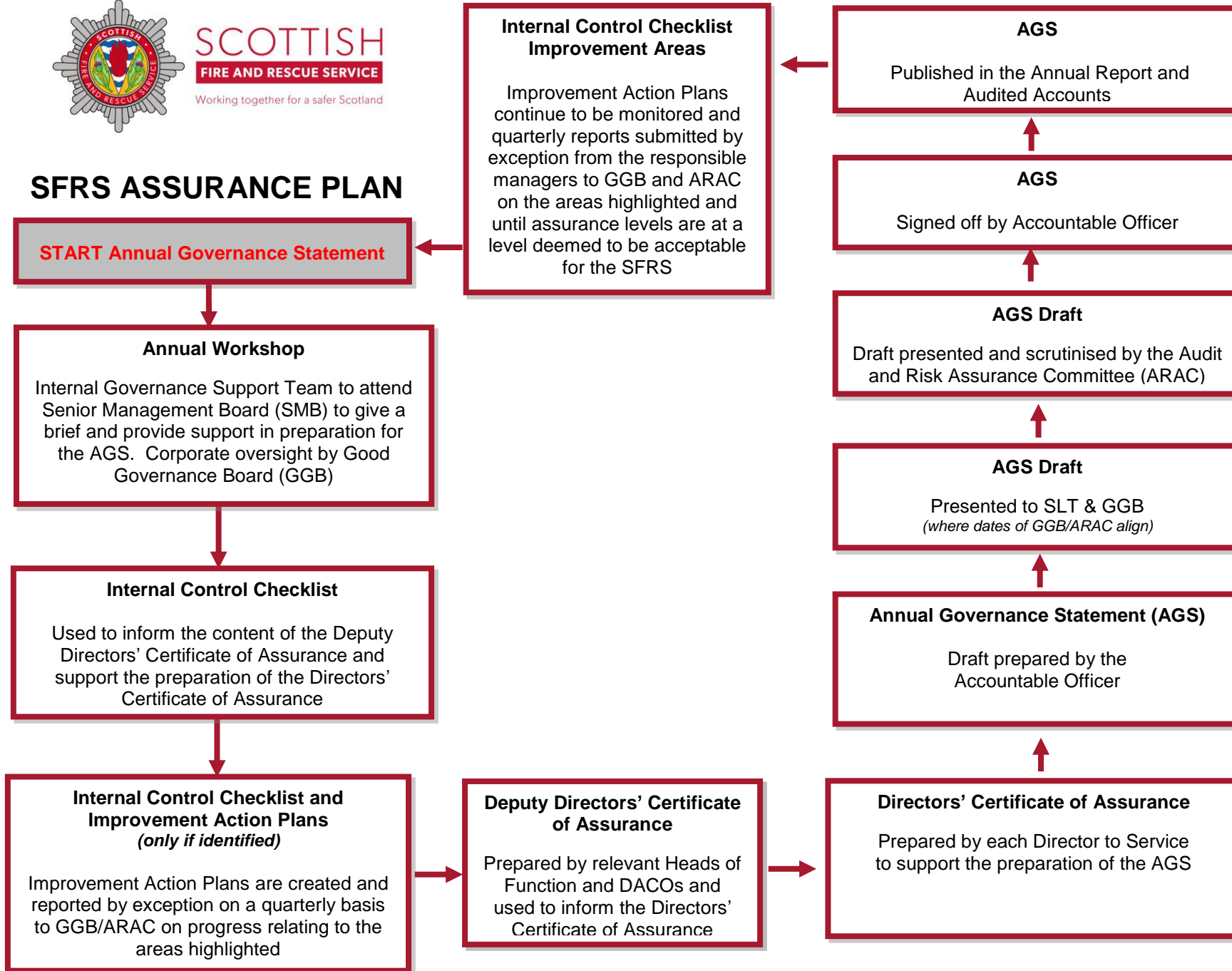
- Board oversight and scrutiny
- Audit and Risk Assurance Committee scrutiny

**Ongoing Assurance on adequacy and effectiveness of the arrangements for Governance, Risk and Internal Control**





## SFRS ASSURANCE PLAN



## SCOTTISH FIRE AND RESCUE SERVICE

## Audit and Risk Assurance Committee



SCOTTISH  
FIRE AND RESCUE SERVICE  
Working together for a safer Scotland

Report No: C/ARAC/18-22

Agenda Item: 15.1

Report to:	<b>AUDIT AND RISK ASSURANCE COMMITTEE</b>						
Meeting Date:	<b>30 MARCH 2022</b>						
Report Title:	<b>STRATEGIC RISK UPDATE</b>						
Report Classification:	For Scrutiny	<b>Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u></b>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
<b>1</b>	<b>Purpose</b>						
1.1	The purpose of this report is to seek approval from the Audit and Risk Assurance Committee (ARAC) regarding the updated Strategic Risk report.						
<b>2</b>	<b>Background</b>						
2.1	The purpose of the risk register is to inform decision making through Scrutiny and Assurance processes, providing additional awareness of the risks we face and the actions required to minimise these risks.						
2.2	The Audit and Risk Assurance Committee (ARAC) is responsible for advising the Board and the Accountable Officer on the adequacy and effectiveness of the Service's arrangements for risk management and has oversight of the Strategic Risk Register.						
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	Strategic risks are prepared in consultation with the Board and SLT and are managed collectively by the SLT, with each Directorate Risk allocated to an identified Head of Function. These Responsible Owners provide information on the current controls in place and identify additional actions still required.						
<b>3</b>	<b>Main Report/Detail</b>						
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, this development work will be continued to ensure the reporting of risk meets the requirements of the Service.						

3.3	<p>The Appendix to this report has been amended to enhance transparency and incorporates the following information:</p> <ul style="list-style-type: none"> <li>• Strategic Risk Summary – Appendix 1a</li> <li>• Aligned Directorate Risk Summary – Appendix 1b</li> <li>• Directorate Risk Control summary – Appendix 1c</li> <li>• Directorate Closed Control Summary – Appendix 1d</li> <li>• Directorate Closed Risk Summary – Appendix 1e (No Change)</li> <li>• Directorate Risk Rating Change Summary – Appendix 1f (No Change)</li> <li>• New Directorate Risks – Appendix 1g (No Change)</li> <li>• New Directorate Control Summary – Appendix 1h</li> </ul>
3.4	<p>The Services Strategic Risks were agreed by the SLT, aligned to the Strategic Plan and informed by the most significant areas of risk identified through Directorate registers and other documents. Once a new Strategic Plan has been agreed these risks will be reviewed and aligned appropriately. Separate work will then be undertaken to realign Directorate risks as required.</p>
3.5	<p>In relation to the aligned Directorate risks no significant changes have been identified within Appendix 1.</p>
<b>4</b>	<b>Recommendation</b>
4.1	<p>The Audit and Risk Assurance Committee is asked to:</p> <ul style="list-style-type: none"> <li>• Scrutinise the Strategic Risk Report.</li> </ul>
<b>5</b>	<b>Key Strategic Implications</b>
5.1	<b>Risk</b>
5.1.1	<p>The risk register forms a core part of the SFRS governance, risk management and assurance arrangements and is there to inform decision making and scrutiny arrangements.</p>
5.2	<b>Financial</b>
5.2.1	<p>There are no direct financial implications associated with this report.</p>
5.3	<b>Environmental &amp; Sustainability</b>
5.3.1	<p>There are no direct environmental or sustainability issues.</p>
5.4	<b>Workforce</b>
5.4.1	<p>There are no direct Workforce issues associated with this report.</p>
5.5	<b>Health &amp; Safety</b>
5.5.1	<p>There are no direct Health &amp; Safety implications associated with this report.</p>
5.6	<b>Training</b>
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	<b>Timing</b>
5.7.1	<p>There are no significant timing implications associated with this report.</p>
5.8	<b>Performance</b>
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	<b>Communications &amp; Engagement</b>	
5.9.1	Direct communication and engagement with the Board, SLT and Directorates ensures awareness and ownership of risk is effectively managed.	
5.10	<b>Legal</b>	
5.10.1	There are no direct legal implications arising from this report	
5.11	<b>Information Governance</b>	
5.11.1	There are no direct information governance implications associated with this report.	
5.12	<b>Equalities</b>	
5.12.1	An Equality Impact Assessment has been undertaken in relation to the Risk Management Policy. There are no additional equality implications associated with this report.	
5.13	<b>Service Delivery</b>	
5.13.1	There is no direct implication to Service Delivery arising from this report.	
<b>6</b>	<b>Core Brief</b>	
6.1	Not applicable	
<b>7</b>	<b>Appendices/Further Reading</b>	
7.1	Appendix 1 - Strategic Risk Report.	
<b>Prepared by:</b>	David Johnston, Risk and Audit Manager	
<b>Sponsored by:</b>	John Thomson, Acting Director of Finance and Procurement	
<b>Presented by:</b>	David Johnston, Risk and Audit Manager	
<b>Links to Strategy and Corporate Values</b>		
<p>The Risk Management Framework forms part of the Services Governance arrangements and links back to Outcome 4 of the 2019-22 Strategic Plan, specifically Objective 4.2</p> <ul style="list-style-type: none"> <li>• Outcome 4: We are fully accountable and maximise our public value by delivering a high quality, sustainable fire and rescue service for Scotland.</li> <li>• Objective 4.2: We will minimise the risks we face through effective business management and high levels of compliance with all our responsibilities.</li> </ul>		
<b>Governance Route for Report</b>	<b>Meeting Date</b>	<b>Report Classification/ Comments</b>
<i>Audit and Risk Assurance Committee</i>	<i>30 March 2022</i>	<i>For Scrutiny</i>
<i>Strategic Leadership Team</i>	<i>22 February 2022</i>	<i>For Decision</i>

# APPENDIX 1



SCOTTISH  
FIRE AND RESCUE SERVICE

Working together for a safer Scotland

## Audit and Risk Assurance Committee Risk Report

March 2022

### 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 (Nil Return)
- Directorate Risk Rating Change Summary – Appendix 1f (Nil Return)
- New Directorate Risks – Appendix 1g (Nil Return)
- New Directorate Control Summary – Appendix 1h

