SCOTTISH FIRE AND RESCUE SERVICE

Working together for a safer Scotland

PUBLIC MEETING - AUDIT AND RISK ASSURANCE COMMITTEE

TUESDAY 28 JUNE 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: WEDNESDAY 30 MARCH 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   COMMITTEE AUDIT ANNUAL REPORT 2021/22 TO THE BOARD AND ACCOUNTABLE OFFICER OF SCOTTISH FIRE AND RESCUE SERVICE *(attached)*   *B Baverstock*

The Committee is asked to approve this report.

8   SFRS ANNUAL GOVERNANCE STATEMENT 2021/22 (*attached*)   *M McAteer*

The Committee is asked to scrutinise the report.

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

9   **DEBT WRITE OFF 2021-22** (*attached*)   *J Thomson*

The Committee is asked to scrutinise the report.

10   **INTERNAL AUDIT**
10.1   Internal Audit Annual Report 2021/22 (*attached*)   *Azets*
10.2   Internal Audit Progress Report 2022/23 (*attached*)   *Azets*
       - Final report: Portfolio Office *(attached)*   *A Main*
10.3   Progress Update – Internal Audit Recommendations (*attached*)   *Azets*

The Committee is asked to scrutinise these reports.

11   **INDEPENDENT AUDIT/INSPECTION ACTION PLAN UPDATE**
       (*attached*)   *M McAteer*

The Committee is asked to scrutinise this report.

12   **EXTERNAL AUDIT**
12.1   Audit Dimensions and Best Value Report for Year Ended 31 March 2021
       (attached)   *J Thomson*

The Committee is asked to scrutinise this report.

13   **INTERNAL CONTROLS UPDATE**
13.1   Overview of Strategic Risk Register and Committee Aligned Directorate
       Risks *(attached)*   *D Johnston*
13.2   Anti-fraud and Whistleblowing *(verbal)*   *J Thomson*

The Committee is asked to scrutinise these reports.

14   **NATIONAL FRAUD INITIATIVE EXERCISE 2022-21** *(attached)*   *D Johnston*

The report is for information only

15   **QUARTERLY UPDATE OF GIFTS, HOSPITALITY AND INTERESTS
       REGISTER** *(attached)*   *D Johnston*

The report is for information only

16   **ANNUAL UPDATE REPORT ON HMFSI BUSINESS** *(attached)*   *HMFSI*

The report is for information only

17   **REVIEW OF ACTIONS**   *Board Support*

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

18   FORWARD PLANNING   *B Baverstock*
18.1   Committee Forward Plan Review *(attached)*
18.2   Items for Consideration at Future Integrated Governance Forum, Board
       and Strategy Day meetings

19   DATE OF NEXT MEETING
       Thursday 13 October 2022 @ 1000 hrs

PRIVATE SESSION

**20   MINUTES OF PREVIOUS PRIVATE MEETINGS: WEDNESDAY 30
       MARCH 2022** *(attached)*   *B Baverstock*

       The Committee is asked to approve the minutes of these meetings.

21   ACTION LOG *(attached)*   *Board Support*

       *The Committee is asked to note the updated Action Log and approve
       the closed actions.*

22   INTERNAL AUDIT:
       - Final Report: Investigation of Alleged Misappropriation of Smoke
       Detectors and Trauma Bag *(attached)*   *Azets*

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

DRAFT - OFFICIAL

PUBLIC MEETING - AUDIT AND RISK ASSURANCE COMMITTEE

WEDNESDAY 30 MARCH 2022 @ 1000 HRS

BY CONFERENCE FACILITIES

PRESENT:

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

IN ATTENDANCE:

Ross Haggart (RH)	Deputy Chief Officer
Mark McAteer (MMcA)	Director of Strategic Planning, Performance and Communications
John Thomson (JTh)	Acting Director of Finance and Procurement
David Johnston (DJ)	Risk and Audit Manager
Matthew Swann (MS)	Internal Audit (Azets)
Gary Devlin (GD)	Internal Audit (Azets)
Caroline Jamieson (CJ)	External Audit (Deloitte)
Robert Scott (RS)	HMFSI
Cathy Barlow (CB)	National Community Safety Engagement Manager (Item 15.2 only)
George Lindsay (GL)	HROD Manager (Item 17 only)
Kirsty Darwent (KD)	Chair of the Board
Ally Cameron (AC)	Group Commander Board Support
Heather Greig (HG)	Board Support Executive Officer
Debbie Haddow (DH)	Board Support/Minutes

OBSERVERS:

Des Donnelly, Group Commander Business Support
Lynne McGeough, Acting Head of Finance and Procurement
Alan Duncan, Accounting Manager
Karen Horrocks, Assistant Verification and Risk Officer
Graeme Fraser, HMFSI

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   Martin Blunden, Chief Officer

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

3.1   The Committee discussed and agreed that Item 23 (Final Report ICT and Data Security Follow Up) 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 20 January 2022**

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 20 January 2022 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 7.1.7 Internal Audit Progress Report 2021/22- Final Report Fire Safety Enforcement (20/01/22): Azets to advise on timescale for a permanent solution to be included within the action log position statement.

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:
        • On track for completion of the 2021/22 Internal Audit Plan and reporting to the June meeting.
        • Agreed deferment of Workforce Planning Audit to 2022/23.
        • Fire Kit investigation update to be provided in the private session.

7.1.2   Final Report – Environmental Sustainability

7.1.3   MS advised the Committee of the outcome of the audit, noting the following key issues:
        • Overall positive report with 2 main areas of improvement identified for training and correctly record the review timescale of the terms of reference for the Energy Group and Environmental and Carbon Management Board (ECMB).
        • SFRS have relevant strategies and supporting plans to deliver environmental projects.
        • Long term environmental targets therefore there will be a requirement for ongoing consideration and reflection by management on the overall progress.

7.1.4   The Committee were advised that the Service would seek to ensure training, relating to environmental matters, be mandatory for specific/relevant roles only at this time, due to the volume of other training undertaken across the Service. It was noted that the Service would continue to raise awareness of all personnel through corporate communications, iHub, etc. MS confirmed that they were supportive with this approach provided evidence was available to support the specific/relevant roles within the Service.

7.1.5   GD advised the Committee that a Training Audit was proposed within the 2022/23 Audit Plan. This audit could provide Management with an opportunity to review, identify and prioritise training with appropriate timescales.

7.1.6   JT reminded the Committee that the ECMB had undertaken a high volume of activity at local station level and through engaging and raising awareness there was evidence of cultural changes/behaviours.

7.1.7   MS noted that the Service were moving in the right direction as evidenced through various strategies and plans and were similarly positioned to their peers. He noted that the Service should continue to review the long-term targets, identify future opportunities and maintain a focus on continual improvement.

7.1.8   **The Committee scrutinised the progress report and the final report on Environmental Sustainability.**

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:
- Inclusion of summary of findings which reflected on the further work required by management to close recommendations. Management need to clearly articulate how they intend to close recommendations. Azets have included specific comments to aid the closure of actions. Management are being asked to review revised timescales to consider the relevance on the actions and how to proceed.

7.2.2   The Committee noted Azets comments regarding extended timescales and the need to focus on addressing the original recommendation. JT agreed that there was a need to clearly focus on addressing the original recommendations and closing actions as promptly as possible. JT noted that it was anticipated that several recommendations would be closed during the next reporting period.

7.2.3   The Committee commented on the various due dates and suggested that the table be refreshed. GD noted that the risk prioritising had changed since the recommendations were originally made and these would also benefit from being reviewed.

7.2.4   The Committee were reminded that over 30 actions have been completed within the past 12 months which evidenced the progress being made.

7.2.5   **The Committee welcomed the update and the progress being made and look forward to receiving a further improved position at its next meeting.**

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:
- Completion of 35 actions with one action remaining outstanding.
- One action (1a.2) remains outstanding and relates to the harmonisation of Retained Duty System (RDS) terms and conditions (T&C). The Service is currently waiting on a response from the Fire Brigades Union and a further update/progress would be provided at the next meeting.

8.2   With regard to Action 1a.2, the Committee noted the original due date and queried the impact and difficulties caused by the delay. RH noted that the numerous legacy RDS T&Cs which were inherited at the inception of the Service were still in place and the harmonisation of these would be beneficial to both personnel and the Service. The standardisation of the

RDS T&Cs would allow the Service to make improvement to the RVDS systems across the Service and this work was continuing to be progressed.

8.3 **The Committee scrutinised the report.**

9 DELOITTE - AUDIT DIMENSIONS AND BEST VALUE FOR THE YEAR ENDED 31 MARCH 2021

9.1 JT presented the report to the Committee outlining the progress 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. The following key points were highlighted:

- Combining of external audit and wider scope audit actions.
- Three actions have been completed within the reporting period.
- Several actions were nearing completion and were dependent on approval by the Board at their next meeting (31 March 2022). Evidence had already been provided to Deloitte for review. CJ to pick up on how evidence was being received.

9.2 **The Committee scrutinised the report.**

10 INTERNAL AUDIT – DRAFT INTERNAL AUDIT PLAN 2022-24

10.1 GD presented the draft internal audit plan for 2022/23 and 2023/24. The following key points were highlighted:

- Consultation and engagement with Strategic Leadership Team (SLT) and wider management team to develop the Plan.
- Key risks identified and audit plan aligned accordingly.
- Recommending 8 reviews for 2022/23.
- Prioritisation of audits agreed with management.
- Azets will remain alive to the "speed of risk" and potential need to adjust the Plan.

10.2 RH confirmed that the draft plan was well received by the SLT, the focus of audit activities was deemed appropriate and timings were adjusted as necessary.

10.3 JT noted that discussions had taken place with Azets regarding terms of reference and gaining additional value/assurance from future audits.

10.4 The Committee welcomed the 2-year plan which provided a more forward-looking approach.

10.5 MS advised that the scope and timing of the Retained Duty System Audit was still to be determined however, this would be confirmed at the next meeting (June). Brief discussion took place on the importance and scheduling of this audit to gain the best value.

10.6 The Committee commented on a potential need for a further follow up on ICT/Data Security audit and noted that this was not scheduled in the proposed plan. It was agreed that this would be discussed further in the private session.

10.7 GD confirmed that both External Audit and HMFSI have been engaged during the development of the audit plan.

10.8 In regard to the individual terms of references, MS confirmed that going forward the progress report would provide further details on a rolling basis to take account of any emerging issues/areas of focus. He noted that the Committee would have the opportunity to contribute ahead of the audit reviews commencing.

10.9 GD commented on the intention to incorporate more data analytics and identifying efficiencies into future audits to add value.

10.10   In regard to the proposed Budgetary Control Audit, the Committee asked whether it would be beneficial for this audit to be brought forward into 2022/23. JT explained the reasoning for the audit being scheduled for 2023/24. The Committee accepted the reasoning and suggested that the audit be carried out as early as possible within 2023/24.

10.11   **The Committee recommended the Draft Internal Audit Plan 2022-24 be approved by the Board.**

11   EXTERNAL AUDIT – THE AUDIT PLAN 2021/22
11.1   CJ presented the External Audit Plan for 2021/22 and the following key points were highlighted:
- Materiality approach in line with previous year.
- Any errors over the value of £0.250 million will be reported to the Committee.
- Outline of significant risks same per previous year with the addition of pension liability due to the ongoing situation in Ukraine/Russia.
- Wider scope requirements – follow up report to form part of the future ISA 260 report.
- Agreed Audit fees in line with Audit Scotland and inclusion of additional work.

11.2   CJ reminded the Committee that External Audit's work naturally differs from Internal Audit and as such they do not input into Azets' plan. However, Deloitte review the outputs of the internal audit work to identify any significant issues which may impact any aspects of the external audit work.

11.3   **The Committee approved the external audit plan for the 2021/22 financial statements.**

         (Meeting broke at 1125 hrs and reconvened at 1130 hrs)

12   REVIEW OF CODE OF CONDUCT FOR MEMBERS OF SFRS
12.1   MMcA presented the revised Code of Conduct for Members of the SFRS and seek recommendation to the Board. The following key points were highlighted:
- Under the Ethical Standards in Public Life (Scotland) Act 2000, Scottish Government Ministers have to lay before Parliament a Model Code for Members of Devolved Public Bodies. Following a period of consultation, a revised Model Code of Conduct was approved by Scottish Parliament in December 2021. The Standards Commission for Scotland developed a template, which the Service is obliged to use for the basis of our Code of Conduct. Guidance is clear that the template cannot vary from the template and the content is primarily mandated.
- Amendments to SFRS Members Code of Conduct:
  - Streamlining of language with concise overview for easier reading and clearer understanding. Emphasising individual Board members responsibility.
  - Broader scope and greater emphasis around relations, bullying and harassment, use of social media and gifts and hospitality.
  - Register of Interest includes 2 new categories relating to election expenses and close family members. Recording of gifts and hospitality to include all gifts whether accepted or not.
  - Inclusion of information relating to the role of the Commissioner for Ethical Standards should the code be breached.

12.2   MMcA proposed to hold a Strategy Day session to be scheduled to provide an opportunity for a fuller discussion and greater understanding of the Code.

12.3   It was proposed and agreed that the Code of Conduct for Members of SFRS be amended to Code of Conduct for Board Members of SFRS.

                                                                      ACTION: MMcA

12.4   **The Committee recommended approval of the revised of Code of Conduct for Board Members of SFRS.**

13   ARRANGEMENTS FOR PREPARING THE ANNUAL GOVERNANCE STATEMENT 2021/22

13.1   RH presented a report to the Committee outlining the preparatory arrangements and reporting methods developed to provide sufficient levels of assurance in support of the 2021/22 Annual Governance Statement (AGS). The following key points were highlighted:

- AGS outlined the effectiveness of arrangements for internal control, risk management and corporate governance.
- Similar approach and administration process as previous year.
- Outcomes of the process would be brought back to the next Committee meeting (28 June 2022).

13.2   **The Committee noted the legislative background and approach towards the AGS preparations.**

14   GOOD GOVERNANCE FRAMEWORK

14.1   MMcA provided a brief verbal update on the Good Governance Framework which was being progressed through internal governance routes. The framework will provide a single overarching governance document, further improve accountability and governance within the Service, help develop a fuller understanding and trends of governance. The Committee would be the custodians of the framework. Following review by the Strategic Leadership Team, the framework will be submitted to the Board for approval.

14.2   MMcA noted that the foundation for the Code is the CIPFA code..

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

15   INTERNAL CONTROLS UPDATE

15.1   **a) Overview of Strategic Risk Register and Aligned Directorate Risk**

15.1.1   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:

- No significant amendments within this reporting period.
- Increased discussions and understanding of risk/risk register.
- Use and articulation of risk within the Service is improving.

15.1.2   In regard to Risk SDD007 (cyber security), the Committee noted that procurement was delayed due to other priorities/capacity and queried whether any delay was appropriate. DJ reminded the Committee of the regular discussions held with the Head of ICT and that a further update by the Head of ICT could be sought within the private session.

15.1.3   Discussion took place regarding clear articulation and alignment between the corporate risk register and the strategic objectives. It was noted that the new Strategic Plan would have a clear alignment to strategic risk.

15.1.4   The Committee commented on the challenges around being able to use the new format Strategic Risk Register to support/enable governance scrutiny. It was suggested that the detail within the register may not be capturing the actual current position.   Further discussions may be required to identify how the register is being used and updated. The Committee were reminded of the Risk Appetite Strategy Day session scheduled for 31 March 2022.

15.1.5   Similar to earlier discussions, DJ noted the importance of identifying and setting realistic timescales, management of actions and clear articulation on the reasons for any delays.

15.1.6   **The Committee scrutinised and supported the continued development of the Strategic Risk Register.**

(Cathy Barlow joined the meeting at 1150 hrs)

15.2   Risk Spotlight: SD012 (Community Safety and Resilience)

15.2.1   Cathy Barlow presented a risk spotlight report to the Committee, noting the following key points:

- Impact of Covid on partners (competing demands), restricted access, etc.
- Internal capacity/priorities led to a reduction in partnership work.
- Control and mitigation actions include changes in how we engage (more online), review of partnership engagement and training materials and wider unintentional harm partnership activity.
- Safe and Well project would streamline referral processes.
- Funding and support to secure an additional 15 frontline Community Safety Advocates and Auditing Officers.
- Continued lifting of restrictions would help improve and reinvigorate partnership working further.

15.2.2   The Committee noted the general degradation of partnership working due to covid, the importance and role of physical meetings to help form relationships with partners and the impact of staff turnover/handovers to help form long lasting relationships. CB reiterated the intention to reinvigorate partnership relationships and training.

15.2.3   The Committee noted that 2 risks (capacity and competency) were within the control of the Service to mitigate within appropriate timescales. CB advised that the training plan was currently being developed and timescales could be included. RH noted that the long-term picture was unclear due to the changes in pensions, etc, however, the Service have invested in additional resources (staff) and ongoing training.

15.2.4   RW indicated that further reporting to the Board, and publicly, on partnership working across the Service were being considered.

15.2.5   With regard to improving referral rates, the Committee asked whether the Service were comparing practices across local authority areas/referring partners. CB noted that this was not currently done but could be considered, if deemed appropriate, for the future.

15.2.6   With regard to key partners, the Committee noted the importance of reviewing potential partnership working relationships/opportunities due to the impact of covid. CB advised that the Local Senior Officers were reviewing current partners and encouraged to identify key partners and priorities. RW commented on the complexity and nature of partnerships at a local level and the Local Senior Officer's awareness that these arrangements need to recover (post covid).

15.2.7   **The Committee noted the risk spotlight and thanked CB for the update.**

(Cathy Barlow left the meeting at 1220 hrs)

15.3   b) Anti-fraud/Whistleblowing Update

15.3.1   JT noted that there were no issues to report.

15.3.2   Update on investigation would be provided within the private session.

15.3.3   **The Committee noted the verbal report.**

16   ACCOUNTING POLICIES

16.1   JT presented a report to the Committee to advise 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. The following key points were highlighted:

- Application of depreciation was reviewed and considered appropriate.
- Preparatory work for the application of IFRS16 highlighted that it would have marginal impact on the Service.

16.2 In regard to vehicle lease, the Committee noted the increase in expenditure from the previous year despite the reduction in leased vehicles due to the introduction of the Provided Car Scheme. JT explained that the Service had initially leased electric vehicles from Transport Scotland and were now looking to extend these leasing commitments further.

16.3 Discussion took place on Deloittes' challenge regarding how the Service applied their depreciation policy given the significant construction programme for the coming year. JT confirmed that the Service had reviewed the policy and were content with the current position and its consistent application.

16.4 In regard to the changes to IFRS16, JT noted that discussions on the potential impact on resource/capital budgets had already taken place with Scottish Government.

16.5 **The Committee approved the Accounting Policies.**

(George Lindsay joined the meeting at 1225 hrs)

17   WHISTLEBLOWING POLICY
17.1 George Lindsay presented a report to the Committee to provide background and rationale for the revision of the Whistleblowing Policy, noting no significant changes were made. Full consultation process was undertaken with management and representative bodies.

17.2 The Committee referred to previous discussions on their potential role in the process and noted that this was not defined within the policy. JT clarified that the People Committee had oversight of the policy, however any reports of whistleblowing events would be brought to the Audit and Risk Assurance Committee.

17.3 **The Committee noted the report.**

(George Lindsay left the meeting at 1240 hrs)

18   QUARTERLY UPDATE REPORT ON HMFSI BUSINESS
18.1 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:
- Introduction to Graham Fraser's, Assistant Inspector, possible attendance at future meetings.
- Local Area inspection for Angus had been concluded and published (28 March 2022). Two recommendations were made. Thanks were extended to the Local Senior Officer and team for their support during the process.
- Consultation on the new format of Service Delivery Area Inspections (SDAI) was underway. Anticipated commencement in June/July 2022.
- Initial SDAI would be held in the East Service Delivery Area (SDA). Briefing to be provided to the East SDA management team ahead of the inspection.
- Thematic Inspection Health and Safety had been completed and informal discussions had taken place ahead of the formal consultation. A total of 14 of the 17 recommendations had been accepted by management.
- Thematic Inspection High Rise Building was progressing with the majority of the fieldwork nearing completion and the final report anticipated for summer 2022.
- Revised 3 year plan would be published on 14 April 2022, this will take account of the new format of SDAI and the fire framework.
- Inspection programme will focus on the East SDA and 2 thematic inspections (climate change and mental health/wellbeing).

- Regular progress updates were provided to the Minister of Community Safety on how the Service were progressing with recommendations.

18.2 Regarding the thematic inspection focusing on climate change, RS confirmed that discussions had already taken place with Internal Audit to discuss the scope of both inspections, where they could be complementary and avoid duplications.

18.3 RH noted that the outcomes of the thematic inspection on high rise buildings had been well received and the action plan was already being progressed. Thanks were extended to RS and the wider HMFSI team.

18.4 RS outlined the intention to build a picture of performance at Local Senior Officer levels and an overall SDA level which will add to the data currently available to the Service.

18.5 MMcA advised that work was ongoing with SD colleagues to build a dashboard for LSO/SDA and discussions had taken place with HMFSI to identify data which can be provided during the inspection process. The intention would be to complement, not duplicate, information being provided.

18.6 **The Committee noted the report and welcomed the developing approach of the HMFSI.**

19   REVIEW OF ACTIONS
19.1 AC confirmed that one formal action was recorded during the meeting.

20   FORWARD PLANNING
20.1 **a) Committee Forward Plan Review**
20.1.1 The Committee considered and noted the Forward Plan.

20.2 **b) Items for Consideration at Future IGF, Board and Strategy Days Meetings**
20.2.1 The following items were noted for discussion at a future Strategy Day:
- Code of Conduct for Members of the SFRS (Strategy Day)

21   DATE OF NEXT MEETING
21.1 The next meeting is scheduled to take place on Tuesday 28 June at 1000 hrs.

21.2 There being no further matters to discuss the public meeting closed at 1300 hrs.

PRIVATE SESSION

22   MINUTES OF PREVIOUS PRIVATE MEETING:
22.1 **Thursday 20 January 2022**
The minutes of the private meeting held on 20 January 2022 were approved as a true record of the meeting.

23   FINAL REPORT – ICT AND DATA SECURITY FOLLOW UP
23.1 PK advised the Committee of the outcome of the follow up audit.

23.2 **The Committee scrutinised the final report.**

Agenda Item 6

AUDIT AND RISK ASSURANCE COMMITTEE
ROLLING ACTION LOG

SCOTTISH
FIRE AND RESCUE SERVICE
Working together for a safer Scotland

Background and Purpose

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

The status of actions are categorised as follows:

■ Task completed – to be removed from listing

■ No identified risk, on target for completion date

■ Target completion date extended to allow flexibility

■ Target completion date unattainable, further explanation provided.

Actions/recommendations

Currently the rolling action log contains 3 actions. A total of 3 of these actions have been completed.

The Committee is therefore asked to approve the removal of the 3 actions noted as completed (Blue status), note no actions categorised as Green status and note no actions categorised as Yellow status on the action log.

AUDIT AND RISK ASSURANCE COMMITTEE
ROLLING ACTION LOG

Minute Ref	Action	Lead	Due Date	RAG Status	Completion Date	Position Statement
Meeting Date: 20 January 2022						
7.1.6	**Internal Audit Progress Report 2021/22 - Final Report Fire Safety Enforcement:** 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**		**June 2022**	**Update (30/03/2022):** Meeting to be diarised to discuss approach between HMFSI, management and Azets. **Complete (26/06/2022):** A schedule of 6 monthly meetings between Azets, HMFSI and SFRS Management has been agreed. We, therefore, propose to close this action.
7.1.7	**Internal Audit Progress Report 2021/22 - Final Report Fire Safety Enforcement:** A fuller update on recommendations to be given at next meeting.	**Azets**	**March 2022**		**June 2022**	**Update (30/03/2022):** 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. **Complete (26/06/2022):** The progress made in implementing the recommendations from the Fire Safety Enforcement review has been covered in the Follow Up Progress report for Quarter 1. As part of our Follow Up review, we verified that an interim measure has been put in place in relation to information available to the public on the SFRS website, so it is now clear to whom any fire safety hazards should be reported. In addition, we viewed a template which has been developed and implemented to record the details of any reports on fire safety hazards and the action taken. These

| | | | | | | records are held locally and the template will ensure records are consistently maintained. We also evidenced that a register of training has now been established which provides details of qualifications and CPD activity for each FSEO. Only one recommendation remains outstanding from this audit relating to the updating of procedures where management are currently awaiting feedback from a consultation exercise prior to the revised procedures being issued.
We propose that this action is closed. |

Minute Ref	Action	Lead	Due Date	RAG Status	Completion Date	Position Statement
Meeting Date: 30 March 2022						
Item 12.3	In relation to Model Code of conduct arrange a session at a forthcoming strategy day to review in more detail and also make clear it applies to 'Board Members' by highlight this in the main body.	**MMcA**	**June 2022**		**March 2022**	**Completed (26/06/2022):** Code of Conduct document revised and Strategy Day scheduled.

SCOTTISH FIRE AND RESCUE SERVICE
Audit and Risk Assurance Committee

Report No: C/ARAC/21-22

Agenda Item: 7

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE
Meeting Date:	28 JUNE 2022
Report Title:	COMMITTEE ANNUAL REPORT 2021/22 TO THE BOARD AND ACCOUNTABLE OFFICER OF SCOTTISH FIRE AND RESCUE SERVICE

Report Classification:	For Decision	**Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to Board Standing Order 9**						
		A	B	C	D	E	F	G

1	Purpose
1.1	The purpose of this report is to present the review of the Audit and Risk Assurance Committee (ARAC) Annual Report 2021/22, 'For Decision' prior being submitted to the Scottish Fire and Rescue Service (SFRS) Board 'For Information only'.

2	Background
2.1	Consistent with the Scottish Government Audit and Assurance Committee Handbook, and generally accepted principles of good corporate governance, the Terms of Reference of the SFRS ARAC calls for an Annual Report to the Board and Accountable Officer of the SFRS, summarising the Committee's work for the year past, and its opinion of the overall assurances it has received and issues it has considered.

3	Main Report/Detail
3.1	The Annual Report supports and assists with the preparation of the Accountable Officer's 2021/2022 Annual Governance Statement (AGS), which is being considered elsewhere on the agenda. Production of the Annual Report has therefore been timed to support the preparation of the AGS.
3.2	This report provides further assurance in support of the SFRS Annual Report and Audited Accounts for 2021/22 which is scheduled to be presented to the SFRS Board on 27 October 2022.
3.3	Following scrutiny by ARAC and any necessary adjustments made, the Annual Report will be submitted to the SFRS Board 'For Information only' on 23 August 2022.

4	Recommendation
4.1	The Committee are invited to consider the contents of the Audit and Risk Assurance Committee Annual Report 2021/22 as set out in Appendix A, and provide feedback and decision as necessary prior to it being submitted to SFRS Board at their meeting on 23 August 2022 'For Information only'.

5	Core Brief
5.1	Not applicable

6	Appendices/Further Reading
6.1	Appendix A – SFRS ARAC Annual Report 2021/22 to The Accountable Officer and Board of the Scottish Fire and Rescue Service.

7	Key Strategic Implications
7.1	**Key Strategic Implications Considered and those Identified Added Appropriately to Main Report/Detail (Section 3. Above)**	**Yes**

Prepared by:	Alasdair Cameron, Group Commander, Board Support Manager
Sponsored by:	Brian Baverstock, Chair of the SFRS Audit and Risk Assurance Committee
Presented by:	Brian Baverstock, Chair of the SFRS Audit and Risk Assurance Committee

Links to Strategy and Corporate Values

This links to SFRS Strategic Plan 2019-22.
Strategic Outcome 4: We are fully accountable and maximise our public value by delivering a high quality, sustainable fire and rescue service for Scotland.

Governance Route for Report	Meeting Date	Report Classification/ Comments
Audit and Risk Assurance Committee	*28 June 2022*	*For Decision*
SFRS Board	*23 August 2022*	*For Information only*

SFRS AUDIT AND RISK ASSURANCE COMMITTEE ANNUAL REPORT 2021/22

TO

THE BOARD AND ACCOUNTABLE OFFICER
OF THE SCOTTISH FIRE AND RESCUE SERVICE

1   Purpose

1.1   In accordance with the Audit and Risk Assurance Committee's Terms of Reference this report has been prepared for the Board and Accountable Officer to provide the Committee's opinion on the effectiveness of governance, risk management and internal controls across the organisation. This opinion is based on the work received by the Committee over the year 2021/22 and is intended to assist with the preparation of the Annual Governance Statement.

2   Background

2.1   The report provides a high-level overview of the Audit and Risk Assurance Committee's work for the year 2021/22 and its opinion on:

- The comprehensiveness of assurances in meeting the Board and Accountable Officer's needs;
- The reliability and integrity of these assurances in relation to their accountability obligations;
- The implication of these assurances for the overall management of risk;
- Any issues the Audit and Risk Assurance Committee considers pertinent to the Annual Governance Statement and any long-term issues the Committee thinks the Board and/or Accountable Officer should give attention to;
- Financial reporting for the year, and
- The Audit and Risk Assurance Committee's view of its own effectiveness.

3   Summary of Audit and Risk Assurance Committee's Work

3.1   In the period from April 2021 to March 2022 the Audit and Risk Assurance Committee has met five times. All meetings where conducted using MS Teams as a result of restrictions imposed by Covid-19 and to ensure the safety of our staff and stakeholders. To support transparency in the Committee business all public papers and minutes, continued to be accessible on the SFRS website. The ability and developments using MS Teams enabled members of the public to have access to meetings as an observer, should this be requested and as published on our website. To further improve transparency, all public meetings were also recorded and recordings placed on the SFRS website.

3.2   The Committee comprises of five Non-Executive members. It has a quorum of three members and all meetings were quorate. The Committee has the relevant skills and experience collectively to assess the issues within its terms of reference. This conclusion was confirmed

at a virtual workshop on 16 February 2022, at which the Committee confirmed compliance with its Terms of Reference.

3.3   All meetings were attended by senior management of the SFRS. Deloitte as the external auditors, Azets, who are SFRS's Internal Auditors and Her Majesty's Fire Service Inspectorate (HMFSI). This routine attendance provided the Committee regular access to all key assurance sources.

3.4   The key areas of the Committee's work are outlined in sections 4 to 10 below.

4   Internal Audit

4.1   Azets were appointed as Internal Auditor partners at the start of 2020/21 for a 4 year period. Progress reports are presented at every meeting of the Committee outlining progress against the annual audit plan and the implementation of internal audit recommendations.

4.2   In reviewing the work of internal audit, the Committee:

- focused on the reported assurance levels, the quality and significance of audit recommendations and reasonableness the management responses to them;
- Monitored the ongoing implementation of recommendations arising from current and prior year audits;
- Praised the efforts of Azets and the Executive Team in completing the 2021/22 audit plan despite the continued Covid-19 challenges; Noting the requirement to defer the Workforce Planning Audit until 2022/23 for operational reasons and the need for an unplanned investigation into the SFRS Investigation Alleged Misappropriation of Smoke Defectors/Trauma Bags.
- Held a private meeting with Internal Audit on 8th July 2021 which highlighted no issues of concern and reported positively on the working relationship between the internal audit team and SFRS staff. The next private meeting with internal audit is scheduled for 28 June 2022; and
- Noted the overall opinion given by Internal Audit in its Annual Assurance Report, that the Scottish Fire and Rescue Service has a framework of governance, risk management and controls that provides **reasonable assurance** regarding the effective and efficient achievement of objectives.

4.3   *The Committee concluded that Internal Audit's work was appropriately focused and, despite in-year challenges as a result of Covid-19, was sufficiently resourced. Based on the Committee's review of audit reports and the Auditor's overall opinion we can conclude that controls are generally operating effectively.*

4.4   Azets also presented their draft Internal Audit Plan for a two year period 2022/24 in March 2022. The Committee recommended the Board approve the 2022/24 Internal Audit Plan which it did in April 2022 and it will take them to the end of their appointment period. In recommending approval of the new audit plan, the Committee stressed the importance of seeing audit reviews as an opportunity to 'add real value', going beyond simply the provision of assurance on controls. It was agreed that the audit team and the SLT would work together to ensure opportunities for achieving this outcome are identified and realised.

Azets have also engaged with HMFSI, including reviewing the HMFSI's plan for 2022/24 to identify opportunities for synergies and avoid any potential overlap or duplication of review activity.

5 External Audit

5.1 Deloitte were SFRS's external auditors for 2021/22 as appointed by the Auditor General for Scotland. This is Deloitte's final year of a 5-year appointment.

5.2.1 During the period under review, the Committee:

Agreed the scope, timetable for and planning of the external audit for 2021/22, through consideration of the Audit Plan. Key areas of interest of the Committee from the plan were:

- The approach to Materiality, setting out the materiality calculated and the changes in controls.
- Significant risks for the current year (2021/22) including operating within the expenditure limit, and management override of controls. Other areas of focus include pensions liability and the impact of Covid-19
- A special meeting of ARAC was held for the purposes of the Audit Dimensions and Best Value For the Year ended 31 March 2021 where the report was presented to the Committee for scrutiny and noted that this Wider Scope Review was a key part of the dual responsibility of the Public Sector Audit Model in Scotland. It covers financial management, financial sustainability, value for money, governance and transparency and concludes in a best value assessment. The report highlights several positive elements and also identifies areas of improvement.
- The Committee reviewed Deloitte's Wider Scope Review, including holding an additional meeting on 26 August 2021, to consider the Report and the concerns expressed by the SLT around the findings and conclusions, including the 'tone' adopted in reporting these. This was a constructive meeting, resulting in some adjustments to the report and the detailed action plan. Progress against the action plan has been a key focus for the Committee over 2021/22.
- The Committee also reviewed the draft 2020/21 annual report and external auditor's report, which provided an unqualified opinion. The Committee commended the efforts of the SFRS Finance Team in achieving this positive outcome, particularly given the challenges encountered during the year.
- Held a private session with External Audit in October 2021, no matters were raised that would require to be disclosed in this report. The Committee will consider the draft 2021/22 Accounts and the external auditor's report at its October 2022 meeting.
- Details for audit fee and reaffirmation of their independence.

6 Her Majesty's Fire Service Inspectorate

6.1 The HMFSI attends and presents progress update reports at each ARAC with an Annual Update Report, being presented to the ARAC in June 2022.

6.2 During 2021-22 HMFSI concluded 2 Local Area Inspections (LAI's):-

- Argyle & Bute (published December 2021)
- Angus (published March 2022).

Both LAI's concluded predominantly positive impressions about the commitment and quality of the SFRS within the areas.

6.3 During 2021-22 HMFSI completed the following Thematic Inspection:-

- The Inspection of 'Management of Health and Safety: An Operational Focus' was (laid in Parliament in April 2022). The report concluded the SFRS has a good understanding of its duties relating to H&S, with good structures in place for developing H&S related plans and monitoring activities and investigating events. H&S is positively promoted across the

Service by senior leaders and through our fieldwork we have been able to identify areas that staff feel are good practice. The report contained 8 Recommendations and 25 Areas for Consideration and 9 Areas of Good practice for SFRS to consider.

6.4 In addition, during the reporting period 2021-22, there was a request by Scottish Government for HMFSI to conduct a review around the appropriateness of steps taken by the SFRS in preparing for the United Nations Framework Convention on Climate Change (UNFCCC) 26th Conference of the Parties (COP26) which was undertaken and published in October 2021. The report concluded that, at that point, the SFRS had adequately planned and prepared for the COP26 Conference.

6.5 An overview of the key themes and focus for the forthcoming year 2022/23 is also set out within the Annual Update Report. HMFSI will also continue to maintain contact with both the Internal and External Auditors to progress areas of shared work which is essential to reduce any duplication of work where not necessary. The Reports themselves are published on the HMFSI Website which details the assurances and recommendation to the SFRS.

6.6 The Committee welcomes the Chief Inspector's Plan 2021-24, which outlines how HM Fire Service Inspectorate in Scotland (HMFSI) will meet its statutory purpose to inquire into the efficiency and effectiveness of the Scottish Fire and Rescue Service (SFRS) to assist in its continuous improvement.

7 Risk Management

7.1 During the year the Committee:

- Reviewed regular updates on risk management arrangements and revisions to the Strategic Risk Register (SRR) and alignment to the Directorate Risks (DR)
- Spotlighted particular risks that are aligned to the business of each Committee of the Board asking the responsible risk owner to provide updates to each respective Committee which for ARAC during 2021/22, covered: -

  ➢ SPPC008 Corporate Social Responsibility and Sustainability
  ➢ SD012 Community Safety and Resilience

- The Committee commends the work that has been undertaken to ensure robust risk management arrangements are in place and followed across the SFRS. Further work is needed to develop a proportionate approach to risk appetite; and ensuring the committees of the Board fully understand the structure and content of the various risk reports and how these are used to best effect to support appropriate scrutiny. A workshop was help on 31 March with the Board and SLT to help define risk appetite and there will be a further session in July to build on this.

7.2 **Based on its scrutiny of risk, and recognising the further work needed on risk appetite, *the Committee is satisfied that there is well developed and continually improving, risk management arrangements in place.***

8 Financial Reporting

8.1 During the year the Committee:

- Reviewed and approved the accounting policies that underpin the financial statements.
- Considered in more detail the accounting policies relating to items of materiality in the financial statements:

- **Leases:** In particular the application of IFRS 16 (all leases to be considered as Finance rather than Operating). The Service has chosen only to consider leases above the value of £4,000. This includes radio masts, properties and vehicles but exclude things like photocopiers.
- **Componentisation of properties**: only material assets over the value of £500K will be componentised, i.e. treat each element differently for valuation and depreciation.
- **The impact of the Goodwin case on Pensions liabilities:** the Goodwin case relates to where a female member in an opposite sex marriage is treated less favourably than a female in a same sex marriage or civil partnership. Our actuaries have noted the impact is likely to be minimal (significantly less than 0.1% of liabilities) and have not separately identified the cost. Information is not readily available to calculate the value although an attempt could be made at several thousand pounds per scheme (there are 9). This work has therefore not been commissioned as deemed immaterial although Deloitte have noted this as an unadjusted error in previous years' Accounts and are likely to do so again in 2021/22.

- Received assurances form the work of internal and external audit about the financial systems and controls that provide the figures for the accounts for 2020/21.

8.2   *The Committee is satisfied that the accounting policies adopted for the preparation of the 2021/22 accounts are appropriate and that it has received reasonable assurance on the financial systems and controls.*

9   Audit and Risk Assurance Committee Effectiveness

9.1   The Committee considers that it has operated in accordance with its Terms of Reference (ToR) pursuing the appropriate issues of risk assurance and internal control, and that its challenge and scrutiny function continues to be robust.

9.2   The Committee ToR were reviewed at their workshop in February 2022 and amended and approved by the SFRS Board on 28 April 2022.

9.3   At the Committee's operational level, improvements continue to be made where appropriate to the management of meetings, including the forward planning of agendas of business for the year ahead. Specific forward planning and pre-agenda meetings were held to further support this approach.

9.4   Administrative arrangements continually improve with revised templates and guidance being provided for corporate level papers as approved by the SFRS Board, to ensure that reports contain an appropriate level of classification in order to assist Committee members scrutinise and challenge effectively, with risk and assurance being much more of a focus of when reporting to Committee and the Board in general.

9.5   The Committee continue to receive a complete oversight of the management and scrutiny process for independent audits and subsequent action plans through a high-level dash board. This has strengthened the governance in this area and the level of scrutiny being applied.

9.6   The Committee's effectiveness continues to rely heavily on the support provided by the Board Support Team, which, despite the challenges of the pandemic, has once again shown to be of the highest quality.

10   Conclusions

10.1   Overall the work of the Committee during the period under review and the assurances received, enables ARAC to conclude that the SFRS has effective governance, risk management and internal control arrangements in place.

10.2   Looking ahead at the risks and challenges facing SFRS it is clear that the continuing need to adjust business operations as a result of the pandemic will feature large, including the risk that it fails to fully recognise and embed the benefits form this experience. Ensuring the Service adequately plans for a sharp tightening fiscal future and responding to the growing threat of Cyber crime will also be key areas of focus for the Committee over 2022/23 and beyond.

Brian Baverstock
Chair of Audit and Risk Assurance Committee
Scottish Fire and Rescue Service

28 July 2022

SCOTTISH FIRE AND RESCUE SERVICE

Audit and Risk Assurance Committee

Report No: **C/ARAC/22-22**

Agenda Item: **8**

Report to:	**AUDIT AND RISK ASSURANCE COMMITTEE**						
Meeting Date:	**28 JUNE 2022**						
Report Title:	**ANNUAL GOVERNANCE STATEMENT FOR ACCOUNTING PERIOD 2021/22**						
Report Classification:	**For Scrutiny**	**Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to Board Standing Order 9**					
		A	B	C	D	E	F	G

1	Purpose
1.1	To advise the Audit and Risk Assurance Committee (ARAC) of the Annual Governance Statement (AGS), for inclusion in the Annual Report and Accounts of the Scottish Fire and Rescue Service (SFRS) for the year ended 31 March 2022.

2	Background
2.1	The Scottish Public Finance Manual (SPFM) requires the Accountable Officer to produce an AGS for inclusion within the accountability section of the Annual Report and Accounts. The AGS outlines the arrangements that are in place for internal control, risk management and corporate governance, and how effective these arrangements have been during the period under review.
2.2	On 30 March 2022, the Audit and Risk Assurance Committee (ARAC) considered the SFRS's approach for preparing the AGS for the year ended March 2022. This approach follows an Assurance Plan that enables SFRS to manage and assess the evidence that underpins the preparation of the AGS in a structured way.
2.3	The evidence used to support the preparation of the AGS has been drawn from four key assurance providers outlined in the SPFM: • ARAC Annual Report • Views of Internal Audit • Views of External Audit • Assurances from Executive Directors and Senior Managers using the self-assessment Certificate of Assurance process
2.4	Furthermore, inspection work carried out by independent bodies such as Her Majesty's Fire Service Inspectorate (HMFSI) have been used to inform Accountable Officer's overall opinion of the effectiveness of SFRS's internal control, risk management and corporate governance arrangements.

3	Main Report/Detail
3.1	In preparing the AGS 2021/22, there are no significant issues or risks as defined in the SPFM that need to be highlighted. Areas for improvement that have been identified will be progressed to strengthen assurances around the effectiveness of the SFRS's internal controls, risk management and corporate governance arrangements. Areas of Fraud Risk identified will be progressed to strengthen controls and measures to reduce Fraud Risk.

3.2	Following presentation at the ARAC, SFRS's External Auditor will review the AGS for its consistency with evidence collected while auditing the financial statement and with other work they undertook during this period. A final Annual Report and Accounts for 2021/22 will be presented to the Board on 27 October 2022.
3.3	The existing Equality Impact Assessment – SFRS Corporate Governance Arrangements, has been reviewed and updated March 2022 and presented to the Board as part of the Board and Committees Annual Governance Review in April 2022, there are no issues arising from the matters raised within this report.

4	**Recommendation**
4.1	The ARAC are asked to consider the contents of the AGS as set out in Appendix A, and note the underpinning evidence, in support of preparing the AGS contained within.