# 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	16
8	Ability to anticipate and adapt to a changing environment through innovation and improved performance	Director of Service Development	16
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	Committee	Executive Board
1	Improve Safety and Wellbeing of Communities	SD010	Compliance Fire Act (Scotland) Part 3	There is a risk the SFRS is unable to effectively enforce fire safety legislation in compliance with part 3 of the Fire (Scotland) Act 2005 in relevant premises. This could be because of the lack of sufficient, suitably trained SFRS fire safety enforcement staff locally and nationally.	Head of Prevention and Protection	20 (4 x 5)	SDC	SMB
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
1	Improve Safety and Wellbeing of Communities	SD004	Standardisation of Service Delivery	There is a risk of failing to maintain a standard suite of Policies because of the volume of Policies and the consultation timeframe. This would result in having an inconsistent approach to service response and could lead to possible operational failures resulting in a death of serious injury to staff or members of our local communities.	Head of Operations	12 (3 x 4)	SDC	SMB

## OFFICIAL

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating	Committee	Executive Board
1	Improve Safety and Wellbeing of Communities	SD011	Reserved Matters	There is a risk of a failure to appropriately service 'Reserved' matters that are not devolved to Scottish Government. In particular, delay in delivering a SFRS MTA Strategy could increase the risk to all operational personnel and our communities, which could lead to negative public scrutiny, judicial review and/or damage to reputation. There is a particular focus on the risk of MTA incidents at present, given recent local and international developments.	Head of Service Delivery	12 (3 x 4)	SDC	SMB
1	Improve Safety and Wellbeing of Communities	SDD002	Evidence Based Decision Making	There is a risk that the Directorate is unable to ensure access to high quality usable data to inform organisational decision making relative to Service Development due to data protection, cost, resources or capability. This could result in failure to achieve objectives in terms of continuous improvement, best value positive change.	Head of Service Development	12 (3 x 4)	CC	SMB
2	Reduction of UFAS	SD007	Reduction of Unwanted Fire Alarms	There is a risk that the SFRS is unable through partnership working and policy development to reduce the volume of unwanted fire alarm signals. This would be due to agreed processes and initiatives not being executed or introduced nationally/locally. The result would be an increased or excessive operational demand on the SFRS, an increase of blue light journeys and consequential risk.	Head of Prevention and Protection	15 (5 x 3)	SDC	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



## OFFICIAL

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating	Committee	Executive Board
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
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	TSA005	Health and Safety Legislation	There is a risk of SFRS not fulfilling its health and safety legislative requirements due to not completing the annual health and safety Improvement plans. This could affect the safety of our staff and communities, external scrutiny resulting in criminal or civil litigation and adverse publicity.	Head of Health and Safety and Assurance	9 (3 x 3)	PC	NSAB

## OFFICIAL

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating	Committee	Executive Board
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
5	Skilled, trained and motivated staff	SD006	Statutory Duties	There is a risk that Service Delivery is unable to maintain an effective level of capacity and resource within the Directorate because of challenges relating to the recruitment, promotion and retention of staff. This could result in Service Delivery not meeting its statutory duties under - The Fire (Scotland) Act 2005, - The Fire and Rescue Framework for Scotland 2016, - The Fire (Additional Function) (Scotland) Order 2005, - Regulation 11 of the Building (Procedure) (Scotland) Act 2004	Director of Service Delivery	20 (5 x 4)	PC	PB
5	Skilled, trained and motivated staff	POD008	Medical Restrictions	Risk the Health and Wellbeing Team are restricted in the way they can undertake recruitment medicals and fitness assessments meaning the existing backlog of routine medicals and fitness assessments is not addressed and results in reduced availability and increased health risks to operational staff.	Head of People and Organisational Development	15 (3 x 5)	PC	PB
5	Skilled, trained and motivated staff	POD009	Employment Tribunals	Reputational and financial risk aligned to volume of employment tribunal claims and potential penalties aligned to equality and diversity implications cited in claims, resulting in SFRS having a poor employer brand.	Head of People and Organisational Development	15 (3 x 5)	PC	PB

## OFFICIAL

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating	Committee	Executive Board
5	Skilled, trained and motivated staff	POD011	Pay Awards	Risk of delay to pay and competence awards due to ineffective WFFF Development Programme Policy and process implementation leading to employee discontent and resulting in employee grievances.	Head of People and Organisational Development	15 (3 x 5)	PC	PB
5	Skilled, trained and motivated staff	FCS001	Sufficient Capacity	There is a risk that FCS doesn't have sufficient capacity to undertake required workload due to increasing Covid-19 and other commitments. This can result in reduced capacity to manage business as usual activities and other requirements placed upon the Directorate.	Director of Finance and Contractual Services	12 (3 x 4)	PC	PB
5	Skilled, trained and motivated staff	POD004	Staff Recruitment	The risk of being unable to support recruitment of staff across the SFRS, in a timely manner and aligned with workforce planning requirements and 2021 approved Business Cases due to prolonged recruitment processes or delayed/unplanned recruitment scheduling resulting in a rise in vacant posts and an inability of SFRS to deliver core services.	Head of People and Organisational Development	12 (3 x 4)	PC	PB
5	Skilled, trained and motivated staff	POD006	Staff Wellbeing	The risk that the physical and mental wellbeing of POD staff is affected as a result of the challenges presented by the pandemic.	Head of People and Organisational Development	12 (3 x 4)	PC	PB
5	Skilled, trained and motivated staff	POD010	Project Support	The risk that POD teams are unable to timeously support and input to wider SFRS projects and change initiatives, meaning the people elements of change management aren't widely considered, resulting in reduced employee engagement and successful implementation of the project/change.	Head of People and Organisational Development	12 (3 x 4)	CC	SMB

## OFFICIAL

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating	Committee	Executive Board
5	Skilled, trained and motivated staff	TSA001	Training Resources	There is a risk of there being insufficient staff capacity and resources available to meet Service demand due to the high levels of training demand and the impact on delivery from Covid-19 pandemic control measures or the impacts of EU Exit. This could result in political /reputational or financial risk to the Function, Directorate and Service, adverse scrutiny whether internal or external, reduced delivery of our critical skills training programme to accommodate other training needs and adversely impact upon the development pathway for staff.	Head of Training	12 (3 x 4)	PC	PB
5	Skilled, trained and motivated staff	SDD008	Continuous Improvement Culture	There is a risk should SFRS continue to adopt an ad-hoc approach to continuous improvement that we will be unable to introduce and embed a systematic approach, framework and culture organisation wide that would enable a measurable and sustainable way to implementing improvements and delivering value	Head of Portfolio	9 (3 x 3)	SMB	SMB
5	Skilled, trained and motivated staff	TSA007	Staff/Resources Impact of COVID-19	There is a risk of there being insufficient staff capacity and resources available to meet Service demand with regard improvement plans and HSMS due to the significant impact of COVID -19 workstreams on HS staff. This could result in criminal /civil litigation and associated financial and reputational costs adverse scrutiny whether internal or external, impact on the well-being of staff.	Head of Health and Safety and Assurance	9 (3 x 3)	PC	NSAB

## OFFICIAL

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating	Committee	Executive Board
5	Skilled, trained and motivated staff	POD005	Employee Wellbeing	The risk of not developing and providing wellbeing support to all SFRS employees, (both mental and physical health) resulting from a lack of resources, planning and co-ordination of wellbeing activity and support which results in higher levels of employee absence and lower levels of engagement.	Head of People and Organisational Development	6 (2 x 3)	PC	PB
6	Adequate operational assets, equipment etc.	SD001	Command and Control Mobilising Systems	There is a risk of failure to mobilise to an incident due to a technical failure of the existing mobilising systems. As a result, we would be failing to meet our statutory duty and also potentially bring reputational damage to the Service.	Head of Operations	20 (4 x 5)	SDC	AMLB
6	Adequate operational assets, equipment etc.	SD003	Operational Availability Systems	There is a risk of SFRS operational availability systems reaching end of life and failing and the existing supplier ceasing to support or maintain legacy systems. This would impact SFRS ability to effectively mobilise. It would also cause reliability issues and licence issues in some LSO areas of SFRS.	Head of Operations	20 (4 x 5)	SDC	AMLB
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	DB

## OFFICIAL

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating	Committee	Executive Board
6	Adequate operational assets, equipment etc.	FCS012	Supply Chain Shortages	There is a risk that the significant supply chain shortages will be experienced in relation to the supply of commodities for construction, fleet and ICT equipment because of a lack of global manufacturing capacity as a result of Covid-19. This will result in delay to projects specified within the capital programme and potential increases in both capital and revenue costs as demand outstrips supply.	Acting Director of Asset Management	16 (4 x 4)	SDC	AMLB
6	Adequate operational assets, equipment etc.	FCS004	Assets Operational	There is a risk that frontline assets in operational use will not be suitably maintained due to damage, loss or ineffective asset investment. Any impact in this area will lead to reduce service availability and a reduction in the health, safety and wellbeing of staff.	Acting Director of Asset Management	12 (3 x 4)	SDC	AMLB
6	Adequate operational assets, equipment etc.	POD002	Replacement Programme	The risk of being unable to plan, resource, deliver and implement programme for replacement of a number of People, Training, Finance and Asset and systems that could result from not having a programme team in place and other resources released to support the programme leading to the systems not supporting SFRS achieve organisational objectives.	Head of People and Organisational Development	12 (3 x 4)	CC	PB
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

## OFFICIAL

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating	Committee	Executive Board
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
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.	Acting Director of Asset Management	9 (3 x 3)	ARAC	AMLB
6	Adequate operational assets, equipment etc.	FCS003	Asset Acquisition	There is a risk that the Services ability to acquire and deploy assets fails to meet service requires due to insufficient prioritised asset investment and a lack of project management capacity. This will lead to delays in the acquisition of assets and an impact upon front line service provision.	Acting Director of Asset Management	9 (3 x 3)	SDC	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.	Acting Head of Finance and Procurement	16 (4 x 4)	ARAC	GGB
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	DB

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Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating	Committee	Executive Board
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.	Acting Head of Finance and Procurement	12 (3 x 4)	ARAC	GGB
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.	Acting 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.	Acting Head of Finance and Procurement	8 (2 x 4)	ARAC	GGB
7	Financial Sustainability	SDD004	Organisational Culture	There is a risk that the Directorates ability to promote, enhance and mainstream an organisational culture of continual development and improvement is impacted due to a lack of resources, skills or knowledge contributing to an inability to influence culture and promote development and positive change.	Head of Portfolio	8 (2 x 4)	CC	SMB