5	**Core Brief**
5.1	Not applicable

6	**Appendices/Further Reading**
6.1	Appendix A – Annual Governance Statement for the Accounting Period 2021-22.

7	**Key Strategic Implications**	
7.1	**Key Strategic Implications Considered and those identified Added Appropriately to Main Report/Detail** (Section 3. Above)	**Yes**

Prepared by:	Alasdair Cameron, Group Commander, Board Support David Johnston, Risk and Audit Manager Marion Lang, Corporate Business and Admin Manager
Sponsored by:	Mark McAteer, Director of Strategic Planning, Performance and Communications
Presented by:	Mark McAteer, Director of Strategic Planning, Performance and Communications

Links to Strategy and Corporate Values
This links to SFRS Strategic Plan 2019-22 with specific reference to Outcome 4 in ensuring we are fully accountable and maximise our public value by delivering a high quality, sustainable fire and rescue service for Scotland, incorporating the following associated key strategic objectives: • We will minimise the risks we face through effective business management and high levels of compliance with all our responsibilities. • We will strengthen our performance management and improvement arrangements to enable robust scrutiny, challenge and decision making nationally and locally. • We will engage with our people, and other stakeholders, in an open and honest way, ensuring all have a voice in our Service.

Governance Route for Report	**Meeting Date**	**Report Classification/ Comments**
Audit and Risk Assurance Committee – Arrangements for Preparing Annual Governance Statement for 2020/21	*30 March 2022*	*For Scrutiny*
Strategic Leadership Team - Annual Governance Statement for 2021/22	*8 June 2022*	*For Scrutiny*
Good Governance Board - Annual Governance Statement for 2021/22	*15 June 2022*	*For Information*
Audit and Risk Assurance Committee - Annual Governance Statement for 2021/22	*28 June 2022*	*For Scrutiny*

Annual Governance Statement

For Accounting Period 2021/22

1   Scope of Responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control, risk management and corporate governance that supports the achievement of the Scottish Fire and Rescue Service's (SFRS) policies, strategic aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

I am also responsible for ensuring that the SFRS is administered prudently and economically and that resources are applied efficiently and effectively. I acknowledge my responsibilities as set out in the Principal Officers Memorandum to Accountable Officers of Other Public Bodies.

2   The SFRS Corporate Governance Framework

Members of the Board are appointed by the Scottish Ministers in line with the Code of Practice for Ministerial Appointments to Public Bodies in Scotland. During the first quarter of 2021/22 the SFRS Board ('the Board') comprised of twelve Non-Executive Members including the Non-Executive Chair up until June 2021 when two Board members retired. During July 2021, two further Board members retired, however, following a successful public appointments process, four new Board members were appointed maintaining a composition of twelve Non-Executive members on the Board.

2.1   The Board

The SFRS Board is responsible for providing strategic direction, support and guidance to the SFRS, ensuring it discharges its functions effectively and that Ministers' priorities are implemented. The SFRS Governance and Accountability Framework Document sets out these responsibilities in detail, along with the formal relationships between the SFRS and the Scottish Ministers and Officials. The Board discusses, debates and makes decisions in many areas and focuses on:

- the quality of the service being delivered and how this can be improved
- strategic decisions, including key areas for future development
- financial position and organisational performance, to ensure that the SFRS is in line with its targets and statutory obligations.

The Board has approved Standing Orders and a Scheme of Delegations (incorporating matters reserved to the Board) are in place that outline the responsibilities for the Board, Chief Officer and Strategic Leadership Team (SLT) on key issues such as governance and financial transactions. All staff are required to comply with the requirements set out in these documents and they are reviewed annually and approved by the Board.

During 2021/22, the COVID-19 pandemic placed an unprecedented and dynamic set of challenges on individuals and organisations across the UK and beyond, the SFRS Board followed national guidelines, which impacted on how they conducted business over this period. The Board however continued to meet using digital technology and met nine times in public and made the minutes and papers of these meetings available on the SFRS website. This has also developed with advancements in our technology systems with the first recorded meeting of the Board published in March 2021. The Board also conducted five meetings in private during this reporting period. Further to this, thirteen Board Strategy / Development / Information Days were held to support the effective and positive working relationships between the Board and Strategic Leadership of the Service. These continue to inform the Board of key strategies, projects, work streams and organisational workloads and allow the Board the opportunity to engage at a Strategic level.

KEY HIGHLIGHTS OF THE BOARD DECISIONS DURING 2021-22

- Approved the Annual Governance Review of Board and Committee Related Items to ensure the continued effectiveness of the governance arrangements of the SFRS Board and its Committees.
- Approved Internal Audit Plan 2021/22 which sets out a timetable of the main reviews of key activities during 2021/22 that are intended to assist in ensuring effective governance and monitoring arrangements within SFRS.
- Approved Annual Operating Plan 2021/22.
- Approved the Procurement Strategy 2021-24.
- Approved the Performance Management Framework.
- Approved the final draft Long Term Vision for consultation "SFRS our Future: Your Service".
- Approved the Annual Procurement report for Period 1 April 2020-31 March 2021.
- Approved circulation of a further iteration prior to finalising submission of the Annual Performance Review Report 2020/21 (private).
- Approved Board Forward Plan Schedule 2022/23 for all Board and Committee meetings.

- Approved the revised SFRS Long Term Strategic Vision.
- Approved the Risk Management Policy.
- Approved the Anti-Fraud and Corruption Policy.
- Approved the Draft Annual Report and Accounts 2020/21 and authorised the Chief Officer, as the Accountable Officer, to sign and submit this on behalf of the Service
- Approved the implementation of the New Automatic Fire Alarm Strategy.
- Approved the Gaelic Language Plan 2022-25, subject to minor amendment.
- Approved the increased West Asset Resource Centre Project Funding Level.
- Approved the Budget Strategy 2022/23 which outlines the approach to developing both Resource and Capital budgets, within the context of the Scottish Government's budget proposals.
- Approved the Resource Budget 2022/23. The total Resource Budget for 2022/23 will be set at £294.207million, in line with resource budget funding from the Scottish Government
- Approved the Capital Programme 2022/23 – 2024/25. Total proposed expenditure is £110.900million, funded by Capital DEL budget of £97.500million, estimated capital receipts from fleet disposals and sale of property of £10.400million, and Net Zero Transition grants of £3.000million
- Approved the SFRS Charging Policy – April 2022

2.2   Board Members

The biographies and interests of Board Members can be found on the SFRS website at: https://www.firescotland.gov.uk/about-us/sfrs-board/board-Members.aspx.

The table below outlines Board meetings and Board Member attendance 2021/22.

Name of Board Member	Number of meetings attended in year	Possible
Kirsty Darwent (Chair)	8	9
Fiona Thorburn (Deputy Chair)	8	9
Bill McQueen (retired July 2021)	3	3
Marieke Dwarshuis (retired July 2021)	3	3
Primrose Stark (retired June 2021)	3	3
Anne Buchanan (retired June 2021)	1	3
Tim Wright	8	9

Nick Barr	9	9
Brian Baverstock	9	9
Mhairi Wylie	9	9
Malcolm Payton	9	9
Lesley Bloomer	9	9
Stuart Ballingall	6	6
Steven Barron (joined July 2021)	6	6
Angiolina Foster (joined July 2021)	6	6
Paul Stollard (joined July 2021)	6	6

(* Note that the number of meetings within 'Possible' column to attend by Members is dictated by when they joined or retired.)

2.3   Committee Structure and Coverage

During 2021/22 the Board had a Committee structure comprising four standing Committees and one Sub-Committee, together with an Integrated Governance Forum. Each of these Committees/Forum have a Terms of Reference, which were reviewed and approved at the April 2021 Board meeting.

SFRS Board Committee Structure during 2021/22
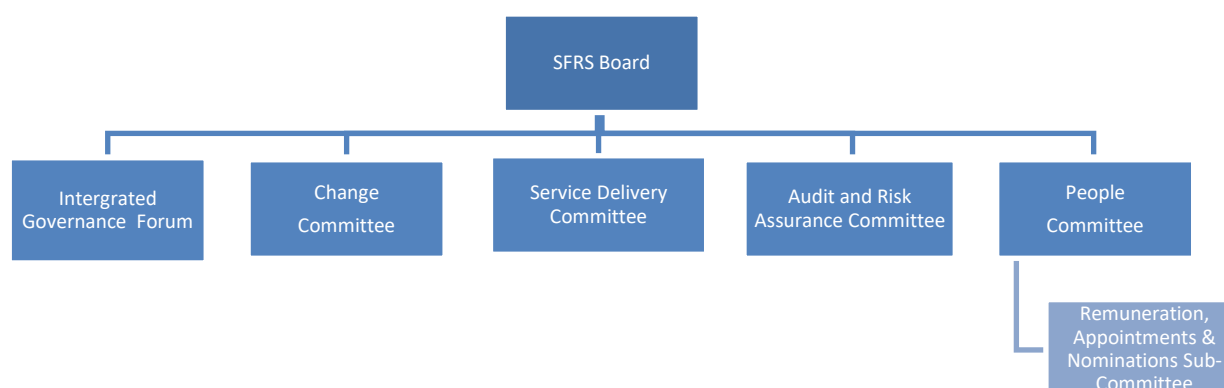
2.3.1   Audit and Risk Assurance Committee (ARAC)

The ARAC scrutinises the systems and processes for governance, internal control and risk management and provides assurances on their effectiveness to the Board and Accountable Officer.

The ARAC comprises five Non-Executives Members and during 2021/22 met five times in public. The Chair of the Committee is Brian Baverstock. Following a review in Committee Structures and in line with best practice in refreshing membership, following the retiral of Bill McQueen in July 2021 he was replaced by new Board member Paul Stollard.

Representatives from the external and internal auditors attended all meetings and met separately in private with Committee Members. The Accountable Officer, the Acting Director of Finance and Procurement attend the ARAC, along with other Senior Managers as appropriate. Representatives from Her Majesty's Fire Service Inspectorate (HMFSI) were also invited to attend and to provide their Annual Report.

Based upon the work of the Committee during the period under review and the assurances received, the Committee concluded the SFRS has effective risk management, governance and internal control arrangements in place.

The Committee also concluded that it is not aware of any issues of significant concern that should be brought to the attention of the Board and the Accountable Officer.

Further highlights of the ARAC's work during 2021/22 can be found via this link which takes you to their Annual Report to the Board and Accountable Officer. (**Please note the link to the report, which will be contained within the June ARAC public meeting pack, will not be available on our website until 28th June 2022).**

The table below outlines ARAC meetings and Board Member attendance 2021/22.

Board Member	Number of meetings attended in year	Possible
Brian Baverstock (Chair)	5	5
Lesley Bloomer (Deputy Chair)	5	5
Tim Wright	2	5
Mhairi Wylie	5	5
Bill McQueen (retired July 2021)	1	1
Paul Stollard (joined July 2021)	4	4

(* Note that the number of meetings within 'Possible' column to attend by Members is dictated by when they joined or retired.)

2.3.2   Change Committee: Strategic Change and Major Projects (CC)

The CC (previously known as the Transformation & Major Projects Committee) provides oversight and direction on the development and achievement of the Transformation Programme and Benefits Realisation Plan.

The CC comprises five Non-Executive Members and during 2021/22 met four times in public. The Committee Chair is Fiona Thorburn. The Deputy Chief Officer, Director of Service Development and other Senior Managers were invited to attend the meetings as appropriate.

The Committee monitored progress of major projects such as the Command and Control Futures Programme, People, Training, Finance and Assets Systems, McDonald Road Refurbishment, West Asset Resource Centre, Emergency Services Network/ESMCP as well as transformation projects such as Service Delivery Model Programme, Safe and Well, Out of Hospital Cardiac Arrest.

The risk tracking and risk monitoring for individual projects was further developed, with a view to gaining better insight of risks that may affect the delivery of the Programme while the methodology for benefits mapping also continued to be developed. Evaluation reports were produced which highlighted lesson identified and learned for review and reflection within new projects.

Following the creation of a Service Development directorate this will provide Executive leadership and oversight regarding the change portfolio and how it is managed. The appointment of a new Head of Portfolio Office will also provide clear direction and focus in terms of the Portfolio Office.

Further highlights of the CC's work during 2021/22 can be found via this link which takes you to their Value Added Statement presented at the 12th May 2022 public meeting.

The table below outlines CC meetings and Board Member attendance 2021/22.

Board Member	Number of meetings attended in year	Possible
Fiona Thorburn (Chair)	4	4
Brian Baverstock (Deputy Chair)	4	4
Marieke Dwarshuis (retired July 2021)	1	1
Nick Barr	4	4

Mhairi Wylie (moved July 2021)	1	1
Stuart Ballingall (joined July 2021)	2	3
Angiolina Foster (joined July 2021)	3	3

(* Note that the number of meetings within 'Possible' column to attend by Members is dictated by when they joined, moved or retired.)

2.3.3   Service Delivery Committee (SDC)

The SDC was formed in April 2017, it is now an established Committee playing a key part of the governance framework of the organisation. The overall purpose of the SDC is to scrutinise, monitor and review performance, and provide assurances to the Board relating to quality of Service Delivery nationally through operational efficiency and effectiveness, operational safety, and delivery of approved Prevention & Protection and Operations strategies.

The SDC comprises five Non-Executive Members and during 2021/22 met four times in public. The Committee Chair is Nick Barr. The Deputy Chief Officer, Director of Service Delivery and Director of Training, Safety and Assurance as well as other Senior Managers were invited to attend the meetings as appropriate.

It is worthy of highlighting for background, that the SDC scrutinised all action plans relating to HMFSI inspection reports until July 2020.This approach changed at this time whereby it was agreed that HMFSI would only report to the Audit and Risk Assurance Committee, this still stands and they attend on a quarterly basis. However, further to this approach and following the appointment of a new HMFSI Chief Inspector of the Scottish Fire and Rescue Service, Robert Scott QFSM in 2021 a revised approach to business was agreed with HMFSI and both the Chair of the Board and the Chair of SDC. Whereby it was decided that HMFSI should also now attend the SDC moving forward, primarily to monitor progress against the SDC aligned HMFSI action plans, but also from a general Service Delivery business perspective across the Service.

At each meeting, the Committee received a revised Service Delivery Update report from the Deputy Chief Officer. This comprehensive report outlines updates of key points of work from the Service Delivery Directorate and the Training, Safety and Assurance Directorate over the previous quarter.

Further highlights of the SDC's work during 2021/22 can be found via this link which takes you to their Value Added Statement presented at the 31st May 2022 public meeting.

The table below outlines SDC meetings and Board Member attendance 2021/22.

Board Member	Number of meetings attended in year	Possible
Nick Barr (Chair)	4	4
Tim Wright (Deputy Chair)	4	4
Lesley Bloomer	3	4
Malcolm Payton	4	4
Fiona Thorburn (moved July 2021)	1	1
Angiolina Foster (joined July 2021)	2	3

(* Note that the number of meetings within 'Possible' column to attend by Members is dictated by when they joined, moved or retired.)

2.3.4 People Committee (PC) and Remuneration, Appointments & Nominations Sub-Committee (RANSC)

The PC provides strategic advice and direction on matters affecting employees and ensures that staffing and remuneration arrangements support the strategic aims and objectives of the SFRS, reflect best practice. The PC comprises five Non-Executive Members and during 2021/22 met four times in public. The Chair of both PC and RANSC was Primrose Stark until she retired in June 2021, at which point Board member Mhairi Wylie took over the Chair of the PC and Board member Fiona Thorburn took over Chair of the RANSC. Please note due to the retiral of Board Member Sid Patten back in October 2020 the Committee consisted of only four members up until the appointment of our new Board Members in July 2021. It was at this time the PC was put back up to the full establishment of five members, with both new Board members Paul Stollard and Steve Barron joining the PC.

The overall purpose of the RANSC is to offer guidance, support and recommendations to the Board and Chief Officer, in relation to matters of remuneration, appointments, nominations and negotiations. The RANSC comprises five Non-Executive Members, which as part of the Annual Governance review in April 2021 was increased from four to five Members as approved by the Board, and during 2021/22 met four times in private. The membership changed in June/July 2021 with Board members retirals as detailed in the table below.

The business which comes before the PC does not vary significantly from year to year and is primarily intended to obtain assurances on behalf of the Board, who are the statutory employer of all SFRS staff, regarding matters affecting employees. The RANSC formally report to the PC after each meeting. Monitoring of People and Organisational and Development (POD) and Training, Safety and

Assurance (TSA) Directorate progress and performance and Committee Forward Plan feature regularly on the PC agenda and these enable future work priorities to be set.

The success of any organisation is critically related to the commitment and skill of its employees, and to its adherence to the culture and values it espouses. These in turn are underpinned by the policies and procedures it has in place, the arrangements and opportunities for learning, training and development of staff so they may attain their full potential, and the quality of engagement and relations between the organisation and its representative bodies. The work of the PC and its RANSC seeks to assist me within my role as the Accountable Officer, the POD Director and her team together with the SLT to plan and deliver effective policies and actions in this regard and to provide appropriate assurance to the Board accordingly.

Further highlights of the PC's and RANSC's work during 2021/22 can be found via this link which takes you to their Value Added Statement. (**Please note the link to the report, which will be contained within the June PC's public meeting pack, will not be available on our website until 21st June 2022).**

The table below outlines PC meetings and Board Member attendance 2021/22.

Board Member	Number of meetings attended in year	Possible
Primrose Stark (Chair – retired June 2021)	1	1
Anne Buchanan (Deputy Chair – retired June 2021)	1	1
Bill McQueen (retired July 2021)	1	1
Mhairi Wylie (Chair, joined July 2021)	3	3
Steve Barron (Deputy Chair, joined July 2021)	3	3
Malcolm Payton	4	4
Fiona Thorburn (joined July 2021)	3	3
Paul Stollard (joined July 2021)	3	3

(* Note that the number of meetings within 'Possible' column to attend by Members is dictated by when they joined or retired.)

The table below outlines RANSC meetings and Board Member attendance 2021/22.

Board Member	Number of meetings attended in year	Possible
Primrose Stark (Chair – retired June 2021)	1	1
Bill McQueen (Deputy Chair – retired July 2021)	1	1
Marieke Dwarshuis (retired July 2021)	1	1
Anne Buchanan (retired June 2021)	1	1
Fiona Thorburn (Chair, joined June 2021)	4	4
Steve Barron (Deputy Chair, joined July 2021)	3	3
Kirsty Darwent	4	4
Mhairi Wylie (joined June 2021)	4	4
Stuart Ballingall (joined July 2021)	3	3

(Note that the number of meetings within 'Possible' column to attend by Members is dictated by when they joined or retired.)*

2.3.5   Integrated Governance Forum (IGF)

The IGF was formed in June 2017, initially termed as a group and until March 2020 a standing Committee of the Board, however following a review a decision was made to establish this as a Forum and use this as a basis for all Committee Chairs to meet regularly. Chaired by the Chair of the Board and made up of the Chair of all the Committees it continues to provide assurance to the SFRS Board that issues identified in specific governance Committees are discussed across the Board, thereby ensuring a joined-up approach to corporate governance.

The Forum comprises five Non-Executive Members and during 2021/22 met four times. The Chief Officer and other Senior Managers were invited to attend the meetings as appropriate.

Good examples of Common Themes and Areas of Overlap included Service Delivery Committee (SDC) and People Committee (PC) linking together to distinguish the different elements of both clinical governance and operational training, thereby removing duplication of work and ensuring the appropriate scrutiny was being undertaken. The Forum recognised the importance of having an increased focus on risk to better inform decision making/scrutiny. The Chief Officer assured IGF

that the correct level of information was contained within the risk register to allow sufficient scrutiny with some minor adjustments made to enable more effective oversight by Committees. The continual evolution to ensure good governance and the appropriate level of scrutiny/focus by the Committees/Board was also recognised.

A business process map had been developed which detailed the procedure for inspections and audits and how the recommendations were actioned appropriately following due diligence.

With the appointment of new Internal Auditors IGF considered the Service's expectations of them. The procedures already in place would be reviewed and any necessary improvements made to ensure the Internal Audit role was fulfilled appropriately.

Feedback was sought around the lessons learned from the COVID-19 pandemic in relation to the way in which the Board/SLT operate in times of uncertainty. As part of the Reset and Renew Phase Board members completed a survey which captured feedback from a Board and governance perspective. Outcomes would be discussed further with the wider Board at a Strategy Day session.

During Committee workshops where their purpose, responsibilities and general business were reviewed, the consensus was that the IGF provides a required and valuable platform. The examples set out above demonstrate the benefit of having the Chairs of the Committees meet formally to ensure a joined-up approach to corporate governance and ensure continuous improvement across the Service.

The table below outlines IGF meetings attended by Members during 2021/22

Name	Number of meetings attended in year	Possible
Kirsty Darwent (Chair)	4	4
Fiona Thorburn (Deputy Chair)	3	4
Nick Barr	4	4
Brian Baverstock	4	4
Mhairi Wylie	4	4

2.4   Review of Board Effectiveness

The Board continues to be committed to developing its capacity and capability to be effective, and ensures that its performance, as well as the performance of individual Committees and individual Board Members is regularly reviewed.

Further highlights that demonstrate the Board's commitment to improving their effectiveness throughout 2021/22 can be found via this link. (**Please note the link to the report, which will be contained within the June Board's public meeting pack, will not be available on our website until 30th June 2022).**

In summary, collectively and through the detailed variety of examples within the report presented at the Board meeting (30th June 2022), it clearly demonstrates that progress continues to be made to improve the overall effectiveness of the Board.

In addition to this work and over this period our SFRS Good Governance Framework was developed and only approved by the Board in April 2022.   This work builds on our Code of Corporate Governance ('the Code') and outlines our continued commitment to upholding high standards of corporate governance by setting out the principles and supporting characteristics being applied to ensure we are achieving our intended outcomes while acting in the public interests at all times. This new Framework will continue to be a living document and evolve as we strive to continually improve in everything we do. Importantly it embodies and supports our values of Safety, Teamwork, Respect and Innovation.

As Accountable Officer I am therefore confident we comply with good governance standards as set out within our SFRS Governance and Accountability Framework demonstrating our continued commitment to delivering our intended outcomes in the best possible manner.

3   Risk Management Framework

The ARAC advises the Board and the Accountable Officer on the effectiveness of strategic processes for risk management and internal controls. During 2021/22, quarterly written and verbal reports to the ARAC and periodic reports from the Chair of the ARAC to the Board, provided assurance that appropriate systems of risk management and internal control were in place.

The SFRS recognises that it cannot eliminate the risk of disruption to its Service Delivery and that a residual level of risk will always remain. However, the risk management framework has been developed to minimise the likelihood and impact of risk causing disruption to SFRS strategic and operational activities.

The diverse range of services provided by SFRS is impacted by an ever changing and challenging environment, presenting internal and external pressures. SFRS is committed to a fully integrated risk management framework, managing and scrutinising these pressures/exposures ensuring the successful achievement of key priorities.

The aim of the SFRS is to be risk aware, allowing innovation and aspiration, whilst actively managing risk through a range of measures to ensure key priorities are met. The risk framework, based upon the principles of the International Standard in Risk Management ISO 31000, establishes a consistent and effective framework integrated within the governance and assurance arrangements of the SFRS.

The focus throughout 2021/22 was the continued development of a risk aware culture, providing additional assurance to scrutiny bodies. The new risk register and associated reports assist the Service's governance processes providing scrutiny bodies with a greater understanding of the actions in place to mitigate risk and Directorates with a management tool better suited to monitor and report on risk.

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

Maturing the risk framework, allowing the Service to effectively consider and manage emerging risks and challenges, will further strengthen our governance process. However, the risk management framework is only one of the many governance tools available. Other important aspects are:

- Internal and External Audit
- Business Planning
- Financial Management
- Fraud Policies and Procedures
- A Procurement Framework
- Human Resources
- Health, Safety and Wellbeing
- Information Governance
- Operational Assurance

The outcome of the risk and governance framework is an awareness of those risks with the potential to impact upon the intended outcomes of the Service. Where the risk management framework provides a single consistent approach to the identification, assessment and reporting of risk across the Service it is the Strategic Risk Register that captures and articulates them.

4   Strategic Risk Register

The most significant risks identified by the SFRS are reported through the Strategic Risk Register with escalation processes ensuring that Directorate and Project Registers support and inform the Strategic Risk Register. Prioritisation of each risk is undertaken in line with the SFRS's risk assessment matrix, with guidance provided to staff around probability and likelihood ratings.

Individual meetings with Board Members, SLT and members of the Senior Management Board (SMB) have shaped the Register, further increasing awareness and ownership of risk across the SFRS.

The Strategic Risk Register update report to ARAC in March 2021 outlined nine overarching strategic risks and 48 aligned Directorate risks.

The Strategic Risk Register is also aligned to the SFRS 2019-22 Strategic Plan, its four outcomes and related objectives, reflecting the service values and strategy ensuring our work supports the ten priorities outlined within the Fire and Rescue Framework for Scotland 2016.

The nine Strategic Risks are outlined below and follow a formal review by the SLT:

1. Ability to improve the safety and well-being of people throughout Scotland through the delivery of our Services.
2. Ability to reduce the number of unwanted fire alarm signals and associated occupational road risk.
3. Ability to collaborate effectively with partners and communities, to enhance service delivery and best value.
4. Ability to ensure legal and regulatory compliance.
5. Ability to have in place a suitably skilled, trained and motivated workforce that is well supported both physically and mentally.
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.
7. Ability to deliver a high quality, sustainable service within the funding envelope.
8. Ability to anticipate and adapt to a changing environment through innovation and improved performance.
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.

Strategic risks will be managed collectively by the SLT with individual Directors identified as risk owners. The Strategic Risk Register is supported by relevant Directorate Registers detailing actions still required to further mitigate individual risks by identified responsible officers.

Scrutiny and assurance as to the adequacy and effectiveness of controls is undertaken through quarterly reporting to the ARAC and the SLT, and annually through the SFRS Assurance Framework. To ensure a consistent approach, additional reporting to Committees of the Board, and Executive Boards, will continue to be undertaken where deemed appropriate through spotlighting specific strategic risks. This consists of specific risks being selected from the register by the Committee or Executive Board and then presented through a combination of written or verbal report thus enabling scrutiny bodies to ask questions and seek assurance that all attempts are being made to mitigate these wherever possible.

5   Review of Effectiveness of Risk Management and Internal Control

As Accountable Officer, I am responsible for reviewing the effectiveness of systems of risk management, internal control and corporate governance. My review is formed by many sources, and includes the work of the Executive Directors, the ARAC, and the views of the organisation's internal and external auditors, as well as the outcomes of inspection work carried out by independent bodies such as HMFSI, Audit Scotland, Gateway Reviews. The key findings of the review are outlined below.

5.1   Assurance Framework

The SFRS Assurance Framework, provides a structured means of identifying and mapping the main sources of assurance in the organisation, and co-ordinating this evidence to provide an overall opinion of the adequacy and effectiveness of the SFRS's risk management, and internal control arrangements.

A significant amount of work was completed over the last couple of years with all recommendations from previous audits being fully incorporated into the SFRS Assurance Plan and reported back through the Internal Audit team and ARAC. This work also confirmed that the assurance mapping exercise has evolved and matured to ensure robust governance and internal control measures, aligning to the Scottish Public Finance Manual (SPFM). The overall framework has strengthened our governance arrangements through the introduction of a formal Policy for Preparing the Annual Governance Statement on behalf of the Accountable Officer. Together with the dedicated e-learning training programme, Improvement Action Plans, and Executive monitoring through our Good Governance Board. This additional monitoring increases the level of scrutiny and assurance I can give as Accountable Officer as part of our continuous improvement and prior to being put before the ARAC.

As a result of these improvements, our risk-based assurance plan was followed, to ensure that the assurance evidence being gathered and assessed was focused on the most appropriate areas of the SFRS. Prior to its implementation, the assurance plan was considered by the ARAC at its meeting held on 30 March 2022. The evidence gathered and assessed was rated using the same categories adopted by our Internal Auditors (Substantial, Reasonable, Limited and Insufficient). The Assurance Framework was also subsequently reviewed at this meeting as part of the paper submitted in relation to the 'Arrangements for Preparing the AGS', with some minor amendments suggested by the Committee all of which have now been actioned accordingly. Scottish Government engagement ensured the SFRS Assurance Framework and internal control checklist remained consistent with the Scottish Public Finance Manual. The Service engaged early in 2022, identifying changes to the checklist and incorporating these within the SFRS Assurance Framework.

To ensure increased governance and assurance around potential fraud activities within SFRS all Heads of Function are required to complete a Fraud Risk Assessment of their function and provide details of any areas that have been identified as having risk of fraud. Risk ratings were provided for each risk and any actions to be taken to mitigate the risk were identified. Further training and input on this process was provided to assist Heads of Function in identifying further potential Fraud considerations and to ultimately ensure risks are mitigated where possible.

Following receipt of the Certificates of Assurance from all the Directors I can report that there are no significant matters that have been identified and I can therefore provide assurance that effective and standardised systems of control are in place and operating effectively. Accordingly, with that any necessary action will be taken by responsible managers to ensure continuous improvement is made in areas of development that have been identified during this process, and adequately addressed to enhance the effectiveness of our risk management and internal control arrangements. These areas of further development are fully captured within the Improvement Actions Plans (IAP) which are centrally stored within the Chief Officer Business Support SharePoint site and link where appropriate to Strategic and Directorate Risk Registers, building into our business as usual process. It is the responsibility of the Heads of Function to ensure quarterly update on IAP progress by exception reporting on a quarterly basis to the Good Governance Board and ensure evidence against the areas highlighted is readily available should this be required for further scrutiny by Internal / External Audit or ARAC. This gives me, as Accountable Officer, great comfort that we have robust processes in place, that remain under continual review.

5.2 Audit and Risk Assurance Committee

The ARAC provides an Annual Report to the Board and Accountable Officer, summarising its evaluation of the SFRS's risk management, governance and internal control arrangements. The ARAC has submitted its Committee Annual Report based upon the work it conducted during 2021/22

and believes the SFRS has effective risk management, governance and internal control arrangements in place that are sufficient to give me, as the Accountable Officer the necessary assurance in relation to the preparation of this Annual Governance Statement.

5.3 Internal Audit

Internal Audit activity was undertaken in accordance with UK Public Sector Internal Audit Standards (PSIAS), the Chartered Institute of Internal Auditors (CIIA) International Professional Practices Framework (IPPF) and also with the standards set out in the Scottish Public Finance Manual (SPFM). These standards require Internal Audit to provide an objective opinion supported by sufficient, reliable and relevant evidence.

The overall assurance provided by Azets in undertaking internal audit activity is set out in the Scottish Fire and Rescue Service Internal Audit annual assurance statement 2021/22 (link to the report, which will be contained within the June ARAC public meeting pack, will not be available on our website until 28th June 2022). Azets concluded that *"In our opinion, the Scottish Fire and Rescue Service has a framework of governance, risk management and controls that provides reasonable assurance regarding the effective and efficient achievement of objectives."*

The table below provides a summary of the conclusions of individual audits undertaken in 2021/22:

Review	Control objective assessment	No. of issues per grading			
		4	**3**	**2**	**1**
B1. Learning and Development		-	-	-	2
C3. Fire Safety Enforcement		-	2	-	1
C4. Portfolio Office		-	5	2	-
C5. Environmental Sustainability		-	-	1	1
D4. Remote Working		-	-	5	-
E2. ICT and Data Security Follow Up	N/A	Gradings are not applicable			
H1. Fire Kit Investigation	N/A	-	3	3	1

Control objective assessment definitions

The approved SFRS audit programme for 2021/22 was completed and Internal Audit are able to provide SFRS with a Reasonable Assurance in respect of SFRS' risk management, control and governance arrangements.

5.4 External Audit

The Auditor General for Scotland appointed Deloitte LLP as auditors to the SFRS covering the 12-month period ending 31 March 2022.

Deloitte LLP presented their final report to the Audit and Risk Assurance Committee (ARAC) of Scottish Fire and Rescue Service (SFRS) for the 2020/21 audit issuing an unmodified audit opinion, further detail can be found via this link.

A Planning Report, submitted by Deloitte LLP to the ARAC on 30 March 2022, communicated the audit activity to be undertaken for the SFRS for the period 2021/22.

The conclusions of the Audit will be reported to ARAC on 13 October 2022 and included within the Annual Report and Accounts for 2021/22.

5.5 Her Majesty's Fire SFRS Inspectorate (HMFSI)

The SFRS has a duty under the Fire (Scotland) Act 2005 to have regard to any report given to it by HMFSI and, having had regard to it, to take such action as it thinks fit. During the period under review, HMFSI published local area and thematic inspection reports, where further detail can be found via this link to the Scottish Government website.

HMFSI continue to present quarterly progress reports, presented by the Chief Inspector or nominated representative, at every ARAC meeting during 2021/22. The report allows for monitoring of general progress against the HMFSI inspections and reporting activity. Our response to the recommendations and other key findings from the inspection reports published during 2021/22

continue to be monitored through robust governance arrangements with oversight and scrutiny of this work by the ARAC providing assurance at Committee level through to the Board. These mechanisms form part of SFRS's broader corporate governance arrangements and ensure that we are continuing to fully meet our statutory obligation by giving due regard to HMFSI inspection reports, and acting to continuously improve and transform the services we deliver to the communities of Scotland. As detailed earlier HMFSI now also is an attendee at the quarterly SDC meeting.

5.6   Executive Directors
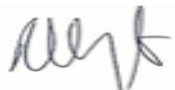
Executive Directors have responsibility for the development and maintenance of the risk management and internal control arrangements within their area of responsibility. They provide me as 'The Accountable Officer' with a Certificate of Assurance covering a self-assessment of areas. The Directors, in turn receive individual Certificates of Assurance, and the actual supporting Internal Control Checklists themselves, from their Heads of Function together with relevant Improvement Action Plans. Fraud Risk Action plans are also produced to address areas of potential fraud risk identified. Where applicable, Improvement and Fraud Risk Action Plans will be reported to the Good Governance Board and ARAC by exception during 2022/23 to ensure continuous improvement against identified areas.

6   Significant Issues

My review confirms that overall the SFRS has a proven and sound system of risk management and internal control arrangements in place that supports the achievement our strategic aims and objectives which is underpinned by our robust policies and procedures. No significant issues during 2021/22 have been identified.

As part of our on-going work and our commitment towards continuous improvement, where we have identified areas for development in both our risk and fraud management and internal controls arrangements, these will be addressed through specific Improvement Action Plans, for relevant managers where appropriate.

ACCOUNTABLE OFFICER

Ross Haggart
Deputy Chief Officer
ORGANISATION: Scottish Fire and Rescue Service
JUNE 2022

SCOTTISH FIRE AND RESCUE SERVICE

Audit Risk and Assurance Committee

Report No: C/ARAC/28-22

Agenda Item: 9

Report to:	**AUDIT AND RISK ASSURANCE COMMITTEE**						
Meeting Date:	**28 JUNE 2022**						
Report Title:	**DEBT WRITE-OFF 2021-22**						
Report Classification:	**For Recommendation**	**Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to Board Standing Order 9**					
		A	B	C	D	E	F	G

1	**Purpose**
1.1	The purpose of this report is to present the Committee with details of proposed debt write-offs for 2021-22.

2	**Background**
2.1	The Scheme of Delegated Authority (Section 6.4) authorises the Chief Officer to write off bad debt and/or losses up to and including the value of £1,000 and in accordance with the Financial Regulations. This authority has been sub-delegated to the Acting Director of Finance and Procurement.
2.2	The Financial Regulations (Section 5.1.9) allows the Acting Director of Finance and Procurement, in consultation with the Chief Officer, to write off individual irrecoverable debts up to £1,000. Any individual debts over £1,000 may only be written off after due consideration by and approval of the Board and Scottish Government.
2.3	The Acting Director of Finance and Procurement has also delegated authority to the Acting Head of Finance and Procurement Services and the Accounting Manager to write off debt up to £200.
2.4	The Service raises invoices for services provided to external third parties and to employees who have left the Service owing overpayments of pay. Despite action taken by the Service, some debt remains outstanding and is unlikely to be recovered. It is therefore recommended that this is written off – further details are provided below and in Appendix A.

3	**Result of Annual Review 2021 - 2022**
3.1	The value of outstanding debt as at 6 April 2022 was £168,424.07, of which approximately £30,000 related to former employees.
3.2	Outstanding debt is constantly reviewed through the year to consider actions to be taken and identify debt that is unlikely to be recovered. Actions include cold calling debtors, arranging repayment plans and involving the Legal Section to raise Court actions where necessary. Legal advice has been provided which states that debt over 5 years old (from the point at which the original event took place) will not be successful in being recovered through the court system.

3.3	The review resulted in 3 cases totalling £3,719.21 (each over the value of £1,000) where employees left the Service owing money. These debts are now over 5 years old and are time barred. Further information on the debts are shown in Appendix A.
3.4	Two of the debts involved outstanding Salary Advance Payments (SAPs) which related to the migration to a single monthly payroll. The repayment period ended in 2019 and SAPs for existing employees are therefore no longer an issue, though there are some further current debts where SAP is a factor.
3.5	In all cases, the normal processes were followed to raise invoices and issue follow up requests for payment, including a letter warning of legal proceedings. The cases were also ultimately passed to the Legal Section, however the debtors did not reply and could not be traced.
3.6	As these debts represent public money, the Service maintained the view that every debt would be pursued until payment was made, hence the time taken to request that these accounts are written off. This has not been possible and the debts are now time barred as more than 5 years have passed. It is recommended that these debts are written-off and adjustments made to the Annual Report and Accounts for 2021/22.
3.7	All other debts will continue to be pursued in a more timely and robust manner to ensure the Service collects money that is owed. This will include engaging with debtors to arrange payment plans and also the Legal Section to potentially claim back through the Court system where necessary. The level of former employee debt currently with the Legal Section to be recovered is approximately £18,000. Reasons include overpayments due to late notification of leaving and where there was an existing debt being recovered by payroll deduction however the final salary was insufficient to cover it.
3.8	**Key Strategic implications**
3.8.1	**Risk:** There is a risk that the Service is challenged on why outstanding debt is held within the SFRS Accounts without being considered for write-off. Accounting Standard IFRS9 requires organisations to consider the expectations of recovery as soon as debt is raised. Writing off debt demonstrates compliance with this standard.
3.8.2	**Financial:** Implications are noted in this report.
3.8.3	**Timing:** The adjustments noted in this report will be incorporated in the Annual Report and Accounts for 2021/22.
3.8.4	**Legal:** The Legal Section advise that debt more than 5 years old (from the date that the original event took place) will not be successfully recovered through court action.
3.8.5	**Information Governance:** Names of employees are not provided to maintain confidentiality.
3.8.6	**Equalities:** This report relates to a single part of the debt recovery process, i.e. writing off debt that cannot be recovered. This forms part of the wider process on debt recovery for which an Equality and Human Rights Impact Assessment is attached. Within the broader process the equality issues relate primarily on the grounds of age, disability, sex and social and economic disadvantage and the general equality duties for removing unlawful discrimination and promoting equality of opportunity. The potential impact will be on those individuals who require to enter into a debt with the SFRS in the first instance and the follow-on impact of lost revenue for allocating to other priorities if this debt is not recovered (which may or may not be equality related priorities). As the figure to be written off at this time is not significant, the impact on the level of service that will be provided without these funds is minimal.

4	Recommendation
4.1	The Committee is asked to recommend that the debts of £3,719.21, identified in Appendix A, are passed to the Board for approval to be written off. All efforts have been taken to collect the debts however they are now time barred from legal action being taken.

5	Core Brief
5.1	Not applicable

6	Appendices/Further Reading
6.1	Appendix A: Summary of debts to be written off

7	Key Strategic Implications	
7.1	**Key Strategic Implications Considered and those Identified Added Appropriately to Main Report/Detail** (Section 3. Above)	**Yes/~~No~~**

Prepared by:	Alan Duncan, Accounting Manager
Sponsored by:	John Thomson, Acting Director of Finance and Procurement
Presented by:	John Thomson, Acting Director of Finance and Procurement

Links to Strategy and Corporate Values
Strategic Outcome 4: we are fully accountable and maximise our public value by delivering a high quality, sustainable fire and rescue service for Scotland.

Governance Route for Report	Meeting Date	Report Classification/ Comments
Audit and Risk Assurance Committee	*28 June 2022*	*For Recommendation*
SFRS Board	*30 June 2022*	*For Decision*

DEBTORS - WRITE OFF (SUMMARY)				
Over £1,000				
Customer Reference	**Outstanding Balance**	**Date Issued**	**Invoice Number**	**Explanation**
2015				
10888	£1,283.20	04/09/2015	INV0001422	Relates to an Outstanding Salary Advance Payment (SAP). Legal Proceedings letter was issued with no reply. Debt was passed to the SFRS Legal Section in 2019 who advised they were unable to locate the individual. The case is now time barred.
2016				
11009	£1,092.81	04/02/2016	INV0001679	Relates to a late notification of resignation. Legal Proceedings letter was issued with no reply. Time barred to pursue.
11017	£1,343.20	10/03/2016	INV0001700	Relate to an outstanding SAP. Legal Proceedings letter was issued with no reply. Letter has been issued to advise Legal Proceedings. Passed to Legal Section in 2019 who advised they were unable to locate the individual. The case is now time barred.
Total Debt to be written-off	**£3,719.21**			

SCOTTISH FIRE AND RESCUE SERVICE

Audit and Risk Assurance Committee

Report No: C/ARAC/23-22

Agenda Item: 10.1

Report to:	**AUDIT AND RISK ASSURANCE COMMITTEE**		
Meeting Date:	**28 JUNE 2022**		
Report Title:	**SFRS INTERNAL AUDIT ANNUAL REPORT 2021/22**		
Report Classification:	**For Scrutiny**	**Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to Board Standing Order 9**	
		<u>A</u> <u>B</u> <u>C</u> <u>D</u> <u>E</u> <u>F</u> <u>G</u>	

1	**Purpose**
1.1	To provide the Audit and Risk Assurance Committee with an overview of the work undertaken in respect of the 2021/22 internal audit programme and to provide our overall annual opinion in relation to the internal audit assignments completed for 2021/22.

2	**Background**
2.1	In accordance with the Public Sector Internal Audit Standards, the Chief Audit Executive is required to deliver an annual internal audit opinion and report that can be used by Scottish Fire and Rescue Service (SFRS) to inform its governance statement. This must conclude on the overall adequacy and effectiveness of SFRS's framework of governance, risk management and control.

3	**Main Report/Detail**
3.1	The report summarises our conclusions and key findings from the internal audit work undertaken at SFRS during the year ended 31 March 2022 and provides our overall opinion on SFRS's governance, risk management and internal control frameworks.

4	**Recommendation**
4.1	To note the contents of the annual report.

5	**Core Brief**
5.1	Not applicable

6	**Appendices/Further Reading**
6.1	None.