## OFFICIAL

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating	Committee	Executive Board
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	DB
8	Improve performance	SDD001	Resources and Capacity	There is a risk that the Directorate is unable to deliver against stated ambitions and requirements. This could be due in part to limited resource and available capacity at a time where the Directorate is still developing and maturing and responding to other concurrent events. Consequences could include lack of clarity and direction for Directorate members. Inability to identify resource requirements, unable to work effectively and efficiently as a Directorate and support wider Service Development.	Director of Service Development	16 (4 x 4)	CC	SMB
8	Improve performance	TSA008	Training Resources	There is a risk of there being insufficient facilities available to deliver training to staff due to the impact of the enactment of Section 19 Road Safety Act. This could result in the failure to utilise a local delivery model at point of need, increased pressure on centralised delivery, reputational and financial risk to the Function, Directorate and Service.	Head of Training	16 (4 x 4)	PC	PB
8	Improve performance	SPPC002	Communicate with Stakeholders	There is a risk that communication and engagement plans are not in place to support consultation processes because of a lack planning or consistency of approach resulting in unsupported and poorly defined strategy and change activity	Head of Communication and Engagement	15 (3 x 5)	CC	GGB

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Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating	Committee	Executive Board
8	Improve performance	TSA003	Lessons Learnt	There is a risk of SFRS not learning lessons from experience, notable practice, innovation, investigations and case law because of not sharing lessons in a manner which encourages communication, engagement and securing ownership by risk owners. This could affect the safety of our staff and communities, resulting in adverse impact on reputation and external scrutiny	Head of Health and Safety and Assurance	12 (3 x 4)	PC	NSAB
8	Improve performance	FCS008	Environmental Management	There is a risk that the Service will be unable to achieve environmental and carbon reduction commitments due to limited investment or anticipated saving targets not being achieved through current projects. This can lead to lost saving opportunities, potential fines if required targets are not met and possibly negative media coverage.	Acting Director of Asset Management	9 (3 x 3)	SDC	ECMB
8	Improve performance	SPPC001	Service Performance Management	There is a risk of the service not providing accurate performance management information because of inaccurate data or inadequate systems resulting in loss of confidence in service performance.	Head of Governance, Strategy and Performance	8 (2 x 4)	SDC	GGB

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Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating	Committee	Executive Board
9	Protect Staff Covid-19	TSA002	Staff Training	There is a risk of there being insufficient staff capacity and resources available to deliver training to staff due to the ability for our facilities to accommodate the previous numbers of students due to the need to observe social distancing protocols. This could result in the failure to deliver on the Training Needs Analysis (TNA), political /reputational or financial risk to the Function, Directorate and Service, adverse scrutiny whether internal or external, reduced delivery of our critical skills training programme to accommodate other training needs and the development pathway for staff.	Head of Training	20 (5 x 4)	PC	PB
9	Protect Staff Covid-19	SDD003	Covid-19	There is a risk that planned Directorate activities and objectives may be impacted during our response to Covid-19 and the recovery phase. Consequences could include the inability to achieve potential efficiency savings and continue the modernisation of the Service.	Director of Service Development	12 (3 x 4)	SDC	SMB

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# Directorate Risk Control Summary

## Appendix 1c

SR ID	Risk ID	Risk	Action Description	Owner	Est 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 - 70%	Additional staff resources have been secured for CSE. These include 15 Community Safety Advocates and a Deputy Head of P&P (Prevention Portfolio). CSE activities were suspended due to the Omricon Variant (Exception of High Risk visits). A Partnership Review is being undertaken by AC Pryde which will identify good practice and any areas which SFRS can strengthen.	16 (4 x 4)	9 (3x3)	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%	Initial engagement with SDMP undertaken and awaiting completion of CRIM for incorporation within CSE planning.  (carried forward from closed SD 8)	16 (4 x 4)	9 (3x3)	ARAC	SMB

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SR ID	Risk ID	Risk	Action Description	Owner	Est Date	Status	Control Comments	Risk Rating	Target Rating	Committee	Executive Board
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 - 75%	Strategy completed with key actions identified. Document now progressing through governance approval process	12 (3 x 4)	12 (3x4)	ARAC	GGB
3	SPPC008	Corporate Social Responsibility	Implement robust arrangements to support the delivery of the SFRS Sustainable Development Framework.	Head of Governance, Strategy and Performance	31/03/2022	Green - 75%	Sustainable Development Framework now in draft. Document to be reported to GGB in December 2021.	8 (2 x 4)	6 (2x3)	ARAC	GGB
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 - 80%	This is a BAU activity but requires ongoing monitoring and review to minimise/manage risk to Service. Managed through the Information Governance Group.	12 (3 x 4)	8 (2x4)	ARAC	GGB
4	SPPC003	Statutory Framework	Procurement process for external legal support	Head of Governance, Strategy and Performance	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 (2 x 4)	8 (2x4)	ARAC	GGB

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SR ID	Risk ID	Risk	Action Description	Owner	Est Date	Status	Control Comments	Risk Rating	Target Rating	Committee	Executive Board
4	SPPC003	Statutory Framework	Review and improve the SFRS Corporate Governance Framework.	Head of Governance, Strategy and Performance	31/03/2022	Green - 50%	Majority of Corporate Governance Framework for 2021/22 will be produced in Q4. Working draft developed.	8 (2 x 4)	8 (2x4)	ARAC	GGB
6	SDD007	Cyber Security	Roll out of multi-factor authentication (Q3)	Head of ICT	31/03/2023	Amber - 90%	Multi-factor authentication rolled out across the Service with additional work to be undertaken in relation to Control and Operational Crews. Procurement for additional system development complete with implementation planned throughout 2022/23.	20 (4 x 5)	12 (3x4)	ARAC	DB
6	SDD007	Cyber Security	Procurement of application patching tool	Head of ICT	31/12/2022	Amber - 5%	Procurement of patching tools delayed until 2022/23 due to capacity and competing workplan priorities.	20 (4 x 5)	12 (3x4)	ARAC	DB
6	SPPC005	Information Performance Management	Delivery of the Business Intelligence Strategy and relevant milestones	Head of Governance, Strategy and Performance	31/03/2022	Green - 75%	Delivery milestones will be monitored throughout the year, aligned to Directorate workplan and PI workplan with updates provided to GGB.	12 (3 x 4)	8 (2x4)	ARAC	GGB

## OFFICIAL

SR ID	Risk ID	Risk	Action Description	Owner	Est Date	Status	Control Comments	Risk Rating	Target Rating	Committee	Executive Board
6	SPPC012	Organisational Security	Develop Organisational Security Plan	Head of Governance, Strategy and Performance	31/03/2022	Green - 25%	Development of Security Plan will align to recruitment of additional staff and re-establishment of Organisational Security Group.	12 (3 x 4)	8 (2x4)	ARAC	GGB
6	FCS002	Asset Management Planning	Work to be progressed on a number of strategic documents including an Estates Strategy, Fleet Strategy and a revised Property Asset Management Plan which will be based upon the outcome of the SDMP report.	Head of Asset Management	31/03/2023	Green - 60%	The Fleet Strategy is in development with an anticipated completion date by the end of Q4. Property Strategy and Equipment Strategy to be completed by the end of March 2023. Both strategies will align to SDMP which has been delayed.	9 (3 x 3)	9 (3x3)	ARAC	AMLB
6	FCS002	Asset Management Planning	Work to progress technical integration of Information Systems to enable enhanced asset performance reporting	Head of Asset Management	31/12/2022	Green - 80%	Ongoing review of technical specification requirements for interface 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 (3 x 3)	9 (3x3)	ARAC	AMLB

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SR ID	Risk ID	Risk	Action Description	Owner	Est Date	Status	Control Comments	Risk Rating	Target Rating	Committee	Executive Board
6	FCS002	Asset Management Planning	AM providing background information and professional advice to SDMP team with regards to the 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 (3 x 3)	9 (3x3)	ARAC	AMLB
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 - 60%	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 (3 x 3)	9 (3x3)	ARAC	AMLB
6	FCS002	Asset Management Planning	Develop Stakeholder Engagement Strategy	Head of Asset Management	31/03/2022	Green - 80%	Development of Strategy with regards to Fleet now complete. This will be used for the Equipment and Property Strategy Documents to be prepared later in 2022.	9 (3 x 3)	9 (3x3)	ARAC	AMLB



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SR ID	Risk ID	Risk	Action Description	Owner	Est 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	Acting Head of Finance and Procurement	31/03/2022	Green - 75%	£2.1M funding received under green public-sector estate decarbonisation scheme. Transport Scotland agreed for funding requirement of £1M. Further engagement required with Transport Scotland to develop a medium-term plan around future funding.	16 (4 x 4)	8 (2x4)	ARAC	GGB
7	SDD005	Additional Funding	Ongoing engagement with Scottish Government	Head of ICT	31/03/2022	Green - 80%	This will continue throughout 2021/22 until further information is received from SG. Continued partner engagement continues.	15 (3 x 5)	8 (2x4)	ARAC	DB
7	FCS011	Fraud Detection	Complete actions associated with Procurement strategy relating to Fraud	Acting Head of Finance and Procurement	31/03/2022	Green - 70%	This is a three-year Procurement Strategy with year one actions identified for completion in current year. Progress continues with no concerns.	12 (3 x 4)	9 (3x3)	ARAC	GGB

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SR ID	Risk ID	Risk	Action Description	Owner	Est 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.	Acting Head of Finance and Procurement	31/03/2022	Green - 70%	Verification Officers and Fraud post recruited and plan being prepared to review current governance arrangements.	12 (3 x 4)	9 (3x3)	ARAC	GGB
7	FCS010	Service Delivery Objectives	Development of an enhanced Business Case/Case for Change process aligned to Service/Strategic Objectives	Decision Support Manager	31/03/2022	Amber - 5%	Work underway between F&P and Portfolio Office in creating a more robust and efficient Business Case / Case for Change process in alignment with Service / Strategic objectives. This new process will improve engagement between all functions within SFRS and ensure funding investments will be aligned with Service Delivery requirements.	9 (3 x 3)	9 (3x3)	ARAC	GGB

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SR ID	Risk ID	Risk	Action Description	Owner	Est Date	Status	Control Comments	Risk Rating	Target Rating	Committee	Executive Board
7	FCS006	Financial Planning and Controls	Improve finance system capability after move to cloud	Acting Head of Finance and Procurement	31/03/2022	Amber - 45%	Works associated with a supplier portal, procurement improvements and revision to Technology one access all being progressed but delayed due to Covid 19 and staff movements. Tech One consultancy support in progress with the plan to finalise Supplier Portal by March 22 - further developments will continue into next financial year as part of the normal workplan.	8 (2 x 4)	8 (2x4)	ARAC	GGB
7	FCS006	Financial Planning and Controls	Improve HR/Payroll system capability	Acting Head of Finance and Procurement	31/03/2022	Amber - 70%	Further incremental improvements and substantial roll out of ESS continues with final roll out to all employees by end of Q4.	8 (2 x 4)	8 (2x4)	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	Acting Head of Finance and Procurement	31/03/2022	Green - 75%	This is an ongoing annual task for Finance Business Partners to review and provide assurance to SMB. Engagement ongoing with the Portfolio Office to support enhancement of	8 (2 x 4)	8 (2x4)	ARAC	GGB