7	**Key Strategic Implications**	
7.1	**Key Strategic Implications Considered and those Identified Added Appropriately to Main Report/Detail** (Section 3. Above)	**Yes**

Prepared by:	Gill Callaghan, Senior Manager, Azets
Sponsored by:	John Thomson, Acting Director of Finance and Procurement
Presented by:	Gary Devlin, Partner, Azets

Links to Strategy and Corporate Values		
Working Together for a Safer Scotland		
Governance Route for Report	**Meeting Date**	**Report Classification/ Comments**
Audit and Risk Assurance Committee	*28 June 2022*	*For Scrutiny*

AZETS

Scottish Fire and Rescue Service

Internal Audit Annual Report 2021/22

June 2022

Scottish Fire and Rescue Service

Internal Audit Annual Report 2021/22

Introduction

The Public Sector Internal Audit Standards (PSIAS) state that:

"The Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement."

"The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control."

To meet the above requirements, this Annual Report summarises our conclusions and key findings from the internal audit work undertaken at the Scottish Fire and Rescue Service (SFRS) during the year ended 31 March 2022, including our overall opinion on SFRS's internal control system.

Acknowledgement

We would like to take this opportunity to thank all members of management and staff for the help, courtesy and co-operation extended to us during the year.

Overall internal audit opinion

Basis of opinion

As the Internal Auditor of SFRS, we are required to provide the Audit and Risk Assurance Committee with assurance on the whole system of internal control. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the whole system of internal control.

In assessing the level of assurance to be given, we have taken into account:

- All reviews undertaken as part of the 2021/22 internal audit plan;
- Any scope limitations imposed by management;
- Matters arising from previous reviews and the extent of follow-up action taken including in year audits;
- Expectations of senior management, the Audit and Risk Assurance Committee and other stakeholders;
- The extent to which internal controls address the client's risk management /control framework;
- The effect of any significant changes in SFRS's objectives or systems; and
- The internal audit coverage achieved to date.

In my professional judgement as Head of Internal Audit, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the basis and the accuracy of the conclusions reached and contained in this report. The conclusions are based on the conditions as they existed at the time of the audit. The conclusions are only applicable for the entity examined. The evidence gathered meets professional audit standards and is sufficient to provide senior management with appropriate assurance from the work of internal audit.

Internal Audit Opinion

In our opinion, SFRS has a framework of governance, risk management and controls that provides reasonable assurance regarding the effective and efficient achievement of objectives.

Azets

June 2022

Internal audit work performed

Scope and responsibilities

Management

It is management's responsibility to establish a sound internal control system. The internal control system comprises the whole network of systems and processes established to provide reasonable assurance that organisational objectives will be achieved, with particular reference to:

- risk management;
- the effectiveness of operations;
- the economic and efficient use of resources;
- compliance with applicable policies, procedures, laws and regulations;
- safeguards against losses, including those arising from fraud, irregularity or corruption; and
- the integrity and reliability of information and data.

Internal auditor

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

- analyse the internal control system and establish a review programme;
- identify and evaluate the controls which are established to achieve objectives in the most economic and efficient manner;
- report findings and conclusions and, where appropriate, make recommendations for improvement;
- provide an opinion on the reliability of the controls in the system under review; and
- provide an assurance based on the evaluation of the internal control system within the organisation as a whole.

Planning process

Our strategic and annual internal audit plans are designed to provide the Audit and Risk Assurance Committee with assurance that SFRS's internal control system is effective in managing the key risks and best value is being achieved. The plans are therefore informed by SFRS's risk management system and linked to the Corporate Risk Register.

The Strategic Internal Audit Plan was agreed in consultation with senior management and formally approved by the Audit and Risk Assurance Committee.

The Annual Internal Audit Plan is subject to revision throughout the year to reflect changes in SFRS's risk profile. However, no changes were made to the 2021/22 plan.

We planned our work so that we have a reasonable expectation of detecting significant control weaknesses. However, internal audit can never guarantee to detect all fraud or other irregularities and cannot be held responsible for internal control failures.

Cover achieved

The 2021/22 Internal Audit Plan comprised 150 days of audit work. All work within the programme was completed, with the exception of the Workforce Planning (RDS Firefighters) review. This was deferred to 2022/23 as initial planning of the review revealed that it would be more opportune to carry out the review the following year when the Workforce Strategy has been refreshed. The budget for the Workforce Planning review was reallocated to undertake the investigation of trauma bags and smoke detectors. A comparison of actual coverage against the 2021/22 plan is attached at Appendix 1.

We confirm that there were no resource limitations that impinged on our ability to meet the full audit needs of SFRS and no restrictions were placed on our work by management.

We did not rely on the work performed by a third party during the period.

Reports

We prepared a report from each review and presented these reports to the Audit and Risk Assurance Committee. The reports are summarised in the table below.

Where relevant, all reports contained action plans detailing responsible officers and implementation dates. The reports were fully discussed and agreed with management prior to submission to the Audit and Risk Assurance Committee. We made no recommendations that were not accepted by management.

Summary of reports by control assessment and action grade

Review	Control objective assessment	No. of issues per grading			
		4	3	2	1
B1. Learning and Development		-	-	-	2
C3. Fire Safety Enforcement		-	2	-	1
C4. Portfolio Office		-	5	2	-
C5. Environmental Sustainability		-	-	1	1
D4. Remote Working		-	-	5	-
E2. ICT and Data Security Follow Up	N/A	Gradings are not applicable			
H1. Fire Kit Investigation	N/A	-	3	3	1

Control objective assessment definitions

R — Fundamental absence or failure of key controls.

A — Control objective not achieved - controls are inadequate or ineffective.

Y — Control objective achieved - no major weaknesses but scope for improvement.

G — Control objective achieved - controls are adequate, effective and efficient.

Management action prioritisation definitions

4
- Very high risk exposure - major concerns requiring immediate senior attention that create fundamental risks within the organisation.

3
- High risk exposure - absence / failure of key controls that create significant risks within the organisation.

2
- Moderate risk exposure - controls are not working effectively and efficiently and may create moderate risks within the organisation.

1
- Limited risk exposure - controls are working effectively, but could be strengthened to prevent the creation of minor risks or address general house-keeping issues.

Progress in implementing previous internal audit actions

Management monitors the implementation of audit actions and reports progress to each meeting of the Audit and Risk Assurance Committee. Before each action is agreed as closed, we review and validate evidence presented to us by management to demonstrate appropriate action has been taken. The outcome for each quarterly Follow Up review were as follows:

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
No. of action classed as closed	5	8	9	6
No. of actions to be completed	31	35	28	27

For 2021/22 we concluded that progress made in implementing agreed internal audit actions had not been as good as we would have expected. A number of due dates had been subjected to revision with the due dates for 11 recommendations having been revised three or more times. Moreover, we found that the actions to be taken for several recommendations had been expanded upon to the extent that they no longer directly addressed the recommendation and had overcomplicated issues. We suggested a number of ways in which SFRS could improve their performance in relation to implementing agreed actions by ensuring recommendations are closed off in a more timely manner.

A specialist IT Follow Up review was also carried out in relation to the ICT and Data Security audit. We found that progress has been made against all agreed actions, with core controls and processes having been designed. Two actions had been completed, relating to review and update of the ICT risk register as well as improved internal governance over the results of penetration tests. For other areas where recommendations had been partially implemented, these mainly related to the need for controls to be embedded as part of day-to-day operations to achieve higher levels of process maturity.

Key themes from audit work in 2021/22

- Five Grade 3 recommendations were made in relation to the Portfolio Office review. Our review confirmed that current guidance and processes in place for the management of the Portfolio Office did not cover all elements of the portfolio lifecycle. Work was underway to develop requirements including policies and procedures clearly setting out how to apply the requirements of the Portfolio Office and the mechanism through which demand of the change portfolio is consistently identified, prioritised, and managed. The required controls and governance arrangements for the Portfolio Office and in the running of projects had also not been documented. We also found that there was a lack of documented mechanisms for several project management processes. Implementation of our recommendations will enhance controls over this area.

- Two Grade 3 recommendations were made in relation to the Fire Safety Enforcement review the most significant of these being the need to ensure the process for dealing with reports of fire safety hazards is clear and formally documented including the need to log all reports received locally and the need to ensure the process is clear for members of the public who wish to report a hazard or breach of legislation. The remaining areas for improvement related to the need to maintain a central register of training undertaken by Fire Safety Enforcement Officers.

- For the remaining reviews, the recommendations raised were either Grade 1 or 2 which would indicate that the controls in place were generally found to be operating effectively although some lower risk areas were identified for improvement in order to enhance the control environment.

Additional work performed in 2021/22

Following reports relating to the alleged misappropriation of SFRS smoke detectors and a trauma bag, we were requested by SFRS management to carry out an investigation into the facts surrounding the alleged misappropriation of these items.

Our investigation highlighted a number of weaknesses within the process for the management and tracking of linked smoke detectors at stations. Lack of guidance led to inconsistent practices across the service with varied degrees of control in operation. We identified the need to document procedures for managing and tracking linked smoke detectors and to review the effectiveness of the Asset Management App going forward. Arrangements at

retained stations for the receipt of deliveries of smoke detectors and other items also needed to be considered as well as the adequacy of security measures in place.

For trauma bags, whilst we found robust controls in place in relation to inspecting and testing the bags held on appliances, there did not appear to be any controls over spare bags held at stations. There is, therefore, a need to record spare trauma bags within a station inventory and to ensure that any obsolete bags are disposed of in accordance with SFRS procedures.

We highlighted that it was important for management to consider whether the issues raised during our investigation could also apply to any other assets, which are not managed via SFRS's usual stock management systems as this could expose SFRS to further risks.

Seven recommendations were made primarily relating to the design of the controls in place which, if implemented, would enhance control over the management of these items.

Independence

PSIAS require us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

We can confirm that the staff members involved in each 2021/22 internal audit review were independent of SFRS and their objectivity was not compromised in any way.

Covid-19 impact

In response to the Covid-19 pandemic, the UK Public Sector Internal Audit Standards Advisory Board (IASAB) published guidance to Heads of Internal Audit to support ongoing compliance with PSIAS alongside managing the impact of the pandemic[1]. This guidance includes reference to a number of challenges associated with undertaking internal audit work in the current circumstances, including

- Diversion of internal audit staff to other work
- Diversion of operational staff to other duties
- Home-working of the majority of staff
- Increased levels of sickness absence/sick leave

We have maintained regular dialogue with both management and the Audit and Risk Assurance Committee to ensure our audit plan focuses on key risks to the organisation, whilst recognising the impact of the pandemic on SFRS staff. Our audit plan was subject to refresh on a regular basis to allow us to respond to new and emerging risks. No changes were noted as being required to be made to the audits performed. More generally, we have taken a flexible approach to delivering our internal audit plan over the year to allow us to provide support to management where necessary.

In line with government guidance, our whole internal audit team has worked remotely since March 2020, however, these arrangements have not impacted our ability to deliver audits in line with PSIAS. We have conducted all meetings via video-conferencing and have used electronic file protocols for the transmission of audit evidence and working papers. As such, our audit team has also been able to avoid resourcing challenges due to Covid-related sickness absence.

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[1] COVID-19 | CIPFA (iasab.org)

Conformance with Public Sector Internal Audit Standards

Having considered the impact of Covid-19, as outlined above, we confirm that our internal audit service conforms to the Public Sector Internal Audit Standards, which are based on the International Standards for the Professional Practice of Internal Auditing. This is confirmed through our quality assurance and improvement programme, which includes cyclical internal and external assessments of our methodology and practice against the standards.

A summary of the results of our most recent internal assessment is provided at Appendix 2.

Key performance indicators

We use a suite of Key Performance Indicators (KPIs) to monitor the quality of the internal audit service. Appendix 3 includes a summary of performance against the KPIs.

Appendix 1 – Planned v actual days 2021/22

Ref and Name of report	Planned Days	Actual Days
B1. Learning and Development	15	15
C3. Fire Safety Enforcement	14	16.25
C4. Portfolio Office	20	20
C5. Environmental Sustainability	12	12
D3. Workforce Planning (RDS Firefighters)	18	-
D4. Remote Working	25	26.5
E2. ICT and Data Security Follow Up	10	10
F1. Follow Up of Internal Audit Recommendations	10	10
G1, Audit Needs Assessment and Annual Plan	5	5
G2. Audit & Risk Assurance Committee planning and attendance	8	8
G3. Annual and internal audit progress reports, meetings with management	8	8
G4. Contingency	5	1
H1. Fire Kit Investigation	-	15
Total	150	146.75

- *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.*

Appendix 2 – Summary of Internal Quality Assurance Assessment

We are pleased to disclose the outcome of our regular internal and external quality assessments with our clients to provide you with assurance that the service you receive is of high quality and fully compliant with internal audit standards.

Our most recent annual internal quality assessment (completed August 2021) was used to assess the extent to which our internal audit methodology conforms to the standards. This assessment comprised a quality review of a sample of audit files from across our client base.

In addition, every five years we commission a full External Quality Assessment, the most recent of which was completed in July 2018.

Overall, our service conforms to the requirements of the PSIAS. Our assessment is based on the overall service that is delivered to each client. We are happy to provide the Audit and Risk Assurance Committee members with further details of the information set out above and the assessment process, if required.

Appendix 3 – Progress against KPIs

The table below sets out performance against the KPIs set by management and the Audit and Risk Assurance Committee.

Service	Performance Standard	Status
1. Actual v planned hours per audit	Audits completed within days approved by ARAC	**GREEN**
2. Cost of service by grade	Allocation of time per grade as agreed with management and provided for approval prior to invoicing	**GREEN**
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

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

SCOTTISH FIRE AND RESCUE SERVICE

Audit and Risk Assurance Committee

Report No: C/ARAC/24-22

Agenda Item: 10.2

Report to:	**AUDIT AND RISK ASSURANCE COMMITTEE**							
Meeting Date:	**28 JUNE 2022**							
Report Title:	**SFRS INTERNAL AUDIT PROGRESS REPORT 2022/23**							
Report Classification:	**For Scrutiny**	**Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to Board Standing Order 9**						
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>

1	**Purpose**
1.1	To provide the Audit and Risk Assurance Committee (ARAC) with a summary of progress in the delivery of the 2022/23 Internal Audit plan.

2	**Background**
2.1	This report is intended to enable the ARAC to consider the progress to date in the delivery of the audit plan for 2022/23.

3	**Main Report/Detail**
3.1	To provide confirmation of the progress made in relation to all audits contained within the 2022/23 agreed audit plan and to confirm that the audit programme is generally progressing as planned.

4	**Recommendation**
4.1	To note the contents of the report.

5	**Core Brief**
5.1	Not applicable

6	**Appendices/Further Reading**
6.1	None.

7	**Key Strategic Implications**	
7.1	**Key Strategic Implications Considered and those Identified Added Appropriately to Main Report/Detail (Section 3. Above)**	**Yes**

Prepared by:	Gill Callaghan, Senior Manager, Azets
Sponsored by:	John Thomson, Acting Director of Finance & Procurement
Presented by:	Gary Devlin, Partner, Azets

Links to Strategy and Corporate Values
Working Together for a Safer Scotland

Governance Route for Report	Meeting Date	Report Classification/ Comments
Audit and Risk Assurance Committee	*28 June 2022*	*For Scrutiny*

Scottish Fire and Rescue Service

Internal Audit Progress Report

June 2022

Scottish Fire and Rescue Service

Internal Audit Progress Report

Summary

This paper provides the Audit and Risk Assurance Committee with a summary of activity in relation to the 2022/23 internal audit programme.

Status of internal audit reviews 2022/23

- Complete
- Draft report
- Fieldwork complete
- Fieldwork in progress
- Planned
- Planning
- Audit Deferred
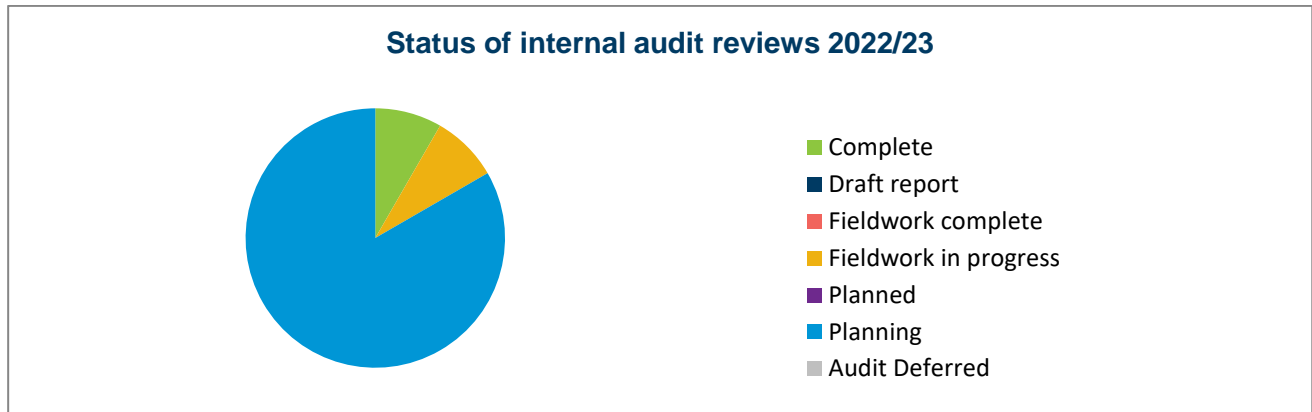
Action for Audit and Risk Assurance Committee

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

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

2022/23 audit plan progress

Ref and Name of report	Days	Current status	Planned ACC	Actual ACC
A4. Revenue Maximisation	12	**Fieldwork in progress**	Oct 22	
A5. Capital Investment Strategy	15	**Planning**	Jun 23	
B2. Sickness Absence Management	12	**Planning**	Mar 23	
B3. Training	12	**Planning**	Jan 23	
C6. Corporate Performance Management	12	**Planning**	Jan 23	
C7. Post Pandemic Review	18	**Planning**	Oct 22	
D3. Workforce Planning (RDS Firefighters)	18	**Planning**	Mar 23	
D5. Personal Protection Equipment	15	**Planning**	Mar 23	
F1. Follow up of outstanding recommendations Q1	2.5	**Complete**	Jun 22	Jun 22
F1. Follow up of outstanding recommendations Q2	2.5	**Planning**	Oct 22	-
F1. Follow up of outstanding recommendations Q3	2.5	**Planning**	Jan 23	-
F1. Follow up of outstanding recommendations Q4	2.5	**Planning**	Mar 23	-
G1. Annual report	n/a	n/a	Jun 23	-

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

Internal audit assignments scheduled for next ARAC Meeting

The following internal audit assignments are scheduled to be presented to the October 2022 Audit and Risk Assurance Committee Meeting:

- Revenue Maximisation; and
- Post Pandemic Review.

Revenue Maximisation

SFRS Audit Sponsor: John Thomson, Acting Director of Finance and Procurement
SRFS Key Contact: Lynne McGeough, Head of Finance and Procurement

Agreed start date: 13 June 2022

For this review, we 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.

We will focus on the following control objectives:

- SFRS has clear arrangements to identify, assess and decide upon potential revenue generating initiatives to ensure they are aligned with SFRS's strategy.
- SFRS has approval procedures in place for revenue streams and new sources of income, including Scottish Government input.
- Monitoring arrangements are clearly defined within documentation, including arrangements for ensuring applications are submitted on time.
- A formal assessment process measures the success of each funding initiative in meeting expected conditions.

Post Pandemic Review

SFRS Audit Sponsor: Ross Haggart, Deputy Chief Officer

Agreed start date: 4 July 2022

For this review, we 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.

We plan to focus on the following control objectives:

- Arrangements are in place for determining and assessing the impact of the pandemic on SFRS's operations.

- The recovery, reset and renew programme incorporates all required and appropriate operational activities to ensure a holistic approach which cuts across the organisation and takes account of any inter-dependencies.

- Post pandemic objectives have been devised in relation to recovery which take cognisance of potential efficiency savings and the modernisation of the Service; and

- Action plans are developed in relation to the implementation of the above objectives which are subject to regular monitoring and reporting on progress.

Members are asked to consider the proposed coverage of the above assignments and to provide any comments they may have on the outline scopes and control objectives.

KPI status

KPI description	Performance standard	Status	Comments
1. Actual v planned hours per audit	Audits completed within days approved by ARAC		
2. Cost of service by grade	Allocation of time per grade as agreed with management and provided for approval prior to invoicing		
3. Cost per audit	Costs per audit based on allocated staff undertaking audits		
4. Completion of customer feedback on each audit demonstrating satisfactory performance	Risk and Audit Manager to hold post audit discussion with key contacts		

Key

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

NB.   *(i) The above KPIs have not been completed as the annual programme of work has just commenced. This table has been included to advise members of the KPIs which will be subject to monitoring and reporting upon throughout the year as work progresses.*

(ii) A KPI in relation to the Follow Up of Internal Audit Recommendations is to be agreed with management following the introduction of the revised Follow Up Dashboard.

Scottish Fire & Rescue Service

Internal Audit Report 2021/22

Portfolio Office

April 2022

Scottish Fire & Rescue Service

Internal Audit Report 2021/22

Portfolio Office

Audit Sponsor	Key Contacts	Audit team
Paul Stewart, Director of Service Development	Andy Main, Head of Portfolio Office	Paul Kelly, IT Audit Director
		Ashley Bickerstaff, IT Audit Manager
		Lara Boyaci, IT Auditor
		Connie Roberts, IT Auditor

Executive Summary

Conclusion

The formalisation of the portfolio function is a recent development within the organisation. To develop the portfolio function and address process, procedural and governance gaps, the Portfolio Office has created a roadmap to track completion of required capabilities and services.

Our review considered existing processes in place, planned activities within the roadmap, and the activities completed and planned to address gaps within the portfolio function.

Our review confirmed that current guidance and process in place for the management of the Portfolio Office does not cover all elements of the portfolio lifecycle. Work is underway to develop requirements including policies and procedures clearly setting out how to apply the requirements of the Portfolio Office and the mechanism through which demand of the change portfolio is consistently identified, prioritised, and managed. The required controls and governance arrangements for the Portfolio Office and in the running of projects have also not been documented.

We also found that there is a lack of documented mechanisms for several project management processes, such as the metrics for project financial monitoring, reporting and review and the management of project issues, dependencies, and benefits.

It is important that management progress with the implementation of the Portfolio Office roadmap. The current roadmap indicates that core processes are to be in place by December 2022. Management should explore opportunities to accelerate this wherever possible to reduce risk associated with ongoing activity not being in line with leading projects and programmes management and governance practices. Consideration should be given to resourcing requirements to achieve this.

Background and scope

The Scottish Fire & Rescue Service (SFRS) has established a Portfolio Office to support the delivery of the Change Portfolio. A primary role of the Portfolio Office is to establish processes that support an effective and consistent approach to delivery of change initiatives across the Service.

A new structure for the Portfolio Office has been recently introduced and processes are evolving.

Our review assessed whether there were effective controls over the Change Portfolio, to confirm that programmes and projects were being effectively managed, in a manner consistent with the Scottish Government's Programme and Project Management Principles.

We adopted an advisory approach to our work in those areas where processes were being established.

Control assessment
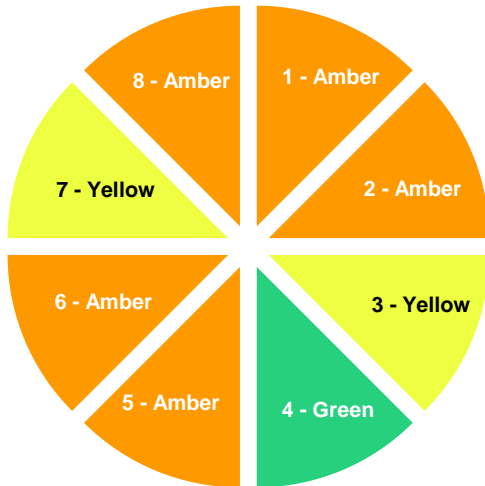
■ 1. There are effective and proportionate processes for project and programme management.

■ 2. There are effective processes for managing demand and prioritising the change portfolio.

■ 3. There are formal business cases in place for each project and programme.

■ 4. Objectives for projects and programmes are clearly articulated and used as reference points for delivery.

■ 5. There are effective governance arrangements in place within the Service to ensure that the programme secures and maintains management commitment; and

■ 6. There is adequate financial monitoring in place for all projects and programmes.

■ 7. There are effective risk, issue and dependency managements in place at project and programme level.

■ 8. There are effective benefits identification, monitoring and management processes throughout the lifecycle of projects and programmes.

Improvement actions by type and priority
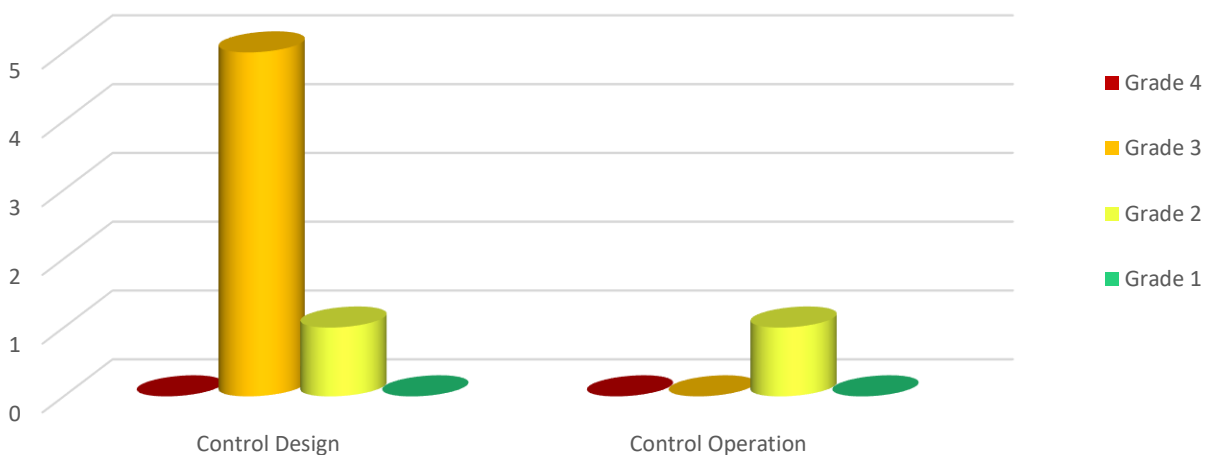
Six improvement actions have been identified from this review, one which relates to the operation of controls and five of which relate to the design of controls themselves. See Appendix A for definitions of colour coding.

Key findings

Good practice

We have gained assurance that SFRS's procedures reflect good practice in the following area:

- A business case process is in place, which clarifies the information to be recorded, including objectives, deliverables, budgets, and risks. It also details the key stakeholder consultation process and the approval process with the relevant governance groups.

Areas for improvement

We have identified a number of areas for improvement which, if addressed, would strengthen SFRS's control framework. We recognise work is underway to address these as part of the development of the Portfolio Office function.

These include:

- Current processes do not cover all aspects of portfolio management and delivery activities. We noted that work is underway within the Portfolio Office to establish documented processes relating to the management of the Portfolio Office, including the required controls and governance arrangements, the mechanism through which demand of the change portfolio is consistently identified, prioritised, and managed, and management processes that operate throughout the lifecycle of projects and programmes.

- There is a lack of documented mechanisms for several project management processes, such as the metrics for project financial monitoring, reporting and review, and the management of project issues, dependencies, and benefits.

- Benefits have not been quantified within the business cases for a sample of two major change initiatives, per the business case process.

- A number of activities to embed processes to address gaps in the portfolio function are not due to be implemented until early/mid-2023. Projects currently underway and projects established during this time will continue to be exposed to the risks due to gaps within project management processes

These are further discussed in the Management Action Plan below.

Acknowledgements

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

Management Action Plan

Control Objective 1: There are effective and proportionate processes for project and programme management.

Amber

1.1 Project and Programme Management Processes

There are no formal guidance and processes in place yet for the management of the Portfolio Office, including those policies and procedures which set out how to apply the requirements of the Portfolio Office. The controls and governance arrangements for the operation of the Portfolio Office and how they will run projects and programmes have also not yet been documented.

The formalisation of the Portfolio Office function is a relatively recent development. Previously, projects and programmes were led by nominated individuals without a formal management and governance framework to follow. Significant work is involved in establishing the Portfolio Office as a function and its associated processes. The Portfolio Office has created a roadmap which sets out the tasks and activities needed to build capability within the function and embed agreed processes. This includes developing the functional activity of the team, the business change lifecycle (how projects and programmes will be managed), defining portfolio, and embedding governance.

Implementation of the roadmap commenced in May 2021 and work on establishing core processes is expected to complete in early/mid-2023. The nature of what is being designed will involve continuous review and improvement activity. Governance arrangements over the implementation of the roadmap has not been established yet. Other key activities such as the development of policies, procedures, and requirements to be applied have also not been included within the roadmap.

We also noted there is change activity within ICT and Assets & Property that is currently not within the remit of the Portfolio Office. That change activity is managed within the respective functions. There are no plans defined to ensure that there is a centralised change function and approach to change across the organisation.

Risk

Due to the lack of project management processes and lack of centralised change function, projects may be managed inconsistently across SFRS, leading to projects not operating efficiently to meet established goals. There is also a risk that, due to timescales involved in mobilising the Portfolio Office function and its related processes, change activity may not be managed consistently and effectively in the intervening period.

Recommendation

We recommend that the roadmap includes activities to document and articulate the required controls and governance arrangements for the operation of the Portfolio Office. We recommend that the roadmap includes the development of policies, procedures, and application of requirements for the Portfolio Office.

We also recommend that the Service evaluates the merits of having all organisational change managed and controlled through the Portfolio Office. This will have the benefit of ensuring a single, consistent management of change activity across the organisation. A key element of this will be defining what the organisation considers as change activity. If a decision is taken to have a single approach to change, Portfolio Office management

should work closely with ICT and Assets & Property management to transition relevant change projects (including ongoing activity) to the Portfolio Office.

We also recommend that management examine the potential to accelerate the Portfolio Office roadmap. This should include review of Portfolio Office resource requirements, both in terms of headcount and scheduling of recruitment.

Management Action

<div style="text-align:right">Grade 3 (Design)</div>

The recommendations are considered reasonable and fair. It should be noted that the implementation of the Business Change Lifecycle will include Policies, Process, Procedures and the Assurance expected of a robust management practice. It must also be recognised that Strategic Change Management is not the sole responsibility of the Portfolio Office and should be and organisation wide commitment, and to deliver change effectively, it must also be acknowledged that the dimension of 'Process' will provide the SFRS with a framework of guidance, however the critical success factor will be the organisations ability and willingness to 'Execute' against the process established and resource strategic change proportionately. In addition, consideration will be given to a Portfolio of Portfolios governance model, whereby a Sub-Portfolio hierarchy for major change can be applied across other areas of the organisation such as ICT, Assets & Property and will aggregate and align under the organisation wide Change Portfolio

Action: Implementation of a Business Change Lifecycle that includes Policies, Process, Procedures as well as the Quality Assurance expected of a robust management practice.

Action: Implementation of a Portfolio Governance structure that has oversight of all defined major change across the SFRS

Action owner: Head of Portfolio Office   **Due date:** Q2 - (Sep '22)

Control Objective 2: There are effective processes for managing demand and prioritising the change portfolio.

Amber

2.1 Managing Portfolio Demand and Prioritisation

At present, there are interim arrangements in place for review and approval of new portfolio projects. The SMB is responsible for review and approval of project briefs and business cases. We did note that there are no formal mechanisms through which demand for the change portfolio is consistently identified, prioritised, and managed at present.

The Portfolio Office is developing a prioritisation tool which is intended to support consistent appraisal of each project against agreed criteria and to calculate the strategic impact score. Expected criteria that will be used for determining prioritisation includes alignment to SFRS objectives, such as business value, time criticality, risk reduction and financial. Processes for managing demand are an expected outcome of the development of the business change lifecycle.

The implementation of the roadmap is evolutionary in nature with core activities associated with the development of processes and portfolio delivery expected to complete in early 2023.

As part of our audit work, we sample tested two ongoing major change initiatives to identify how they were identified and prioritised. This was performed prior to the establishment of the Portfolio Office and we were unable to confirm what processes were followed.

With there being no current mechanism for managing and prioritising demand, and the implementation of the business change lifecycle is expected to take between 12-18 months to complete, there is no formal process through which the organisation is able to manage demand in the intervening period.

Risk

There is a risk that SFRS will be unable to effectively prioritise the change portfolio due to a lack of documented mechanisms through which demand is identified and included in the pipeline. This may result in a lower success rate of projects, projects that do not align with strategic objectives, and inefficient use of resources.

Recommendation

In recognition of the timescales for fully implementing and embedding the business change lifecycle within the Service, we recommend that management implement interim arrangements through which demand is identified, assessed and prioritised in a formal and consistent manner. To ensure that a mechanism is quickly put in place through which demand is consistently identified and included in the pipeline, we recommend that the due date of the business change lifecycle is brought forward and implemented with priority. We also recommend that the prioritisation tool is promptly completed in line with the business change lifecycle.

<div style="text-align: right; background: orange; color: white;">Grade 3 (Design)</div>

Management Action

Appropriate interim arrangements are in place for the rudimentary identification and prioritisation of new initiatives whereby all new initiatives are presented to SMB in form of a Project Brief and accompanying Business Case where necessary for approval into the portfolio. The development and implementation of the Business Change Lifecycle will provide a documented process with the appropriate governance oversight that enables a consistent and repeatable approach to the identification, evaluation and prioritisation of change

The Business Change Lifecycle must be the number one priority to be designed, developed and implemented. Further requests to focus or prioritise other processes, tools or activity will impede the Portfolio Office efforts in implementing the Business Change Lifecycle due to resource constraints.

Actions:

- Implementation of Business Change Lifecycle Intake Process and Procedures
- Implementation of the Definition of Change
- Implementation of a Prioritisation Framework / Matrix aligned with Strategic Imperatives
- Implementation of the Change Portfolio Investment Committee Governance Structure

Action owner: Head of Portfolio Office   **Due date:** Q3 - (Dec '22)

Control Objective 3: There are formal business cases in place for each project and programme.

Yellow

3.1 Quantification of Benefits

There is a business case process in place, with supporting guidance and templates for full and summary business cases. The guidance document contains an overview of the phases in which the business case process operates, with a detailed end-to-end flowchart of the process. It also contains criteria in which a summary or full business case must be prepared with the respective templates included as appendices.

Review of the business case process and templates confirmed that the required information has been set out, including objectives, deliverables, budgets, risks, high level outline of benefits and calculation approach, details of the key stakeholder consultation process and the approval process with the relevant governance groups.

We sample tested two ongoing major change initiatives to confirm that they were supported with formal business cases containing all required information. Our testing confirmed that formal business cases were in place for both change initiatives and included most key information. We did note that although they contained a description of benefits, these had not been quantified in line with the business case process.

Risk

There is a risk that, without quantifying benefits associated with a project and/or programme, management will not be able to make informed decisions on the merits of the business case. There is also a risk that management will not be able to appropriately assess whether expected benefits have been realised.

Recommendation

We recommend that all future business cases set out all benefits and disbenefits associated with the project and/or programme. This should form part of a revised approach to benefits management and realisation processes as set out in MAP8.1

Wherever possible, benefits should be quantified by those responsible for producing business cases, with these being subject to appropriate challenge and review to confirm their veracity. Processes should also be in place to establish baseline information that will be used as the basis of benefits tracking.

Management Action

Grade 2
(Operation)

The recommendations are fair and reasonable and in line with development work currently well underway with the development and testing of a benefits management toolkit, which can then be integrated with the in-place business case process.

Actions:

• Develop Benefits Management Processes and Toolkit – Q2 '22
• Integrate with and revise In-Place Business Case Process – Q3 '22

Action owner: Head of Portfolio Office   **Due date:** Q3 - (Dec '22)

Control Objective 4: Objectives for projects and programmes are clearly articulated and used as reference points for delivery.

Green

No weaknesses identified

The current business case process and project dossiers set clear direction for projects and programmes to set and articulate specific project objectives.

Project objectives and the critical factors for measuring success must be detailed within the full business case, and project dossiers require performance measures to be set to monitor ongoing progress towards pre-established SMART goals. Per the dossier template, performance measures must include details of performance indicators and timescales for the projects to determine how successful the project is at completion. The dossier also requires alignment with SFRS strategic priorities, with a summary of the linkages and how these support the outcomes and strategic objectives from the strategic plan.

We sample tested two ongoing major change initiatives to confirm that project objectives had been clearly articulated to the relevant stakeholders and that project delivery was monitored through achievement of milestones that link to objectives. Our testing confirmed that for both major change initiatives, project objectives have been agreed and project delivery had been monitored through achievement of milestones and objectives.

Control Objective 5: There are effective governance arrangements in place within the Service to ensure that the programme secures and maintains management commitment.

Amber

5.1 Portfolio Governance

The current governance process and guidance in place requires Project Managers to present a quarterly project highlight report, to provide the Portfolio Office with a clear understanding of the progress made, any milestones achieved and issues.

Project highlight reports report the status of project delivery, project resource, milestones, issues, lessons, and risk.

Current guidance documents also require projects to clarify the governance route for each report, where they must provide regular reports of the progress made, any milestones achieved, and issues, for review and oversight. Per the guidance documentation, all reports submitted are communicated from the Portfolio Office to the Portfolio Office Board (POB) (now the Senior Management Board – "SMB") and the Transformation and Major Projects Committee (TMPC) (now the Change Committee – "CC").

We sample tested two ongoing major change initiatives to confirm that:

- accountable officers and project teams have been defined,
- there is an oversight function in place which has received regular progress updates,
- there are clear reporting lines from the project to the oversight function, and to the SFRS Board.

Our testing confirmed that for both major change initiatives, accountable officers, project teams and reporting lines to the SFRS Board had been defined and clearly documented. We also confirmed that progress reports had been produced monthly and reported to the oversight function.

Our review identified that the current governance arrangements will need to be revised to reflect the proposed business change lifecycle, in particular, governance over demand planning and prioritisation activity. For example, at present, the SMB has both a scrutiny and prioritisation role.

We also noted that the current Terms of Reference for the SMB references the Transformation Committee rather than the Change Committee.

Risk

There is a risk that governance arrangements do not support effective operation of portfolio management processes. This could result in delays to project delivery and/or ineffective decision making.

Recommendation

We recommend that management reviews and updates governance arrangements for the change portfolio. This should include governance arrangements for identifying, assessing and prioritising demand as well as oversight at all layers of the portfolio management process (project, programme and portfolio). Terms of reference should be agreed for all governance groups and management should ensure that governance arrangements address all areas of oversight and approval.

As part of the process of agreeing Portfolio governance arrangements, management and the Portfolio Office should determine the frequency of meetings of each governance group as well as the reporting requirements of each governance group. The focus should be on providing those charged with governance with relevant and timely information to provide effective and timely oversight of project, programme and portfolio activity. As a minimum, each project and programme should produce a highlight report setting out:

- overall status of the project (including comparison against previous reporting period)
- progress since last update and against plan
- milestone and progress towards them
- any variance from the plan
- plan for next reporting period
- risks, issues and dependencies, including any significant changes,
- performance against agreed financial budgets and expected financial outturn.

Grade 3 (Design)

Management Action

The Portfolio Office has recommended a re-design of Portfolio Governance (currently in in draft - new ToRs) for the introduction of a Change Portfolio Investment Committee (CPIC aka SLT), responsible for: Alignment to Strategy, Prioritisation, Acceptance into the Portfolio and Allocation of resources (Money & People). In addition, to refine what is currently SMB into the Change Portfolio Progress Group (CPPG), responsible for Delivery oversight, management of Portfolio risk and achievement of benefits and outcomes. In addition, the Portfolio Office has also re-designed the Project Highlight Reporting to provide more concise and insightful data to governance bodies, providing a more reflective and accurate position of status, progress being made and risk.

Actions:

- Implementation of revised Change Portfolio Governance structures – Q2 '22
- Implement revised Project Highlight Reporting – Q1 '22

Action owner: Head of Portfolio Office   **Due date:** Q2 - (Sep '22)

Control Objective 6: There is adequate financial monitoring in place for all projects and programmes.

Amber

6.1 Financial Monitoring Metrics

The required metrics and review process for financial monitoring of projects has not been documented.

We confirmed that SFRS is aware of this gap and is developing mechanisms for monitoring financial performance of projects. The roadmap contains actions to develop portfolio financial management as part of the business change lifecycle.

For projects already underway, there is a lack of documented metrics for financial monitoring, reporting and review. The existing process is basic and set out within the guidance document on preparing project reports. Reporting is limited to a RAG rating based on whether the cost is within tolerance. Guidance does not specify the financial metrics to be used, the parties responsible for ensuring accuracy of financial monitoring reports, nor does it specify whether detailed financial reports must be tabled at oversight functions.

We sample tested two major change initiatives to confirm that appropriate metrics for monitoring financial performance were used, that monitoring was subject to regular review by appropriate parties, and that financial monitoring reports had been tabled at appropriate forums and sent to relevant parties for scrutiny.

For both change initiatives, testing confirmed there was regular monitoring of financial performance and meetings with identified business partners from Finance. However, no specific metrics for monitoring financial performance had been set, which is consistent with the lack of guidance in place.

Risk

There is a risk of inaccurate or insufficient financial reporting of projects due to the lack of specific metrics and a lack of clarity regarding the individuals responsible for financial monitoring review. This may lead to overspend and poorly informed decision making.

Recommendation

We recommend that management examine whether the implementation date for portfolio financial management can be brought forward to ensure improved financial reporting of projects and programmes. If this is not possible, guidance should be provided to project managers on providing improved financial performance information.

We recommend that the portfolio financial management includes setting specific metrics for the financial monitoring of projects, with clarification of the parties responsible for review, and the requirement to regularly table financial monitoring reports at oversight functions. This should also clearly define approaches to the use of financial tolerances and reporting against these.

Management Action

This has been recommended by the Portfolio Office to the Financial function and key Portfolio Office stakeholders such as the Change Committee. This work is already underway with Finance, with a draft process under review, as well as an outline Financial Report that can be embedded as part of future Change Portfolio Governance, including Financial Metrics such as Budget, Forecast and Actual spend, including variance to budget and spend.

Action:

• Implement Project and Portfolio Financial Reporting and Forecasting
• Implement Financial Forecasting Guidelines

Action owner: Head of Portfolio Office   **Due date:** Q2 - (Sep '22)

Control Objective 7: There are effective risk, issue, and dependency managements in place at project and programme level.

Yellow

7.1 Management of Issues and Dependencies

There are no clear, documented mechanisms in place for managing project issues and dependencies.

We confirmed that there is a draft dependency tracker which will record internal and external dependencies for projects and programmes, and a benefits management toolkit to manage risks and issues. There is an action to design and refresh portfolio level risk management within the roadmap, however it is expected to take between 12 to 18 months to complete.

For projects already underway, there is a documented process for identifying, managing and regularly reporting risks. Strategic risks must be detailed within the business case and the project risk register. Within the project dossier, projects provide early identification of the risks to the successful delivery of the project, including probability of occurrence, impact of the event and any mitigation required. Risks must also be reported within the quarterly project highlight report. There is no process for managing issues or dependencies.