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SR ID	Risk ID	Risk	Action Description	Owner	Est Date	Status	Control Comments	Risk Rating	Target Rating	Committee	Executive Board
							processes but current process continues.				
7	FCS006	Financial Planning and Controls	Resource the development of business case for PTFA from a financial perspective	Acting Head of Finance and Procurement	31/01/2022	Amber - 90%	Business case has been completed in draft for review and next stage approval	8 (2 x 4)	8 (2x4)	ARAC	GGB
7	SDD006	Network Replacement	Ongoing engagement with Scottish Government	Head of ICT	31/03/2022	Green - 80%	This will continue throughout 2021/22 until further information is received from SG. Continued partner engagement continues.	8 (2 x 4)	4 (1x4)	ARAC	DB
7	FCS006	Financial Planning and Controls	Scrutiny of exceptions adopted during the global pandemic to ensure financial controls are maintained	Acting Head of Finance and Procurement	31/03/2022	Green - 70%	Initial reviews have been undertaken within Payroll by the Verification Team	8 (2 x 4)	8 (2x4)	ARAC	GGB

# Directorate Closed Control Summary

# Appendix 1d

Risk ID	Control Description	Risk Name	Risk Description	Control Comments	Control Owner	Committee	Executive Board
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.	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 SFRSs 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.	Review of training materials and resources owned / associated with CSE has been undertaken and a paper submitted to the P&P FMT (23/11).  CSE training and resource plan is now complete. "	National Community Safety Engagement Manager	ARAC	SMB

# Directorate Closed Risk Summary

# Appendix 1e

Nil Return

# Directorate Risk Rating Change Summary

# Appendix 1f

Nil Return

# New Directorate Risks

# Appendix 1g

Nil Return



# New Directorate Control Summary

# Appendix 1h

Risk ID	Control Description	Risk Name	Risk Description	Control Owner	Control Due Date	Performance	Control Comments	Committee	Executive Board
SDD005	Ongoing engagement with Scottish Government	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	31/03/2022	Green 80%	This will continue throughout 2021/22 until further information is received from SG. Continued partner engagement continues.	ARAC	DB
SDD006	Ongoing engagement with Scottish Government	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	31/03/2022	Green 80%	This will continue throughout 2021/22 until further information is received from SG. Continued partner engagement continues.	ARAC	DB



**Audit and Risk Assurance Committee – 30 March 2022**  
**Risk Spotlight Briefing Note**

**SD 012 - There is a risk that the SFRS is unable to work in partnership focus on the impact of unintentional harm within our communities. This would be due to inadequate internal resources, capacity or information sharing protocols. The result that the SFRS may not be able to deliver positive outcomes for communities may lead to additional scrutiny and having a negative impact on the services reputation.**

**Submitted by: - Service Delivery Directorate - ACO Stuart Stevens**

**Background: What would cause the risk to materialise / what is the effect likely to be?**

The risks largely related to the following:

Capacity of partners – we are reliant on partners to identify those most at risk and support our safety agendas. This is supported by national and local Prevention and Protection (P&P) staff to provide training, awareness raising and referral pathways. The Covid-19 pandemic has impacted on this, due to the ability for partners and Scottish Fire and Rescue Service (SFRS) to visit people in their homes, and the competing priorities of partner agencies as they have navigated through this period. Limited referrals would mean that we are not able to target those most at risk and support the reduction of unintentional harm.

Internal capacity – completing demands place on P&P staff may mean that our ability to focus on unintentional harm and partnership working is reduced. This would in turn mean a reduction in meaningful partnership working and generation of referrals.

Internal Competencies – competing demands on staff development may impact our ability to upskill our staff. This would therefore mean that our staff either do not have the additional skills required or unable to maintain their current skills to deliver the service to the level we strive to.

**Controls and mitigating actions (stating what actions are being taken if the residual/current risk assessment is operating above or below risk appetite).**

- SFRS are undertaking a review to refine partnership working practises utilised by the service.
- Wider unintentional harm and wellbeing areas are being integrated into the proposed Safe and Well Visits; moving away from solely fire related areas.
- Through partnership working and comms/ social media activity we promote a range of home safety and wellbeing topics.
- The new ICT system in development to support Safe and Well includes a partner portal, this will host the Partnership Pack (including ISP, training and supporting materials). This area of work will ensure partners are generating high value referrals and there is consistency in information sharing.
- SFRS are represented on the SMART Communities Group.
- The Community Risk Index is being developed through Service Delivery Model Programme which should provide risk profiling data, thus assisting to greater target resources.
- Funding has been secured to provide additional managerial capacity within the P&P Function along with financial support to enhance frontline P&P teams (Community Safety Advocates and Auditing Officers).

**External or other factors which might impact on the current risk assessment.**

- The ongoing consequences of the Covid-19 Pandemic may adversely impact on the Service's ability to engage with partners and target those most at risk within our communities.
- The restrictions placed on communities due to Covid means accessing homes to deliver key safety advice and detection has been impacted.

## SCOTTISH FIRE AND RESCUE SERVICE

## Audit Risk and Assurance Committee



SCOTTISH  
FIRE AND RESCUE SERVICE  
Working together for a safer Scotland

Report No: C/ARAC/19-22  
Agenda Item: 16

Report To:	<b>AUDIT RISK AND ASSURANCE COMMITTEE</b>						
Meeting Date:	<b>30 MARCH 2022</b>						
Report Title:	<b>ACCOUNTING POLICIES 2021-22</b>						
Report Classification:	For Information.	<b>Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u></b>					
		<a href="#">A</a>	<a href="#">B</a>	<a href="#">C</a>	<a href="#">D</a>	<a href="#">E</a>	<a href="#">F</a>
<b>1</b>	<b>Purpose</b>						
1.1	The purpose of this report is to inform the Audit and Risk Assurance Committee (ARAC) of regulatory changes in relation to the preparation of the Annual Report and Accounts for financial year 2021-22 and to present the Accounting Policies to be adopted.						
<b>2</b>	<b>Background</b>						
2.1	The SFRS is required to follow the Government Financial Reporting Manual (FReM) and Scottish Public Finance Manual (SPFM) when preparing the Annual Report and Accounts.						
2.2	During the year amendments to the FReM are formally published by Audit Scotland. A review of these documents is built into year-end processes to ensure that any relevant changes are incorporated, through reading of the Technical Bulletins prepared by Audit Scotland and discussions with our external auditors, Deloitte LLP.						
<b>3</b>	<b>Main Report and Discussion</b>						
<b>3.1</b>	<b>Changes to FReM 2021-22</b>						
3.1.1	HM Treasury publish an overview of amendments to the FReM. Some minor changes have been made to the Remuneration Report, including: <ul style="list-style-type: none"> <li>Setting out the percentage change from the previous financial year in relation to the highest paid employee,</li> <li>Providing the average percentage change from the previous financial year in relation to employees as a whole,</li> <li>Setting out pay ratio information showing median pay ratio for 25<sup>th</sup> and 75<sup>th</sup> percentile pay ratio,</li> <li>Provide a summary explaining changes in ratios.</li> </ul>						
3.1.2	The impact of these changes will be taken into account when preparing the Annual Report and Accounts for 2020/21.						
<b>3.2</b>	<b>Accounting Policies</b>						
3.2.1	The Accounting Policies have been reviewed to confirm whether they remain relevant and if any changes are required.						

3.2.2	There is an underlying assumption that the financial statements will be prepared on a going concern basis, i.e. they should be prepared on the basis that the body's functions will continue in operational existence for the foreseeable future. This is an area of interest for our auditors as our pension liabilities are significant due to participation in the unfunded firefighters pension schemes. SFRS will continue to prepare the accounts on a going concern basis, recognising that the auditors will seek confirmation from Scottish Government regarding ongoing funding being provided.
3.2.3	Depreciation was reviewed and it was considered appropriate to retain the current policy to depreciate a full year in the year after the asset is purchased. This will be kept under annual review.
3.2.4	The review has concluded that no material changes are required. The proposed Accounting Policies for 2021-22 are attached at Appendix A.
<b>3.3</b>	<b>Impact of Covid-19</b>
3.3.1	The impact of Covid-19 was included in the Annual Report and Accounts 2020-21 and has continued to have an impact during the year to date. An assessment of the current and potential future effects of Covid-19 will be carried out and incorporated in the Annual Report and Accounts 2021-22. This will include a consideration of costs, impact on supply chains and the subsequent effects on our financial position.
<b>3.4</b>	<b>Accounting Standard Changes</b>
3.4.1	No new Accounting Standards have been adopted in the Annual Accounts for 2021-22.
<b>3.5</b>	<b>Future Accounting Standards</b>
3.5.1	IFRS16 <i>Leases</i> will come into effect from 1 April 2022.
3.5.2	IFRS16 will remove the distinction between operational (resource) and finance (balance sheet) leases. While there are some exceptions, most leases will be recognised on the balance sheet in the future.
3.5.3	The Annual Accounts at 31 March 2021 show leases for Land and Buildings of £1.997 million (£1.748 million in 2020/21) and Vehicles of £0.84 million (£0.114 million in 2020/21). The Land and Buildings figure consists mainly of ground rents and radio masts. The figure for Vehicles relates to leased cars, the number of which has significantly reduced since the introduction of the Provided Car Scheme in 2017. The impact of Electric vehicles will be added in future years as this becomes appropriate. Identification of any further leases will continue in the coming months and on an ongoing basis.
3.5.4	<p>Work is undertaken to identify relevant leases, which include properties, vehicles and printers, to determine the impact on the financial statements:</p> <ul style="list-style-type: none"> <li>• The Statement of Financial Position (SoFP) does not currently record financial leases however, under IFRS 16, a “Right of Use” asset will be required to be added along with a corresponding Lease liability.</li> <li>• The Statement of Comprehensive Net Expenditure (SoCNE) currently records annual lease payments made to lessors, which will be replaced by Depreciation and Interest on the lease liability.</li> </ul>
3.5.5	Information will be passed to Scottish Government at the relevant time to ensure that appropriate budget is provided for Resource and Capital DEL to cover all relevant Right Of Use assets, as well as Ring-fenced Del and AME for Depreciation.
3.5.6	Discussions will be held with external audit to ensure that the Service complies with requirements.

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<b>4</b>	<b>Recommendation</b>
4.1	The ARAC is asked to note the review of changes to the Accounting Standards and the Accounting Policies to be adopted.
<b>5</b>	<b>Key Strategic Implications</b>
5.1	<b>Risk</b>
5.1.1	There are no accounting policies that directly impact risk. The Annual Report and Accounts includes an Accountability Report that highlights our risk management and corporate governance processes that supports the achievement of the Scottish Fire and Rescue Service's (SFRS) policies, strategic aims and objectives.
5.2	<b>Financial</b>
5.2.1	There are no financial implications for 2021-22. The financial implication of IFRS 16 will come into effect from 1 April 2022. This will be communicated to Scottish Government and we anticipate appropriate adjustment to our budget lines to negate the accounting change in future years.
5.3	<b>Environmental &amp; Sustainability</b>
5.3.1	There are no environmental and sustainability implications relating to this report. The Annual Report and Accounts includes a Sustainability Report which highlights our performance in response to climate change and environmental sustainability.
5.4	<b>Workforce</b>
5.4.1	There have been no changes to the accounting policies that impact our workforce. SFRS includes accounting policies on benefits payable during employment as well as post-employment benefits (pensions). The Annual Report and Accounts includes a Sustainability Report which highlights our performance in response to workforce matters including gender pay gap and workforce profile. The Annual Report and Accounts includes a Remuneration Report covering Board and Directors remuneration during the year. There are some additional reporting requirements for 2021-22 but none affected by the accounting policies. In addition, SFRS workforce numbers and salary information is reported within the Remuneration Report.
5.5	<b>Health &amp; Safety</b>
5.5.1	There are no health and safety implications relating to this report.
5.6	<b>Training</b>
5.6.1	There are no training implications relating to this report.
5.7	<b>Timing</b>
5.7.1	These accounting policies relate to financial year 2021-22.
5.8	<b>Performance</b>
5.8.1	The Annual Report and Accounts communicates SFRS performance for the year and is formally audited before being laid by Ministers before Scottish Parliament.
5.9	<b>Communications &amp; Engagement</b>
5.9.1	There are no accounting policies that directly impact our engagement.
5.10	<b>Legal</b>
5.10.1	The SFRS is required to follow the Government Financial Reporting Manual (FReM) and Scottish Public Finance Manual (SPFM) when preparing the Annual Report and Accounts.

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5.11 5.11.1	<b>Information Governance</b> There are no implications for information governance relating to this report.	
5.12 5.12.1	<b>Equalities</b> There are no implications of equality relating to this report.	
5.13 5.13.1	<b>Service Delivery</b> There are no Service Delivery implications relating to this report.	
<b>6</b>	<b>Core Brief</b>	
6.1	Not applicable	
<b>7</b>	<b>Appendices/Further Reading</b>	
7.1	Appendix A – Accounting Policies	
<b>Prepared by:</b>	Alan Duncan, Accounting Manager	
<b>Sponsored by:</b>	John Thomson, Acting Director of Finance and Procurement	
<b>Presented by:</b>	Lynne McGeough, Acting Head of Finance and Procurement	
<b>Links to Strategy</b>		
Our Money and Our Performance – SFRS Strategic Plan 2019-22		
<b>Governance Route for Report</b>	<b>Meeting Date</b>	<b>Comment</b>
<i>Audit and Risk Assurance Committee</i>	<i>30 March 2022</i>	<i>For information</i>

## NOTES TO THE ACCOUNTS

### 1. Accounting Policies

These Annual Accounts have been prepared in accordance with the 2021/22 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public-sector context. The SFRS has selected the most appropriate accounting policy or estimation technique, as permitted by the FReM, to ensure the statements present a true and fair view.

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

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

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

The following underlying assumptions have been adhered to:

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

#### Application of new and revised Accounting Standards

##### a. Standards, amendments and interpretations effective in the current year

In the current year, the Board has applied a number of amendments to IFRS Standards and Interpretations that are effective for an annual period that begins on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these Annual Accounts:

- Amendments to References to the Conceptual Framework in IFRS Standards.
- Annual Improvements to IFRS Standards 2018-2020 Cycle.

##### b. Standards, amendments and interpretations early adopted this year

There are no new standards, amendments or interpretations early adopted this year.

**c. Standards, amendments and interpretations issued but not adopted this year**

At the date of authorisation of these Annual Accounts, the Board has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- **IFRS 16 Leases:** HM Treasury have agreed to defer implementation until 1 April 2022.
- **IFRS 17:** Insurance Contracts. Applicable for periods beginning on or after 1 January 2023.
- **Amendment to IAS 1:** Classification of Liabilities as Current or Non-Current. Applicable for periods beginning on or after 1 January 2023.
- **Amendment to IAS 1:** Disclosure of Accounting Policies. Applicable for periods beginning on or after 1 January 2023.
- **Amendment to IAS 8:** Definition of Accounting Estimates. Applicable for periods beginning on or after 1 January 2023.
- **Amendments to IAS 16:** Property, Plant and Equipment proceeds before intended use. Applicable for periods beginning on or after 1 January 2022.
- **Amendments to IAS 37:** Onerous Contracts, cost of fulfilling a contract. Applicable for periods beginning on or after 1 January 2022.

The Board does not expect that the adoption of the Standards listed above will have a material impact on the Annual Accounts in future periods, except as noted below.

IFRS 16 Leases supersedes IAS 17 Leases and is being applied by HM Treasury in the Government Financial Reporting Manual (FRoM) from 1 April 2022. IFRS 16 introduces a single lessee accounting model that results in a more faithful representation of a lessee's assets and liabilities, and provides enhanced disclosures to improve transparency of reporting on capital employed.

Under IFRS 16, lessees are required to recognise assets and liabilities for leases with a term of more than 12 months, unless the underlying asset is of low value. The Board expects that its existing finance leases will continue to be classified as leases. All existing operating leases will fall within the scope of IFRS 16 under the 'grandfathering' rules mandated in the FRoM for the initial transition to IFRS 16. In future years, new contracts and contract renegotiations will be reviewed for consideration under IFRS 16 as implicitly identified right-of-use assets. Assets recognised under IFRS 16 will be held on the Statement of Financial Position as (i) right of-use assets which represent the Board's right to use the underlying leased assets; and (ii) lease liabilities which represent the obligation to make lease payments.

The bringing of leased assets onto the Statement of Financial Position will require depreciation and interest to be charged on the right-of-use asset and lease liability, respectively. Cash repayments will also be recognised in the Statement of Cash Flows, as required by IAS 7. The SFRS has carried out some preparatory work to ensure that the standard will be implemented correctly in future years and that adequate governance arrangements are in place. This includes ensuring that appropriate budget cover from the Scottish Government is in place.



The Board expects that the implementation of this standard on the 2022/23 figures is expected to add a “right of use” asset (with corresponding lease liability) to the SoFP of approximately £5.8 million. The SoCNE is also expected to include associated depreciation and interest costs of approximately £0.6 million.

### **Accounting Convention**

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

### **Accounting Period**

The accounting period commenced on 1 April 2021 and ended on 31 March 2022.

### **Going Concern**

The Resource Budget for the financial year ended 31 March 2023 has been approved by the Scottish Government and is considered adequate to allow the SFRS to meet its liabilities in the foreseeable future. The impact of Covid-19 and Brexit will be reviewed throughout the year to monitor their effects on the Service and its finances and adjustments will be made to budgets as required.

These Annual Accounts have therefore been produced on a going concern basis. To the extent that the pension deficits are not met from SFRS sources of income it may only be met by future Grant in Aid from the sponsoring department, the Safer Communities Division. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be paid in advance of need.

### **Segmental Reporting**

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

### **Revenue Recognition**

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

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

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

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

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

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

### **Capital Grants**

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

### **Provision of Services**

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

### **Rental Income**

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

### **Expenditure Recognition**

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

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

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

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

## Benefits Payable During Employment

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

## Post-Employment Benefits

As at 31 March 2022, the SFRS participates in four pension schemes: The Local Government Pension Scheme (Scotland) for support staff, the Firefighter's Pension Scheme 1992, New Firefighters Pension Scheme 2006 and the Fire 2015 Scheme for Wholetime/Retained uniformed personnel. For the year ended 31 March 2022, the administration of Firefighters' Schemes was undertaken by the Scottish Public Pensions Agency (SPPA) and the administration of LGPS remained with local authorities.

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

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

- Fire 2015 Scheme

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

Firefighters who were previously in the 1992 or 2006 Schemes joined the 2015 Scheme automatically on 1 April 2015 where no protection was in place. A further group have transferred to this scheme, or will transfer, prior to 31 March 2022 depending on their individual circumstances.

From 1 April 2022, all Firefighters who are members of a pension scheme will be transferred to the Fire 2015 Scheme.

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

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

### **Pension Scheme Assets**

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

### **Pension Scheme Liabilities**

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

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

- **Current Service Cost**

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

- **Expected Net Return on Assets**

The expected annual investment return on assets for the LGPS is based on long-term expectations as at 31 March 2022. This is shown net of the interest cost of each scheme, based on the discount rate and the present value of the scheme liabilities as at 31 March 2022.

- **Past Service Costs**

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

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

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

- **Actuarial Gains and Losses**

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

- **Contributions Paid to the LGPS Pension Funds**

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

- **Discretionary Benefits**

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

## **Injury Awards**

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

## Cash and Cash Equivalents

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

## Property, Plant and Equipment

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

## Asset Recognition

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

## Asset Measurement

Assets are initially measured at cost, comprising:

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

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

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

At 31 March 2022, all land, buildings and dwellings assets due for valuation under the five-year rolling programme (50% of portfolio), were re-valued by the SFRS's in-house Estates and Valuations Surveyor, Russell Munn (BSC MRICS). Where decreases in value are identified, the revaluation loss is accounted for:

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

### **Donated Assets**

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

### **Impairment**

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

Where impairment losses are identified, they are accounted for:

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

### **Disposals**

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

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

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

### Assets Held for Sale

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

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

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

### Depreciation

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

Useful economic lives as estimated by experts are as follows:

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

Assets under construction are recognised at cost and are depreciated in the year after they are transferred to operational assets.



## Componentisation

In accordance with IAS16 *Property, Plant and Equipment*, a componentisation policy for material assets has been adopted with effect from 1 April 2013. The SFRS will componentise material assets with a carrying value over £0.5 million, unless, in the expert opinion of our professional valuer, it does not lend itself to componentisation by its complex nature. This will be carried out where material assets are acquired, revalued or enhanced. The SFRS policy noted above has been applied to all relevant assets brought on from legacy services and will continue to be applied as they are revalued through the five-year rolling programme of valuations.