We sample tested two major change initiatives to confirm that risks had been identified, adequately managed within a register, and regularly reported to oversight functions. Testing confirmed that for both change initiatives, risk registers were in place, with regular management of risks and updates to oversight functions.

Risk

There is a risk that issues and dependencies are not addressed due to lack of effective issue and dependency management processes in place, which may lead to projects not achieving their objectives.

Recommendation

We recommend that formal processes and procedures are designed and implemented to support effective issue and dependency management. These should be subject to regular review and reporting to relevant portfolio governance groups.

Management Action

Grade 2 (Design)

This has been addressed by the Portfolio Office and we have a select number of projects now conducting a test of change of a dependency management toolkit prior to scaling across the broader change portfolio.

Action: Implement Project Dependency Management Toolkit

Action owner: Head of Portfolio Office   **Due date:** Q1 - (Jun '22)

Control Objective 8: There are effective benefits identification, monitoring and management processes throughout the lifecycle of projects and programmes.

Amber

8.1   Benefits Identification, Monitoring and Management

There are no processes relating to benefits management for current projects.

We confirmed that the lack of processes for benefits management is a gap that the Portfolio Office have made a priority. A benefits management toolkit is in development, which details the procedure for defining benefits profiles, benefits milestone plans, and benefits tracking. The roadmap also contains a step to develop benefits and value realisation, with activities to assess the current state of business cases, design and refresh business cases, benefits review process, and design and embed benefits management. The action to embed benefits management is not due to be completed for 12 to 18 months.

The existing process for benefits identification is set out within the business case process and guidance for preparing project reports document. Benefits must be detailed in the full business case, and within the guidance document, projects must record 3 or 4 high level benefits to be realised.

There is no further documentation relating to the process for management and realisation of benefits following identification.

Our testing confirmed that benefits had been defined for both major change initiatives, however they were not being formally monitored as part of ongoing project activity.

Risk

Due to lack of processes for managing benefits, there is a risk that benefits are not realised for ongoing projects. This may result in projects not having the desired outcome and objectives not being achieved.

Recommendation

We recommend that a formal benefits management process is developed and embedded within the portfolio management process. This should cover the end-to-end lifecycle of benefits – from their identification and quantification in the business case, through to their realisation. Management should ensure that there are formal processes in place to validate benefits at the business case stage and to gather relevant information to allow benefits to be appropriately measured as the project / programme progresses. There should be regular review of benefits throughout the project / programme lifecycle with change management processes including consideration of the impact on benefits.

Management Action

<div style="color:white;background:orange">Grade 3 (Design)</div>

This has been addressed by the Portfolio Office and we have a select number of projects now conducting a test of change regarding benefits management. However, in terms of its sequencing, it should be noted that there are a number of key success factors that must be in place for the effective management of benefits such as, Robust Financial Data, defined Strategic Objectives including associated Priorities, integration with a robust Management Lifecycle to ensure effective oversight and continuous validation throughout the lifecycle of the project.

Action: Implement Benefits Management Framework and Toolkit

Action owner: Head of Portfolio Office   **Due date:** Q2 - (Jun '22)

Appendix A – Definitions

Control assessments

R Fundamental absence or failure of key controls.

A Control objective not achieved - controls are inadequate or ineffective.

Y Control objective achieved - no major weaknesses but scope for improvement.

G Control objective achieved - controls are adequate, effective and efficient.

Management action grades

4
- Very high risk exposure - major concerns requiring immediate senior attention that create fundamental risks within the organisation.

3
- High risk exposure - absence / failure of key controls that create significant risks within the organisation.

2
- Moderate risk exposure - controls are not working effectively and efficiently and may create moderate risks within the organisation.

1
- Limited risk exposure - controls are working effectively, but could be strengthened to prevent the creation of minor risks or address general house-keeping issues.

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SCOTTISH FIRE AND RESCUE SERVICE

Audit and Risk Assurance Committee

Report No: C/ARAC/25-22

Agenda Item: 10.3

Report to:	**AUDIT AND RISK ASSURANCE COMMITTEE**							
Meeting Date:	**28 JUNE 2022**							
Report Title:	**SFRS PROGRESS UPDATE/MANAGEMENT RESPONSE**							
Report Classification:	**For Scrutiny**	**Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to Board Standing Order 9**						
		A	B	C	D	E	F	G

1	**Purpose**
1.1	To provide the Audit and Risk Assurance Committee (ARAC) with the current status of recommendations raised by Internal Audit.

2	**Background**
2.1	This report maintains the previous format for updates with the addition of comments on the current status from Azets.

3	**Main Report/Detail**
3.1	Nineteen 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.

4	**Recommendation**
4.1	ARAC is asked to note the content of the report and consider the extended timelines noted for outstanding recommendations.

5	**Core Brief**
5.1	Not applicable

6	**Appendices/Further Reading**
6.1	Appendix A: Progress Update on Internal Audit Recommendations

7	**Key Strategic Implications**	
7.1	**Key Strategic Implications Considered and those Identified Added Appropriately to Main Report/Detail** (Section 3. Above)	**Yes**
Prepared by:	Gill Callaghan, Senior Manager, Azets	
Sponsored by:	John Thomson, Acting Director of Finance & Procurement	
Presented by:	Gary Devlin, Partner, Azets	
Links to Strategy and Corporate Values		
Working Together for a Safer Scotland		

Governance Route for Report	Meeting Date	Report Classification/ Comments
Audit and Risk Assurance Committee	*28 June 2022*	*For Scrutiny*

APPENDIX A

Progress update on Internal Audit Recommendations.

1. **Background**

   In accordance with the Internal Audit Plan 2022/23, 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 have made the following observations regarding the Quarter 1 Follow Up review:

   - We are pleased to note that good progress has been made in implementing agreed internal audit recommendations. During this quarter, 11 actions have been classed as closed.
   - We found that some actions are nearing completion with the final steps to be taken by management before the recommendations can be classed as fully implemented.
   - Three 'high' grade recommendations remain outstanding in relation to the previous auditors' recommendations in respect of Water Planning Arrangements, one of which is dependent on the agreement of Scottish Water for its completion.
   - In line with discussion at previous meetings of the Audit and Risk Assurance Committee, IT actions have been subject to detailed validation prior to being classed as closed.

Dashboard – data as at 10 June 2022

*19/20 Fraud Risk Arrangement and 21/22 ICT & Data Security Follow Up Recommendations were split into a number of management responses and an action will remain open until all responses are complete
** 21/22 ICT & Data Security recommendation is classed as priority Grade 3 for the purpose of follow up stats.

No. of actions complete past 12 months
39

No. of Actions closed since last ARAC meeting
11

No. of actions outstanding – **19**

- ■ Over 9 months from original date
- ■ 3-9 months from original date
- ■ On Target or 3 months from original date

PROGRESS OF AUDIT YEARS ACTIONS

	Jul-20	Oct-20	Jan-21	Mar-21	Jul-21	Oct-21	Jan-22	Mar-22	Jun-22
■ 2017/18	3	3	0	0	0	0	0	0	0
■ 2018/19	8	3	2	1	1	1	0	0	0
■ 2019/20	34	28	21	20	20	18	13	13	5
■ 2020/21	0	9	20	15	11	13	10	8	7
■ 2021/22	0	0	0	0	0	0	5	10	7

Outstanding Actions by Risk Priority Level

KEY STATUS ACTIONS – by months past original due date

No Months	AUDIT YEAR	AUDIT REVIEW	Action No.	Action Priority	Original Action Due	Revised Date	% Complete
29	2019/20	Water Planning Arrangements	2	HIGH	31.12.2019	31.10.2022	65%
26	2019/20	Water Planning Arrangements	1	HIGH	31.03.2020	31.10.2022	75&
26	2019/20	Water Planning Arrangements	7	MEDIUM	31.03.2020	31.10.2022	75%
23	2019/20	Water Planning Arrangements	4	HIGH	30.06.2020	31.10.2022	70%
14	2019/20	Fraud Risk Management	3c	MEDIUM	31.03.2021	31.07.2022	50%
13	2020/21	Risk Management	5a	GRADE 2	30.04.2021	31.07.2022	50%
9	2020/21	Risk Management	5b	GRADE 2	31.07.2021	31.07.2022	10%
9	2020/21	Risk Management	4a	GRADE 2	31.07.2021	30.08.2022	10%

STATUS KEY	
GREEN	On Target to complete within agreed due date or within 3 months of original due date.
AMBER	Delay from original due date of between 3 to 9 months
RED	Delay of over 9 months or no evidence of progress

2019/20	Water Planning Arrangements		Total No	No Due within 6 months	% Complete Actions	Fully Implemented			Part/In Progress			Not Implemented		
						High	Medium	Low	High	Medium	Low	High	Medium	Low
			7	7	43%	1	2	0	3	1	0	0	0	0

Rec No.	**We recommend that the Service Level Agreement (SLA) with Scottish Water is established and agreed addressed issues around liability and costs.**		Action Date Due	7th Agreed Revised Date	Priority	% Complete	Status
1	Responsible Owner Agreed Response **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%	RED

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. Meetings for March & May between organisations to discuss the proposal and seek an agreement was cancelled by Scottish Water. Waiting for rescheduled dates for meeting to be confirmed
Outstanding actions to close the recommendation	SLT report to be prepared once an agreed position with SW is reached.
Azets Comments	We acknowledge management's comments regarding their inability to progress their proposal and seek an agreement with Scottish Water as Scottish Water have cancelled meetings where these issues were to be discussed. We note that management are waiting for a rescheduled meeting date to be confirmed.

Rec No. 2	It is recommended that SFRS ensures that the requirements as detailed within the GIN are implemented consistently with the support of the Deputy Chief Officer.		Action Date Due	6th Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response **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	65%	RED
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.					
Outstanding actions to close the recommendation		Awaiting completion of Rec 4 before publication.					
Azets Comments		We note management's comments that the implementation of this recommendation is dependant on the completion of Recommendation 4.					

Rec No. 4	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	5th Agreed Revised Date	Priority	% Complete	Status
	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	70%	RED
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 Wholetime 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. ICT Senior Business Support Analyst has submitted a request for developer allocation to complete the remaining work on the project, on submission of this update there has still to be a developer assigned to undertake work. Work has begun by the H&WP Dept. to collate data from stations and Scottish Water in relation to the hydrant network throughout Scotland. This data will be recorded on HMS in co-ordination with ICT and provide the dept. a platform to monitor performance accurately.					
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 management's comments on the action being taken to implement this recommendation.					

Rec No. 7	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	6th Agreed Revised Date	Priority	% Complete	Status
	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%	RED
Progress to Update		Initial discussions between former R&R DACO and SDA DACO's had taken place.					
Outstanding actions to close the recommendation		Guidance/process will be provided to meet the new requirements and coincide with system rollout. (Rec No. 4)					
Azets Comments		We note management's comments on the action being taken to implement this recommendation.					

2019/20	**FRAUD RISK MANAGEMENT ARRANGEMENTS** *Recommendations were split into a number of management responses and an action will remain open until all responses are complete	Total No of Actions	No Due within 6 months	% Complete Actions	Fully Implemented			Part/In Progress			Not Implemented		
					H	M	L	H	M	L	H	M	L
		19	19	95%	1	8	9	0	1	0	0	0	0

Rec No. 3c	*Policies and standard setting – Fraud Response Plan* **Provide training to nominated investigative officers**		Action Date Due	4th Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response **Risk & Audit Manager**	*Risk & Audit Team to complete fraud training to enable to provide guidance/training to investigation officers.*	31 March 2021	31 July 2022	MEDIUM	50%	RED
Progress to Update		Azets have forwarded a proposal for fraud investigator training to be completed within the first quarter of 22/23. Application of funding has been submitted & waiting response.					
Outstanding actions to close the recommendation		Head of function has agreed training & awaiting outcome of funding application.					
Azets Comments		Fraud Investigation Training to be delivered by Azets. Date of the training to be agreed with management.					

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	0	0	0

Rec No. **4a**	**Risk Management Training** Those with specific roles in the management of risk should be suitably trained in the core fundamentals of risk management and receive other appropriately tailored training to undertake their role.		Action Date Due	2nd 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	30 Sept 2022	GRADE 2	10%	**RED**

Progress to Update	Information has been discussed with the LCMS team and confirmation received that development work on the risk management training package will be undertaken within 1st quarter 22/23.
Outstanding actions to close the recommendation	Develop package & pilot package to ensure fit for purpose.
Azets Comments	We note management's comments on the action to be taken to implement this recommendation.

Rec No. **4b**	**Risk Management Training** Those with specific roles in the management of risk should be suitably trained in the core fundamentals of risk management and receive other appropriately tailored training to undertake their role.		Action Date Due	1st 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	Those with responsibility of risk registers will be initially targeted and used to develop package,
Outstanding actions to close the recommendation	Carry out training.
Azets Comments	We note management's comments on the action to be taken to implement this recommendation.

Rec No. 5a	**Risk Appetite** **SFRS should agree on and clearly communicate its risk appetite. Appropriate training and guidance on risk appetite should be provided at Board level and guidance and/or training should be provided for risk managers on how risk appetite is practically applied. This action is linked to Actions 2 & 4 of the previous internal auditor's report.**		Action Date Due	2nd Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response **Risk & Audit Manager**	*A Risk Appetite session was held on 30th July facilitated by Scott Moncrieff proving 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.*	30 April 2021	31 July 2022	GRADE 2	50%	RED
Progress to Update		Board Risk appetite workshop carried out 31/03/22 facilitated by the Chair of ARAC.					
Outstanding actions to close the recommendation		Risk Appetite statement to be drafted for future submission to Board					
Azets Comments		We note management's comments on the action being taken to implement this recommendation.					

Rec No. 5b	**Risk Appetite** **SFRS should agree on and clearly communicate its risk appetite. Appropriate training and guidance on risk appetite should be provided at Board level and guidance and/or training should be provided for risk managers on how risk appetite is practically applied. This action is linked to Actions 2 & 4 of the previous internal auditor's report.**		Action Date Due	2nd Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response **Risk & Audit Manager**	*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.*	31 July 2021	31 July 2022	GRADE 2	10%	RED
Progress to Update		Actions to complete the LCMS (rec 4a) and work undertaken with the Board (Rec 5a) will allow risk appetite information to be outlined within the LCMS package.					
Outstanding actions to close the recommendation		Include Risk appetite information within LCMS package.					
Azets Comments		We note management's comments on the action being taken to implement this recommendation.					

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	0	0	0

Rec No. 1	**An estates strategy should be developed and implemented which is informed by the outcome of the Service Delivery Model Programme. This should set out SFRS's long term strategy and approach to maintaining the existing estates, identifying and developing additional estate needs and where appropriate, rationalising the estate.**		*Report Agreed Date*	*1st Agreed Revised Date*	*Priority*	*% Complete*	*Status*
	Responsible Owner Agreed Response **National Property Manager**	*Property Services will develop an Interim Estates Strategy in the intervening period awaiting SDMP completion.*	*31 December 2021*	31 March 2023	*Grade 3*	20%	AMBER

Progress to Update	The 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 is now complete.
	Work on a document detailing a 10-year risk based approach to the Capital Programme for Property, Fleet and Equipment is now complete and will be presented for approval to the SLT and the Board in May 2022, with a submission to Scottish Government thereafter.
Outstanding actions to close the recommendation	The 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 on the Fleet Strategy is now complete and will be presented for approval to the SLT and the Board in May 2022. Work on the Strategic Asset Management Plan (SAMP) for Property has commenced and is on target for completion as scheduled.
Azets Comments	We note management's comments on the action being taken to implement this recommendation.

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	0	0	0

Rec No. 2	**A detailed strategy/long term plan should be devised in respect of operational equipment which supports the implementation of the Asset Management Strategy. It is acknowledged that this will be informed by the outcome of the review of service delivery. However, the strategy should set out how SFRS will source and maintain equipment which best meets the operational needs of the organisation.**		Action Date Due	1st Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response **Scottish Equipment Manager**	*Agreed. Operational Equipment strategy to be developed.*	31 March 2022	31 March 2023	Grade 3	20%	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 is now complete. Work on a document detailing a 10-year risk based approach to the Capital Programme for Property, Fleet and Equipment is now complete and will be presented for approval to the SLT and the Board in May 2022, with a submission to Scottish Government thereafter.
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 on the Fleet Strategy is complete and will be presented for approval to the SLT and the Board in May 2022.
Azets Comments	We note the action management is planning to take to implement the recommendation by the action due date.

Rec No. 3	**The Asset Management Liaison Board (AMLB) should review its reporting arrangements to satisfy itself that it receives sufficient information in order to be able to give due consideration to the particular areas of performance stated within the Asset Management Strategy.**		*Action Date Due*	*1st Agreed Revised Date*	*Priority*	*% Complete*	*Status*
	Responsible Owner Agreed Response **Scottish Equipment Manager/AMLB**	*Agreed. KPI information to be reported to AMLB in line with Asset Management Strategy.*	01 February 2022	31 March 2023	Grade 2	5%	AMBER

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	5	20%	0	0	1	0	0	0	4	0	0	0	0	0

Rec No 1	**Staff Training** 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.		*Report Agreed Date*	*2nd Agreed Revised Date*	*Priority*	*% Complete*	*Status*
	Responsible Owner Agreed Response **Head of POD**	*A review of the training in relation to agile working that may be deemed mandatory for managers will be undertaken.*	31 March 2022	31 March 2023	Grade 2	35%	GREEN

Progress to Update	Learning outcomes for an LCMS module on agile working for managers have now been agreed and a framework for the content is being developed for engagement with stakeholders. Training colleagues are currently considering when they may be able to support the full development of this however, have highlighted this may not be possible until Q3 based on organisational priorities for training taking account of a range of factors including the impact of the pensions remedy. Meantime however, an analysis of learning resources available via the Leadership Development Services framework is underway to ensure managers are able to access a range of resources to support their understanding of agile working and leading remote/hybrid teams.
Outstanding actions to close the recommendation	LCMS module development to be concluded. Once completed the LCMS module will be tested and published on Learnpro which will enable reporting against completion of this mandatory training for managers.
Azets Comments	We note management's comments on the action being taken to implement this recommendation.

Rec No. 2	**Monitoring of Staff Feedback** 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	1ST Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response **Head of POD**	*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	31 October 2022	Grade 2	25%	GREEN

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 within the Building the Future Together programme. This may take the form of a staff pulse survey, wellbeing survey or as part of a larger staff survey. Facilitated discussion forums for managers have taken place in April to connect through their peer network and discuss the opportunities and challenges presented by agile working and share SFRS learning. These were well attended and will now become part of an ongoing schedule of these engagement forums. 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 at the earliest.
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 management's comments on the action being taken to implement this recommendation.

Rec No. 4	**Monitoring & Reporting Process** **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	1st Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response **Head of POD**	*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.*	30 June 2022	31 August 2022	Grade 2	20%	GREEN
Progress to Update		The Agile Working Group has discussed and identified a range of elements for monitoring and reporting on agile working. Engagement on this is taking place with stakeholders, with a briefing note being prepared for a range of forums to ensure this captures the elements which should be monitored including performance measures. Monitoring and reporting on agile working is also a standing agenda item for the Agile Working Group.					
Outstanding actions to close the recommendation		To allow sufficient time for engagement and onwards formal governance to consider/approve proposals for monitoring and reporting. Once finalised, proposals will be presented to the People Board for approval and this will be reflected in the Terms of Reference for the People Board.					
Azets Comments		We note management's comments on the action being taken to implement this recommendation.					

Rec No. 5	**Lessons Learned** **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
	Responsible Owner Agreed Response **Head of POD**	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	50%	GREEN
Progress to Update		Facilitated discussion forums took place in April for managers to connect through their peer network and discuss the opportunities and challenges presented by agile working and share SFRS. These were well attended and will now become part of an ongoing schedule of these engagement forums. A briefing paper on the initial themes identified from these sessions is being prepared for consideration and will inform the ongoing development of the agile working framework. Employee discussion forums to be scheduled later in the year.					
Outstanding actions to close the recommendation		Briefing on initial manager forums and schedule of ongoing forums to be shared once developed and scheduled. Key themes and feedback from these forums will be used to inform the agile working framework on an ongoing basis thereafter.					
Azets Comments		We note management's comments on the action being taken to implement this recommendation.					

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
				3	3	67%	0	2	0	0	0	0	0	1	0	0	0	0

Rec No. 1	**Policies & Procedures** **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 **Head of Fire Safety Enforcement**	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	New date to be advised	Grade 1	95%	GREEN

Progress to Update	FSE Enforcement Procedure now complete and has been published on i-Hub. Remote Audit Procedure is now complete and published on I-hub Duty holder handover booklet has returned from printers. Audit guidance and procedure internal review now complete and has been sent to P&P managers and Protection teams for consultation. Consultation period extended to the 10th June 2022
Outstanding actions to close the recommendation	Documents to be updated with any feedback from consultation & then issued along with Awareness Briefing.
Azets Comments	We note management's comments regarding the need to await feedback from the consultation exercise prior to the revised guidance/procedures being issued to staff. The implementation date for this recommendation needs to be revised.

2021-22	ENVIRONMENTAL SUSTAINABILITY		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	1	50%	0	0	0	1	0	0	1	0	0	0	0	0

Rec No. 2	**Training** 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.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response **Environment and Carbon Manager**	*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.*	31 March 2023	n/a	GRADE 2	10%	GREEN

Progress to Update	New and updated training modules are confirmed as available from Net Regs. Review of content to be complete and applicable modules selected. Module format has been confirmed as suitable for LCMS platform.
Outstanding actions to close the recommendation	Request made to TED to schedule meeting to discuss the remaining actions on Trainee Training Session, Revised and additional modules and frequency and requirement for environmental training modules.
Azets Comments	We note the action management is planning to take to implement the recommendation by the action due date.