## Intangible Assets

Intangible assets have no physical substance but are identifiable and controlled by the SFRS. It can be established that there is an economic benefit or service potential associated with the item which will flow to the SFRS. This expenditure is mainly in relation to software licenses. Expenditure on the acquisition, creation or enhancement of intangible assets is capitalised on an accruals basis when it will bring benefits of longer than one year. Intangible assets are initially measured at cost and included in the SoFP at net historical cost. Intangible assets are depreciated on a straight-line basis over the life of the asset (3 years).

## Inventories

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

## Leases

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

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

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

## Operating Leases

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

## Provisions, Contingent Liabilities and Contingent Assets

### Provisions

Provisions are made where an event has taken place that gives the Board a legal or constructive obligation that probably requires settlement by a transfer of economic benefits

or service potential, and a reliable estimate can be made of the amount of the obligation.

### Contingent Liabilities

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

### **Reserves**

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

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

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

### **Taxation**

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

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

### **Financial Instruments**

#### Financial Assets

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

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

### Financial Liabilities

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

There are two types of Borrowings held by the SFRS:

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

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

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

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

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

## Review of Accounting Policies and Estimation Techniques

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

The main areas of estimation relate to the following:

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

## Changes in Accounting Estimates

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

## Events after the Reporting Period

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

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

There are no significant events affecting the SFRS which have occurred since the end of the financial year. Future developments have been included in the Performance Report at the start of the Annual Report and Accounts.

## SCOTTISH FIRE AND RESCUE SERVICE

## Audit and Risk Assurance Committee



Report No: C/ARAC/20-22

Agenda Item: 17

Report to:	<b>AUDIT AND RISK ASSURANCE COMMITTEE</b>						
Meeting Date:	<b>30 MARCH 2022</b>						
Report Title:	<b>REVIEW OF WHISTLEBLOWING POLICY</b>						
Report Classification:	For Information.	<b>Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u></b>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
<b>1</b>	<b>Purpose</b>						
1.1	To provide background and rationale for the revision of the Whistleblowing Policy (attached).						
<b>2</b>	<b>Background</b>						
2.1	The Whistleblowing Policy was updated in November 2021 in line with the Scottish Fire and Rescue Service's (SFRS) policy of periodically reviewing policy. Following this review, the People Board have approved the promulgation of this revised policy.						
<b>3</b>	<b>Main Report/Detail</b>						
3.1	In line with our statutory obligations under the Public Interest Disclosure Act 1998, and accepted best practice, SFRS has promulgated a Whistleblowing Policy. This explains the terms under which an employee may make a protected disclosure to specified external agencies where they have concerns over organisational activities that they consider may be contrary to the public interest. It also explains how such concerns can be raised internally, and the protection from victimisation that the Act affords them.						
3.2	The current Whistleblowing Policy was issued in March 2018 and was therefore due for review under the policy review schedule. This review has now concluded, and a revised Whistleblowing policy is attached for the Audit and Risk Assurance Committee's information. Slight amendments were made to the paper to make it more accessible and to refresh any outdated information and links, but no significant policy changes were necessary.						
3.3	A draft of the policy was circulated through the standard consultation process for feedback and comment. No comments requesting significant changes were however received.						
<b>4</b>	<b>Recommendation</b>						
4.1	It is recommended that the Audit and Risk Assurance Committee note the promulgation of the attached Whistleblowing Policy.						
<b>5</b>	<b>Key Strategic Implications</b>						
5.1	<b>Risk</b> The Public Interest Disclosure Act 1998 places a statutory duty on employers to protect employees who disclose information on specified issuers and to specific agencies. Non-compliance with these obligations could result in SFRS facing legal challenges.						

5.1.1	Misconduct by managers within SFRS can also lead to legal challenges, or to reputational damage. The provision of a procedure where employees can raise concerns about such issues within SFRS would support SFRS's commitment to legal compliance and ethical behaviours.
5.2 5.2.1	<b>Financial</b> There are no direct financial costs associated with this policy, and consultations with the Risk and Audit Manager have confirmed that the provisions of this policy are supportive of SFRS's Anti-Fraud Provisions.
5.3 5.3.1	<b>Environmental &amp; Sustainability</b> There are no environmental and sustainably issues raised by this policy.
5.4 5.4.1	<b>Workforce</b> The policy provides processes whereby employees can raise issues of concern, and expresses the protections (and its limitations) they will be afforded where they do so.
5.5 5.5.1	<b>Health &amp; Safety</b> There are no Health and Safety issues raised by this policy.
5.6 5.6.1	<b>Training</b> There are no training issues raised by this policy.
5.7 5.7.1	<b>Timing</b> As the revised policy does not introduce any change to the statutory or organisational arrangements for raising concerns, there are no timing issues relating to this policy.
5.8 5.8.1	<b>Performance</b> The provisions encouraging employees to report concerns over misconduct may support SFRS identify such behaviours and address them appropriately.
5.9 5.9.1	<b>Communications &amp; Engagement</b> Engagement with stakeholders was undertaken through the standard policy consultation mechanisms. The updated policy will be shared with all colleagues via the iHub.
5.10 5.10.1	<b>Legal</b> We have a statutory obligation to provide colleagues with information about how to raise a whistleblowing concern, and to protect them from victimisation should they do so in an appropriate manner. This policy will facilitate compliance with these duties.
5.11 5.11.1	<b>Information Governance</b> <i>DPIA completed:</i> No. the policy specifies that issues raised under this policy will be treated confidentially, and any details relating to individuals will therefore be processed in line with existing data protection measures.
5.12 5.12.1	<b>Equalities</b> <i>EIA completed</i> Yes. The current policy has been subject to an EIA, and a review of this has confirmed that the revised policy remains consistent with the contents of this EIA.
5.13 5.13.1	<b>Service Delivery</b> The provision of Service Delivery may be enhanced through the provision of processes that support employees raise areas of concern.

<b>6</b>	<b>Core Brief</b>	
6.1	Not applicable	
<b>7</b>	<b>Appendices/Further Reading</b>	
7.1	Appendix A: Whistleblowing Policy (2022)	
<b>Prepared by:</b>	Nasreen Makipour, Human Resource Adviser.	
<b>Sponsored by:</b>	Scott Semple, Head of POD.	
<b>Presented by:</b>	George Lindsay, Temp HROD Manager.	
<b>Links to Strategy and Corporate Values</b>		
Outcome 3. We are a great place to work where our people are safe, supported and empowered to deliver high performing innovative services. Outcome 4. We are fully accountable and maximise our public value by delivering high quality, sustainable Fire and Rescue Services for Scotland.		
<b>Governance Route for Report</b>	<b>Meeting Date</b>	<b>Report Classification/ Comments</b>
<i>People Board</i>	<i>2 February 2022</i>	<i>For Decision</i>
<i>Audit and Risk Assurance Committee</i>	<i>30 March 2022</i>	<i>For Information.</i>

# People and Organisational Development



**SCOTTISH**  
**FIRE AND RESCUE SERVICE**  
 Working together for a safer Scotland

## PEOPLE AND ORGANISATIONAL DEVELOPMENT

### WHISTLEBLOWING POLICY

Author/Role	Lucy Begley, HR Adviser
Date of Equality Impact Assessment	November 2021
Date of Impact Assessment (commenced)	N/A
Date of Impact Assessment (concluded)	N/A
Quality Control (name)	George Lindsay, HROD Manager
Authorised (name and date)	Scott Semple, Head of POD
Last Reviewed (name and date)	Lucy Begley, November 2021
Date for Next Review	April 2026





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FIRE AND RESCUE SERVICE

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## WHISTLEBLOWING POLICY

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5. [PRINCIPLES](#)
6. [RAISING A CONCERN](#)
  - [Who to Contact](#)
  - [Raising a Concern Externally](#)
7. [INVESTIGATION AND OUTCOME](#)
8. [ENGAGING WITH THE MEDIA](#)
9. [RESPONSIBILITIES](#)
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11. [ANONYMOUS ALLEGATIONS](#)
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13. [MONITORING AND REVIEW](#)
14. [ASSOCIATED DOCUMENTS/REFERENCES](#)
15. [EQUALITY](#)

## **1. POLICY STATEMENT**

- 1.1. The Scottish Fire and Rescue Service (SFRS) is committed to the highest possible standards of openness and accountability. In line with that commitment, employees with serious concerns about illegality, malpractice, wrongdoing or serious failures of standards of work are encouraged to come forward and voice their concerns.

## **2. SCOPE**

- 2.1. This policy applies to all individuals working at all levels of the organisation, including SFRS employees, consultants, contractors, and agency staff (collectively known as 'employees' for the purposes of this policy).

## **3. INTRODUCTION**

- 3.1. The Public Interest Disclosure Act 1998 (PIDA) came into force on 2 July 1999. The Act makes provisions for the protection of individuals who disclose information about specific issues. The Act gives legal protection to employees against being dismissed, penalised or treated badly by their employers as a result of publicly disclosing certain serious concerns.
- 3.2. It is a fundamental term of every contract of employment that an employee will faithfully serve their employer and not disclose confidential information about the employer's affairs. However, where an individual discovers information which they believe shows malpractice or wrongdoing within the organisation, then the information should be disclosed without fear of reprisal, and the disclosure may be made independently of line management.
- 3.3. This Whistleblowing Policy is intended to encourage and enable employees to raise serious concerns within SFRS, rather than overlooking a problem or blowing the whistle externally, and to reassure employees that they can do so without fear of reprisal.
- 3.4. An employee who makes a protected disclosure has the right not to be dismissed, victimised, or subjected to any other detriment because they have made a qualifying disclosure. Victimisation of a worker for raising a qualified disclosure is a disciplinary offence. SFRS will ensure that any employee who makes a qualifying disclosure in

such circumstances will not be penalised, or suffer any adverse treatment, for doing so.

## 4. DEFINITIONS

### 4.1. What is a Qualifying Disclosure?

The law provides protection for those who raise legitimate concerns about specified matters. The Act defines 'protected disclosures' which are made by an employee as 'qualifying disclosures'. A qualifying disclosure is one made in the public interest by an employee who has a reasonable belief that one or more of the following is being, has been, or is likely to be, committed:

- A criminal offence
- A miscarriage of justice
- An act creating any risk to health and safety of any individual
- An act causing risk or actual damage to the environment
- A breach of any other legal obligation, or
- A deliberate attempt to conceal any of the above

## 5. PRINCIPLES

- 5.1. The Whistleblowing policy must not be used for the purposes of personal gain and an employee, in all circumstances, must be raising a concern in the public interest for a reason believed to fall within the range of qualifying disclosures as listed in section [4.1](#).
- 5.2. The SFRS Grievance Policy is a separate procedure and should be used where employees wish to raise a personal, or collective, grievance. Allegations of injustice or discrimination against individuals should, if at all possible, be dealt with under established Grievance or Dignity and Respect procedures, which are intended to be flexible and to have high levels of confidentiality.
- 5.3. The Whistleblowing policy is **not** another mechanism for employees to raise personal grievances.

- 5.4. Any concern raised under the protected list stated in section [4.1](#) may relate to another employee, group of employees, the individual's own Directorate or another part of SFRS.
- 5.5. It is not necessary for the employee to have proof that an act is being, has been, or is likely to be, committed – a reasonable belief is sufficient. The employee has no responsibility for investigating the matter – it is the responsibility of SFRS to ensure that an investigation takes place in line with this policy.

## **6. RAISING A CONCERN**

- 6.1. Where an employee has a concern that they believe meets the definition of a qualifying disclosure, as detailed in section [4.1](#), and has considered the Principles detailed in Section 5, they should follow the guidance in this section to raise their concern(s).
- 6.2. If an employee is not sure whether to raise a concern, they can discuss this with their Human Resource Business Partner (HRBP).
- 6.3. Employees who are members of recognised Trade Unions are encouraged to contact their Trade Union who can provide advice, support and assistance over any whistleblowing concerns.

### **Who to Contact**

- 6.4. SFRS encourages employees to raise any concerns with their line manager in the first instance. Alternatively, employees can approach another manager to raise concerns if they feel more comfortable. Managers should investigate and respond to concerns by email. Where the employee is dissatisfied with the response, or the manager feels the matter is too serious for them to respond to, the concern should be escalated to the Director of POD. Concerns can be raised in person or in writing.
- 6.5. Where the matter is more serious, or the employee would prefer to raise it with a more independent manager, they should contact the Director of POD directly.
- 6.6. The Director of POD will assign a member of the Strategic Leadership Team (SLT) to act as the Designated Whistleblowing Officer (DWO). Any member of the SLT can be appointed as the DWO. The DWO's responsibilities include investigating the employee's concerns and deciding on the most appropriate course of action to take.

- 6.7. The employee must state that they are using the Whistleblowing Policy and specify whether they wish their identity and concerns to be treated confidentially, with such wishes being respected. The DWO will acknowledge receipt of their formal written disclosure and keep a record of further action taken.
- 6.8. Where possible, the employee should identify which of the events in section [4.1](#) is being referred to and the particular facts and circumstances they believe to be applicable.
- 6.9. The DWO may then invite the employee to a meeting to discuss their concern(s). An employee is entitled to be accompanied by a trade union representative or workplace colleague at any meeting with the DWO (or the DWO's nominee) under this procedure and is encouraged to do so. The companion will be asked to respect the confidentiality of the disclosure and any subsequent investigation.
- 6.10. Any instruction to cover up wrongdoing is, in itself, a disciplinary offence. If told not to raise or pursue a concern, even by a person in authority such as a manager, employees should not agree to remain silent and should report the matter to either their line manager or the DWO.

### **Raising a Concern Externally**

- 6.11. The aim of this policy is to provide an internal mechanism for reporting, investigating and remedying any wrongdoing in the workplace. In most cases, employees should not find it necessary to alert anyone externally and we would encourage staff to report such concerns internally in the first instance. However, the law recognises that, in some circumstances, it may be appropriate for employees to report their concerns to an external body such as a regulator. Government guidelines provide a list of prescribed persons or bodies to which qualifying disclosures can be made. Where a report is made to a prescribed person or body, it must be one that deals with the issue being raised. The prescribed list includes:

- HM Revenue and Customs;
- The Financial Conduct Authority (formerly the Financial Services Authority);
- The Health and Safety Executive;
- Scottish Environment Protection Agency;
- The Procurator Fiscal Service; and

- The Serious Fraud Office.

A full list of prescribed persons or bodies can be obtained from the Department for Business, Energy and Industrial Strategy, which can be found at the following web address:

<https://www.gov.uk/government/publications/blowing-the-whistle-list-of-prescribed-people-and-bodies--2>

In addition, further information on the Public Interest Disclosure (Prescribed Persons) Amendment Order 2013 can be found at the following web address:

<http://www.legislation.gov.uk/uksi/2013/2213/made>

## **7. INVESTIGATION AND OUTCOME**

- 7.1. The DWO will consider the information available and decide whether an investigation should be conducted and what form it should take. This will depend on the nature of the matter(s) raised and may need to be referred to the relevant outside body, detailed in section [6.11](#). Following their initial assessment, the DWO may appoint a member of staff with relevant experience or specialist knowledge, should further investigation be deemed necessary.
- 7.2. SFRS is committed to investigating disclosures fairly, quickly and, where circumstances permit, confidentially. If a longer investigation is considered necessary, an investigator will be appointed. So far as appropriate and practicable, the individual who made the disclosure will be kept informed of the progress of the investigation. However, the need for confidentiality may prevent the disclosure of specific details of the investigation or actions taken.
- 7.3. On completion of the investigation, the DWO will inform the employee who made the disclosure what action is to be taken. If no action is to be taken, the employee will be informed in writing of the reasons for this.
- 7.4. It may be decided that the matter would be more appropriately dealt with under an alternative procedure(s), such as the Grievance, Dignity and Respect, Discipline, or the Anti-fraud policies. In such instances, the whistle-blower will remain protected under the principles of this policy.

- 7.5. If misconduct is discovered as a result of any investigation under this procedure, the SFRS Disciplinary Procedure will be used. Furthermore, depending on the circumstances of the case, SFRS may be required to consider whether appropriate external measures need to be considered, in line with professional advice.
- 7.6. If it is deemed necessary to refer the matter to an external authority for further investigation, SFRS will endeavour to inform the employee making the disclosure. However, in some cases SFRS may need to make such a referral without the employee's knowledge, if considered appropriate, e.g. cases that may be considered to be a criminal matter and which, therefore, require confidentiality in order not to compromise any subsequent investigation.
- 7.7. SFRS will always endeavour to handle investigations promptly and fairly but, if an employee who has made a disclosure under the procedure is not satisfied with the investigation or the conclusions reached by the DWO, they can write directly to the Deputy Chief Officer detailing their concerns. The Deputy Chief Officer will be responsible for carrying out an independent review of the disclosure to determine whether there are any concerns with the integrity of the investigation and/or the outcome(s).

## **8. ENGAGING WITH THE MEDIA**

- 8.1. The Media may contact employees directly for information or comment on behalf of SFRS. Employees should be familiar with the SFRS Engaging with the Media Policy which ensures a planned, co-ordinated and consistent approach.
- 8.2. In line with the aforementioned policy, employees must not comment or disclose any confidential SFRS information, including financial or confidential information about the Service, its employees, partners, suppliers or stakeholders to the media.
- 8.3. Employees should be aware that under the terms of the Whistleblowing policy, protected disclosures may only be made to organisations on the prescribed list as detailed in section 6.11 above. Protected disclosures cannot therefore be made to the media under the terms of this policy.

- 8.4. Staff should be aware that such unauthorised contact and disclosures to the media may result in action under the SFRS Disciplinary Policy and, in extreme cases, civil and criminal law.

## **9. RESPONSIBILITIES**

### **9.1. Corporate Responsibilities**

The Director of POD is responsible for this policy and will assign a member of the SLT to act as the DWO for a Whistleblowing case. The DWO has day-to-day operational responsibility for any cases assigned to them.

### **9.2. Directorates**

Directorates, through Heads of Function and Heads of Service Delivery, will ensure the Whistleblowing Policy is used when appropriate and any concerns raised are dealt with under the principles of this policy.

### **9.3. Departmental Managers**

Departmental Managers are responsible for providing support to Heads of Function and Heads of Service Delivery. To ensure the implementation of this policy; specifically, they are responsible for:

- Ensuring they comply with this policy within their areas/departments;
- Ensuring any concerns raised by an employee are handled under the principles of this policy;
- Ensuring no employee is victimised from raising a concern;
- Liaising with the HRBP as required;

### **9.4. POD Directorate**

POD is responsible for:

- Providing advice and guidance regarding this policy and other associated policies;

### **9.5. Duties of Employees**



Employees are responsible for:

- Cooperating with managers to ensure the effective implementation of this policy;
- Using this policy to disclose any suspected danger or wrongdoing, in the public interest

#### 9.6. **Role of Trade Unions**

Recognised Trade Union representatives functions' include:

- Co-operating with SFRS to ensure the procedures outlined within this policy are effectively implemented;
- Consulting with managers and POD on Whistleblowing related issues; and
- Encouraging staff to co-operate and comply with this policy

### 10. **CONFIDENTIALITY**

- 10.1. Any employee who raises a qualifying disclosure has the right to confidentiality. An employee must make it known at the earliest opportunity should they wish this and SFRS will make every effort to protect their identity.

### 11. **ANONYMOUS ALLEGATIONS**

- 11.1. This policy encourages employees to put their names to allegations. Concerns expressed anonymously will be investigated at the discretion of the DWO. In exercising this discretion, the factors to be taken into account would include the:
- Seriousness of the issue raised;
  - Credibility of the initial information provided;
  - Credibility of the concern; and
  - Likelihood of confirming the allegation.

## **12. EXISTING DISCIPLINARY PROCEDURES**

- 12.1. If an employee is already the subject of action under another procedure, such as Discipline, these procedures will not automatically be halted as a result of them raising concerns under this policy. However, the disciplinary process may be suspended pending the outcome of an investigation where the whistleblowing concerns raised are closely related to the disciplinary case.

## **13. MONITORING AND REVIEW**

### **13.1. Monitoring and Record Keeping**

SFRS is committed to evaluating the effectiveness of its activities and operations, and meeting its statutory obligations for monitoring. To do this, we will:

- create and capture necessary data to demonstrate evidence, accountability and information about our decisions and activities and the effectiveness of policies, procedures and processes
- maintain securely and preserve access to records, as long as they are required to support SFRS operations, in accordance with the SFRS Records Retention Schedule
- meet legal record-keeping requirements, including the Data Protection Act 2018 and the Freedom of Information (Scotland) Act 2002, and confidentially destroy those records as soon as they are no longer required

### **13.2. Privacy Statement**

SFRS processes personal data collected as part of this Whistleblowing Policy in accordance with the Data Protection Act 2018 and General Data Protection Regulations 2018 (GDPR). In particular, data collected as part of this policy is held securely and accessed by and disclosed to individuals, only for the purposes of supporting employees. In addition, Data Protection Impact Assessments are carried out where necessary for all new and revised policies, involving the processing of personal data.

### 13.3. Consultation

This policy has been developed following full consultation with relevant stakeholders and representative bodies. It has been agreed by the relevant SFRS Boards/Committees who provide strategic advice and advice on matters affecting employees, whilst ensuring it supports the strategic aims of the SFRS.

### 13.4. Policy Review

This policy will be subject to update and review as necessary by POD, at no more than five yearly intervals or earlier should any relevant legislative, precedent, judgement, operational review or organisational changes occur prior to that date.

## 14. ASSOCIATED DOCUMENTS/REFERENCES

- [SFRS Anti-Fraud and Corruption Policy](#)
- [SFRS Code of Conduct](#)
- [SFRS Dignity and Respect](#)
- [SFRS Disciplinary Policy and Procedure](#)
- [SFRS Engaging with the Media Policy](#)
- [SFRS Grievance Policy and Procedure](#)
- [SFRS Equality Impact Assessment – Whistleblowing Policy](#)
- [Public Interest Disclosure Act 1998 \(PIDA\)](#)
- [The Public Interest Disclosure \(Prescribed Persons\) \(Amendment\) Order 2013](#)
- [Department for Business, Energy & Industrial Strategy, Guidance – Whistleblowing: list of prescribed people and bodies](#)

## 15. EQUALITY

- 15.1. The equality issues associated with this policy have been considered and are detailed within the Equality Impact Assessment, to which interested parties are directed for associated equality issues, both directly and indirectly relevant to this policy.



# HM Fire Service Inspectorate

**Report to:** SCOTTISH FIRE AND RESCUE SERVICE AUDIT AND RISK ASSURANCE COMMITTEE

**Meeting Date:** 30 March 2022

**Report By:** HM Fire Service Inspectorate

**Subject:** Routine Report on HMFSI business

## 1. PURPOSE

- 1.1 To provide the Audit and Risk Assurance Committee with an update on HMFSI inspection and reporting activity.

## 2. RECOMMENDATIONS

- 2.1 That the Committee notes the update from HMFSI.

## 3. ACTIVITY AND PROGRESS

### 3.1 Local Area Inspections: Work Update

As the Committee will be aware, the Fire Service Inspectorate's current Local Area Inspection (LAI) scheme is a rolling programme which examines the SFRS's approach to the delivery of service within Scotland's 32 Local Authority areas.

Following on from the update to the Committee on 20 January 2022, we are pleased to report that we have concluded the inspection of Angus and at the time of writing the report is due to publish in mid-March 2022.

### 3.2 Service Delivery Area Inspection

Our LAI process has provided a valuable insight into the systems and processes in place to ensure that SFRS works closely with partners and considers local needs when delivering services to the communities of Scotland.

The current process limits the number of inspections that can be carried out each calendar year. Since the inception of this approach in 2014 we have completed a total of 16 LAI's leaving a further 16 to be completed.

In a bid to improve our turnaround and to allow the Chief Inspector to be assured that the SFRS is indeed delivering an efficient and effective Service across the entire country in a shorter period of time, it is our intention to alter the way in which we carry out inspections at a local level.

From April 2022 we will move to a system of measuring performance against a range of themes across each of the LSO areas within one of the three SDA's.

We will aim to provide feedback that can be used to assist the Service on its journey of continuous improvement. Further detail will be provided as planning for this new approach progresses.

### **3.3 Thematic Inspection work**

#### **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 has looked at the governance and management, policy and planning, training and recording arrangements relative to Health and Safety.

The final fieldwork concluded in late December 2021. Following consultation, it is anticipated that the report will be laid in the Scottish Parliament in April 2022.

#### **Firefighting in High Rise Buildings**

The purpose of carrying out this inspection is 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, Inverclyde, and Dundee. 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 ongoing and the report is anticipated to be laid in the Scottish Parliament in June 2022.

**HM Chief Inspector Robert Scott QFSM**

**Date: 9 March 2022**

## AUDIT AND RISK ASSURANCE COMMITTEE – ROLLING FORWARD PLAN

AGENDA ITEM 20.1

	STANDING ITEMS	FOR INFORMATION ONLY	FOR SCRUTINY	FOR RECOMMENDATION	FOR DECISION
<b>28 JUNE 2022</b>	<b>ANNUAL PRIVATE MEETING WITH INTERNAL AUDIT</b>				
	<ul style="list-style-type: none"> <li>Chair's Welcome</li> <li>Apologies</li> <li>Consideration of and Decision on any Items to be taken in Private</li> <li>Declaration of Interests</li> <li>Minutes of Previous Meeting</li> <li>Action Log</li> <li>Internal Controls Updates               <ul style="list-style-type: none"> <li>- Strategic Risk Register</li> <li>- Anti Fraud and Whistleblowing</li> </ul> </li> <li>Gifts and Hospitality – Quarterly Update</li> <li>Review of Actions</li> <li>Forward Planning: Committee Forward Plan and Items to be considered at future IGF, Board and Strategy Days</li> <li>Date of Next Meeting</li> </ul>	<ul style="list-style-type: none"> <li>HMFSI Annual Update Report</li> </ul>	<p><b>Internal Audit</b></p> <ul style="list-style-type: none"> <li>Internal Audit Progress Report 2022/23</li> <li>Progress Update – Internal Audit Recommendations</li> <li>Internal Audit - Annual Assurance Statement 2021/22</li> </ul> <p><b>External Audit</b></p> <ul style="list-style-type: none"> <li>External Audit – 2021/22 Audit Plan Progress Report</li> <li>Independent Audit/ Inspection Action Plan Update</li> <li>SFRS Annual Governance Statement 2021/22</li> <li>Annual Review of Outstanding Debt</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>Committee Audit Annual Report 2021/22 to the Accountable Officer and Board</li> </ul>
<b>13 OCTOBER 2022</b>	<b>ANNUAL PRIVATE MEETING WITH EXTERNAL AUDIT</b>				
	<ul style="list-style-type: none"> <li>Chair's Welcome</li> <li>Apologies</li> <li>Consideration of and Decision on any Items to be taken in Private</li> <li>Declaration of Interests</li> <li>Minutes of Previous Meeting</li> <li>Action Log</li> <li>Internal Controls Updates               <ul style="list-style-type: none"> <li>- Strategic Risk Register</li> <li>- Anti Fraud and Whistleblowing</li> </ul> </li> <li>Gifts and Hospitality – Quarterly Update</li> <li>Review of Actions</li> </ul>	<ul style="list-style-type: none"> <li>HMFSI Quarterly Report</li> </ul>	<p><b>Internal Audit</b></p> <ul style="list-style-type: none"> <li>Internal Audit Progress Report 2022/23</li> <li>Progress Update – Internal Audit Recommendations</li> <li>Final reports:               <ul style="list-style-type: none"> <li>- Programme Office</li> </ul> </li> <li>Independent Audit/ Inspection Action Plan Update</li> </ul>	<ul style="list-style-type: none"> <li>SFRS Draft Annual Report and Accounts 2021/22 (Private)</li> </ul> <p><b>External Audit</b></p> <ul style="list-style-type: none"> <li>Private Session – Annual Report to Members and Auditor General for Scotland</li> </ul>	

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

	<b>STANDING ITEMS</b>	<b>FOR INFORMATION ONLY</b>	<b>FOR SCRUTINY</b>	<b>FOR RECOMMENDATION</b>	<b>FOR DECISION</b>
	<ul style="list-style-type: none"> <li>Forward Planning: Committee Forward Plan and Items to be considered at future IGF, Board and Strategy Days</li> <li>Date of Next Meeting</li> </ul>				
<b>19 JANUARY 2023</b>	<ul style="list-style-type: none"> <li>Chair's Welcome</li> <li>Apologies</li> <li>Consideration of and Decision on any Items to be taken in Private</li> <li>Declaration of Interests</li> <li>Minutes of Previous Meeting</li> <li>Action Log</li> <li>Internal Controls Updates               <ul style="list-style-type: none"> <li>- Strategic Risk Register</li> <li>- Anti Fraud and Whistleblowing</li> </ul> </li> <li>Gifts and Hospitality – Quarterly Update</li> <li>Review of Actions</li> <li>Forward Planning: Committee Forward Plan and Items to be considered at future IGF, Board and Strategy Days</li> <li>Date of Next Meeting</li> </ul>	<ul style="list-style-type: none"> <li>HMFSI Quarterly Report</li> </ul>	<p><b>Internal Audit</b></p> <ul style="list-style-type: none"> <li>Internal Audit Progress Report 2022/23</li> <li>Progress Update – Internal Audit Recommendations</li> </ul> <p><b>External Audit</b></p> <ul style="list-style-type: none"> <li>External Audit – 2022/23 Audit Plan Progress Report</li> <li>Independent Audit/ Inspection Action Plan Update</li> </ul>		
<b>30 March 2023</b>	<ul style="list-style-type: none"> <li>Chair's Welcome</li> <li>Apologies</li> <li>Consideration of and Decision on any Items to be taken in Private</li> <li>Declaration of Interests</li> <li>Minutes of Previous Meeting</li> <li>Action Log</li> <li>Internal Controls Updates               <ul style="list-style-type: none"> <li>- Strategic Risk Register</li> <li>- Anti Fraud and Whistleblowing</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>HMFSI Quarterly Report</li> </ul>	<p><b>Internal Audit</b></p> <ul style="list-style-type: none"> <li>Internal Audit Progress Report 2022/23</li> <li>Internal Audit – Annual Assurance Statement 2022/23</li> <li>Progress Update – Internal Audit Recommendations</li> <li>Arrangements for Preparing the AGS 2022/23</li> </ul>	<p><b>Internal Audit</b></p> <ul style="list-style-type: none"> <li>Draft Internal Audit Plan 2023/24</li> </ul> <p><b>External Audit</b></p> <ul style="list-style-type: none"> <li>External Audit – The Audit Plan 2022/23</li> </ul>	<ul style="list-style-type: none"> <li>Accounting Policies</li> </ul>

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

	<b>STANDING ITEMS</b>	<b>FOR INFORMATION ONLY</b>	<b>FOR SCRUTINY</b>	<b>FOR RECOMMENDATION</b>	<b>FOR DECISION</b>
	<ul style="list-style-type: none"> <li>• Gifts and Hospitality – Quarterly Update</li> <li>• Review of Actions</li> <li>• Forward Planning: Committee Forward Plan and Items to be considered at future IGF, Board and Strategy Days</li> <li>• Date of Next Meeting</li> </ul>		<ul style="list-style-type: none"> <li>• Independent Audit/ Inspection Action Plan Update</li> </ul>		