2021/22	ICT & DATA SECURITY FOLLOW UP * Recommendations were split into a number of management responses and an action will remain open until all responses are complete ** recommendation is classed as priority Grade 3 for the purpose of follow up stats.	Total No	Manage-ment Responses	% Complete Actions	Fully Implemented Grade				Part/In Progress Grade				Not Implemented Grade			
					4	3	2	1	4	3	2	1	4	3	2	1
		1	11	73%	2	2	1	3	0	2	1	0	0	0	0	0

Rec No. **2b** (1.2.2)	**Privileged Users** **To support access management, IT management may wish to consider development of an access matrix which defines access permissions according to specific roles within the IT Team e.g network administrators, service desk analysts, third line specialists, etc… Access profiles/roles could then be developed to ensure that access is effectively managed according to the needs of the role.** **Management should also establish formal processes to review active privileged accounts each quarter to confirm their validity and that users still require that level of access. This should include review of when the account was last used.**	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner & Agreed Response **ICT Technical Strategy Manager**	The further actions identified in the follow up audit will be actioned in the timescales shown at each action.	30 June 2022	n/a	2 – Control designed – being implemented	75%	GREEN

Progress to Update	The RBAC matrix has been agreed and a process to review the active privileged accounts on a quarterly basis is set to commence at the end of June.
Outstanding actions to close the recommendation	The next stage will require the removal (and testing) of all legacy explicit rights to the administrative accounts within SFRS. The SFRS Cyber team will put in place monthly audits of all administrative AD accounts and this report will be covered in the formal ICT Management team meeting under the standing agenda item for Security.
Azets Comments	We note management's comments and the actions being taken to implement the recommendation.

Rec No. **2d** (1.2.4)	**Privileged Users** **SpecOps, or another suitable tool, should be extended to improve monitoring and logging of privileged account activity beyond the monitoring of passwords. This should include the logging of all privileged account activity within Active Directory, and regular monitoring of this.**	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner & Agreed Response **ICT Technical Strategy Manager**	*The further actions identified in the follow up audit will be actioned in the timescales shown at each action.*	31 May 2022	n/a	3 – Control designed – opportunity to enhance	100%	GREEN

Progress to Update	Analysis of available options to allow the monitoring and logging of privileged account activity within Active Directory is ongoing. 22/23. The business case was presented by Paul Stewart to SLT and considered at the formal meeting on 22 February and the following decision was recorded: SLT approved in principle but it is to be weighed up against other priorities. Agreed funding cannot be allocated to this at this point but this business case will be added to the other business cases, to be considered going forward. What has been put in place by ICT to address this action point are a number of approved changes/technical controls to ensure that SFRS are now logging all AD privileged account activity and have written a weekly process document to outline how the monitoring of this activity will be carried out on a weekly basis by the Cyber team.
Outstanding actions to close the recommendation	Support evidence to be forwarded for review.
Azets Comments	Management needs to provide evidence of the compensatory controls put in place for us to consider whether this addresses the risk originally identified in relation to this recommendation.

Rec No. 4 (3.1.1)	**Disaster Recovery Plan** **The It Disaster Recovery Plan should be updated to include details of or links to procedures to be followed that will support recovery of technology solutions in the event of a business disruption.** **Where testing is performed, this should be documented along with any lessons learned. In addition, the IT disaster Recovery Plan and any supporting procedures should be updated as necessary following the test.**		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner & Agreed Response **ICT Operations Manager**	The further actions identified in the follow up audit will be actioned in the timescales shown at each action.	30 April 2022	n/a	3 – Control designed – opportunity to enhance	100%	GREEN

Progress to Update	A Saughton Data Centre Black Start Event was used to test the Data Centre element of the Disaster Recovery Plan as scheduled. The results, outcome and lessons learned from this has been fully documented and awaits sign off by the ICT Senior Management Team, and above if deemed necessary
Outstanding actions to close the recommendation	Provide further evidence as set out below.
Azets Comments	The recommendation sets out the need for links to be created to procedures etc as well as evidencing testing of plans. Evidence has been provided of the testing of the plan i.e. the "Black Start" at Saughton House but evidence is yet to be provided of the IT DR Plan having been updated. This needs to be provided in order for the recommendation to be classed as fully implemented.

SCOTTISH FIRE AND RESCUE SERVICE
Audit and Risk Committee

Report No: C/ARAC/26-22

Agenda Item: 11

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE							
Meeting Date:	28 JUNE 2022							
Report Title:	INDEPENDENT AUDIT/INSPECTION ACTION PLAN UPDATE							
Report Classification:	For Scrutiny	**Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to Board Standing Order 9**						
		A	B	C	D	E	F	G

1	**Purpose**
1.1	The purpose of the report is to present Audit and Risk Assurance Committee (ARAC) members with an update on the progress of the action plan relating to the Audit Scotland Report published in May 2018.

2	**Background**
2.1	The Auditor General reports to the Scottish Government on our performance. Following the publication of the reports, action plans are prepared to address the issues or recommendations that are highlighted within the report.
2.2	Similarly, HMFSI inspects and reports on the Scottish Fire and Rescue Service (SFRS) with the purpose of assuring the public and Scottish Ministers that we are working in an efficient and effective way, and to promote improvement in the Service.
2.3	Prior to May 2020, progress of existing action plans from the Auditor General and HMFSI were monitored by the Performance Improvement Forum on a 6-monthly basis. Highlight reports were presented to the Corporate Assurance Board and Service Delivery Committee on a 6-mothly 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 to scrutinise progress.

3	**Main Report/Detail**
3.1	Each HMFSI Action Plan will be reported to the ARAC on a quarterly cycle until completion. This process supports robust challenge and scrutiny of our performance against Audit Scotland recommended improvements and allows us to meet the statutory requirement as laid out in section 43 of the Fire Scotland Act 2005 regarding the arrangements for independent inquiries into the state and efficiency of the SFRS.
3.2	ARAC members are presented with the current Audit and Inspection overview dashboard, attached as **Appendix A** for scrutiny. This provides high level details of all action plans (HMFSI Actions Plans and Auditor General Action Plans).

3.3	**Audit Scotland Action Plan** The Audit Scotland Report was published in May 2018. The action plan contains a total of 36 actions to address the issues raised. The action plan is attached as **Appendix B.**
3.4	The completion of 33 actions have already been agreed and two have been marked as void– these are shaded grey and do not need further scrutiny. ARAC members are asked to scrutinise the remaining one action (in white), and to raise any issues with the update given.
3.5	ARAC are asked to note the following: • 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.
3.6	The above update has been marked on **Appendix B** in red for ease.
3.7	The overall RAG rating for this action plan remains **red**, due to awaiting feedback following ongoing discussions with the FBU. 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).

4	**Recommendation**
4.1	ARAC members are invited to: • Note the progress of all action plans as presented in the audit and inspection dashboard, attached as **Appendix A**. • Scrutinise the Audit Scotland action plan, attached as **Appendix B**, and note the potential future impact to timescales raised.

5	**Core Brief**
5.1	Not applicable

6	**Appendices/Further Reading**
6.1	Appendix A - Audit and Inspection Overview Dashboard
6.2	Appendix B - Audit Scotland Action Plan

7	**Key Strategic Implications**	
7.1	**Key Strategic Implications Considered and those Identified Added Appropriately to Main Report/Detail** (Section 3. Above)	Yes

Prepared by:	Kirsty Jamieson, Planning and Performance Officer
Sponsored by:	Richard Whetton, Head of Governance, Strategy and Planning
Presented by:	Mark McAteer, Director of Strategic Planning, Performance and Communications

Links to Strategy and Corporate Values

Our audit and inspection process contributes to Strategic Outcome 4: We are fully accountable and maximise our public value by delivering a high quality, sustainable fire and rescue service for Scotland.

Governance Route for Report	Meeting Date	Report Classification/ Comments
Senior Management Board	*18 May 2022*	*For recommendation*
Audit and Risk Assurance Committee	*28 June 2022*	*For scrutiny*

Audit and Inspection Overview Dashboard

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	May-22	Aug-22	0	1	0	33	0	0	0	2	95%	🟥

HMFSI Thematic Reports Progress Dashboard

Published	Title	Revelant 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	May-22	Aug-22	0	2	0	18	0	0	0	0	91%	🟥
Feb-2019	Provision of Operational Risk Information	SDC	Mar-22		25	May-22	Aug-22	0	5	0	20	0	0	0	0	91%	🟥
May-2019	Management of Fleet and Equipment	SDC	Mar-22		38	May-22	Aug-22	0	0	0	32	0	6	0	0	100%	🟩
Mar-2020	Training of RDS Personnel	SGC	Mar-23		31	May-22	Aug-22	0	7	5	19	0	0	0	0	92%	🟩
Dec-2020	Planning and Preparedness for COVID Review	SDC	May-26		16	May-22	Aug-22	0	7	0	9	0	0	0	0	92%	🟩
Aug-2020	Command and Control: Aspects of Incident Command	SDC	Mar-22	Dec-23	25	May-22	Aug-22	0	0	0	25	0	0	0	0	100%	🟩
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
	May-22	**Aug-22**

Status	Count
In Progress	1
Complete	33
Void	2

In Progress · Complete

5% 3% 92%

In Progress RAG Rating

Red	Amber	Green
1	0	0

Overall Progress   95%

0%   20%   40%   60%   80%   100%
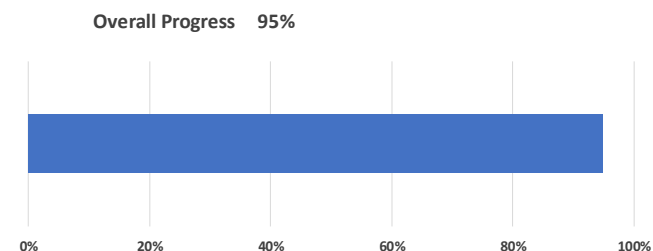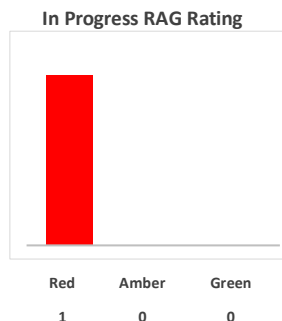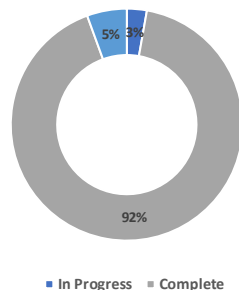
Audit Recommendation	Action Ref	Action Description	Action Owner	Due Date	Revised Due Date	Status	Progress Update Commentary	% Complete	Completion Date	RAG	Evidence
1a. The Scottish Fire and Rescue should increase its pace of reform and implement its plans for transforming into a more flexible, modern 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. 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. **18 May 2022: Further correspondence was exchanged with the FBU during Quarter 4, including exploration of alternative options for external assistance to seek to resolve the outstanding matter. Further discussions are ongoing with FBU in relation to this. Timescales have been significantly protracted so far and progress very slow. It is still likely that significant further delays will be experienced in relation to this piece of work. This action remains incomplete and a revised due date will be proposed in due course. This item remains red due to the slip in original timescales and the protracted forecasted timescales for this action to be completed.**	**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.

Recommendation	Ref	Action	Owner	Due Date		Status		%		✓	Update
1. The Scottish Fire and Rescue should increase its pace of reform and implement its plans for transforming into a more flexible, modern service.	1.4	Revise the Programme Office Board governance arrangements to support the management of both Service Transformation and business as usual activities.	Darren Riddell	Dec-19		Complete		100%		✓	Restructure of Programme Office Board was undertaken. This was supported by a review of Programme Office Board and TMPC activities.
1. The Scottish Fire and Rescue should increase its pace of reform and implement its plans for transforming into a more flexible, modern service.	1.5	Develop a Programme Office Communications Strategy to communicate key updates and information to Executive Leads and Project Managers.	Darren Riddell	Jul-19		Complete		100%		✓	New dashboard in place to provide Project/Programme overview. Engagement process to hold meetings between Programme Office and Project management teams in place.
1a. The Scottish Fire and Rescue should increase its pace of reform and implement its plans for transforming into a more flexible, modern service. In particular e agree as soon as possible, revised terms and conditions for its uniform staff that reflect the changes to the role as planned, as part of the programme for transformation.	1a.1	Implement revised standardised terms and conditions for uniformed staff.	Rachael Scott	Mar-20		Complete		100%		✓	Collective agreement reached. Revised terms implemented on a phased basis from June 2018, October 2018 and January 2019 along with supporting policies and processes.
1a. The Scottish Fire and Rescue should increase its pace of reform and implement its plans for transforming into a more flexible, modern service. In particular agree as soon as possible, revised terms and conditions for its uniform staff that reflect the changes to the role as planned, as part of the programme for	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.

Recommendation	Ref	Action	Owner	Due Date		Status		%	Revised Date	✓	Update
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 set and analysis of Service data will be produced by this team and bespoke performance dashboards will be developed by in conjunction with individual departments. There is no requirement for training and development programmes at this time. Understanding of performance management will be supported and improved through the implementation of the SFRS BI Strategy and annual action plans. It is proposed that this action is void.
2. The Scottish Fire and Rescue should ensure that well-developed performance management systems are effectively implemented by October 2018, so that the board, strategic management and local management can access good quality information to effectively drive progress towards its priorities and those set out in the SFRS Framework.	2.6	Procure and implement a performance management system to support delivery of the PMF.	Alison Hastings/ Chris Fitzpatrick	Mar-20		Complete		100%		✓	InPhase System SFRS Performance Management Framework 2021/22 SFRS BI Strategy 2021/24 SFRS BI Action Plan 2021/22 Microsoft Power BI The In-Phase system was procured and is in use. The new Performance Management Framework which has been developed to drive improvement in this area has been to the Strategic Leadership Team and is going to the SFRS Board in May 2021. Furthermore, the new SFRS Business Intelligence Strategy and Action Plan was approved by SFRS Board in March 2021. Further procurement of Microsoft Power BI is expected to complete in May 2021. This action is now complete and has gone from amber to green.

2. The Scottish Fire and Rescue should ensure that well-developed performance management systems are effectively implemented by October 2018, so that the board, strategic management and local management can access good quality information to effectively drive progress towards its priorities and those set out in the SFRS Framework.	2.7	Develop performance indicators with partners so SFRS contribution to joint outcome improvement can be measured.		Mark McAteer	Mar-20		Complete		100%		✓	This action will be progressed by the Community Planning Improvement Board. AS this action is no longer under our control, it has been closed.
3. The Scottish Fire and Rescue should with its national partners and the support of the Scottish Government, establish and begin implementing plans by December 2018 to progress the Reform Collaboration Group's (RCG) Strategy and vision for partnership working.	3.1	Workshop scheduled to develop the delivery plan on 13.08.2018.		Mark McAteer	Dec-18		Complete		100%		✓	Collaboration Strategy developed.
3. The Scottish Fire and Rescue should with its national partners and the support of the Scottish Government, establish and begin implementing plans by December 2018 to progress the Reform Collaboration Group's (RCG) Strategy and vision for partnership working.	3.2	A recruitment plan is underway to resource this priority area.		Mark McAteer	Dec-18		Complete		100%		✓	SFRS Collaboration Officer is now in post.
3. The Scottish Fire and Rescue should with its national partners and the support of the Scottish Government, establish and begin implementing plans by December 2018 to progress the Reform Collaboration Group's (RCG) Strategy and vision for partnership working.	3.3	Implement performance reporting arrangements to ensure SFRS Board have an oversight of RCG progress against Collaboration Strategy Delivery Plan		Mark McAteer			Complete		100%		✓	Papers are circulated to the Board. This will continue as BAU and the action will be closed.
4. The Scottish Fire and Rescue should progress its plans to develop and implement a framework for monitoring, evaluating and reporting the impact of community safety activity by December 2018.	4.1	Develop draft Planning and Evaluation policy and procedure.		Stephen Wood	Mar-19		Complete		100%	Apr-19	✓	Planning and Evaluation Policy published in April 2019.
4. The Scottish Fire and Rescue should progress its plans to develop and implemA48:L51ent 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 om 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 om 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/27-22**

Agenda Item: **12.1**

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE							
Meeting Date:	28 JUNE 2022							
Report Title:	DELOITTE – AUDIT DIMENSIONS AND BEST VALUE REPORT FOR YEAR ENDED 31 MARCH 2021							
Report Classification:	For Scrutiny	**Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to Board Standing Order 9**						
		A	B	C	D	E	F	G

1	**Purpose**
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.

2	**Background**
2.1	Deloitte, as External Auditors to Scottish Fire and Rescue Service (SFRS), undertook an Audit Dimensions and Best Value review for year ended 31 March 2021, designed to help the Audit Committee and the SFRS Board discharge their governance duties on the following areas: - Financial Management - Financial sustainability - Governance and transparency - Value for money; and - Best Value
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.

3	**Main Report/Detail**
3.1 3.1.1	**Deloitte Wider Scope Audit** The Audit and Risk Assurance Committee received a copy of the reporting framework and updates at meetings in January and March 2022. Appendix A to this report now details progress made as at 31 May 2022.

3.1.2	Progress by Audit Dimension as detailed in Appendix A: • Financial Management (67 % complete) • Financial Sustainability (33% complete) • Governance & Transparency (100% complete) • Value for Money (20% complete)
3.1.3	Where an action is identified as completed by the Responsible Officer evidence is forwarded to confirm this position. This information has been provided to Deloitte for their review and where anything further is required this will be provided by the Responsible Officer. All other remaining actions are on target for completion by agreed dates.
3.1.4	Deloitte also provide a Follow Up report on any outstanding actions from previous years. Appendix A outlines one remaining action, which is due for completion by March 2023. The action remains on target with a progress update provided.
3.2 3.2.1	**External Audit – Annual Report and Accounts** Deloitte undertake an annual audit of the Annual Report and Accounts, with their final report for the 2020/21 audit identifying 8 internal control recommendations.
3.2.2	Appendix B details agreed management actions and progress made against each. As at the end of May 2022 50% of actions have been completed with information provided to Deloitte for review. All other remaining actions are on target for completion by agreed dates.

4	**Recommendation**
4.1	The Audit and Risk Assurance Committee is asked to scrutinise progress against Deloitte audit recommendations.

5	**Core Brief**
5.1	Not applicable

6	**Appendices/Further Reading**
6.1	Appendix A – Deloitte Wider Scope Dashboard.
6.2	Appendix B – Deloitte Annual Report Dashboard

7	**Key Strategic Implications**	
7.1	**Key Strategic Implications Considered and those Identified Added Appropriately to Main Report/Detail (Section 3. Above)**	**Yes**

Prepared by:	David Johnston, Risk and Audit Manager
Sponsored by:	John Thomson, Acting Director of Finance and Procurement
Presented by:	John Thomson, Acting Director of Finance and Procurement

Links to Strategy and Corporate Values
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 & 4.4 • Outcome 4: We are fully accountable and maximise our public value by delivering a high quality, sustainable fire and rescue service for Scotland. • Objective 4.2: We will minimise the risks we face through effective business management and high levels of compliance with all our responsibilities. • Objective 4.4: We will strengthen performance management and improvement arrangements to enable robust scrutiny, challenge and decision making nationally and locally

Governance Route for Report	Meeting Date	Report Classification/ Comments
Audit and Risk Assurance Committee	*28 June 2022*	*For Scrutiny*

APPENDIX A
DELOITTE AUDIT DIMENSIONS & BEST VALUE REPORT - Dashboard

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

* Marked Complete subject to confirmation from Deloitte

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	-	-	✓	-	100%	BLUE*
1.2	Acting Director of Finance & Procurement	HIGH	31/03/2022	-	08.03.2022	-	-	✓	-	100%	BLUE*
1.3	Acting Director of Finance & Procurement	HIGH	31/03/2023	-	27.05.2022	-	✓	-	-	10%	GREEN
1.4	Acting Director of Finance & Procurement	MEDIUM	31/03/2023	-	27.05.2022	-	✓	-	-	30%	GREEN
1.5	Acting Director of Finance & Procurement	MEDIUM	31/03/2022	30/06/2022	27.05.2022	-	✓	-	-	90%	GREEN
1.6	Acting Director of Finance & Procurement	MEDIUM	31/03/2022	-	08.03.2022	-	-	✓	-	100%	BLUE*
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 Head of Finance & Procurement	MEDIUM	30/09/2022	-	19.05.2022	-	-	✓	-	100%	BLUE*
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	30.05.2022	-	✓	-	-	20%	GREEN
2.2	Acting Director of Asset Management	HIGH	31/03/2022	30/04/2022	30.05.2022	-	-	✓	-	100%	GREEN
2.3	Acting Director of Finance & Procurement	HIGH	31/03/2023	-	27.05.2022	-	✓	-	-	10%	GREEN
2.4	Acting Director of Finance & Procurement	HIGH	31/03/2023	-	27.05.2022	-	-	✓	-	100%	BLUE*
2.5	Director of People & Organisational Development	HIGH	31/12/2022	-	23.05.2022	-	✓	-	-	30%	GREEN
2.6	Acting Director of Finance & Procurement	MEDIUM	31/03/2022	-	27.05.2022	-	-	✓	-	100%	BLUE*
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	30/06/2023	30.05.2022	-	✓	-	-	60%	GREEN
2.9	Acting Director of Asset Management	MEDIUM	31/03/2022	31/05/2022	30.05.2022	-	-	✓	-	100%	GREEN
2.10	Director of Training, Safety & Assurance	MEDIUM	31/03/2022	-	02.03.2022	-	-	✓	-	100%	BLUE*
2.11	Director of People & Organisational Development	MEDIUM	31/03/2022	31/03/2023	23.05.2022	-	✓	-	-	35%	GREEN
2.12	Director of People & Organisational Development	MEDIUM	31/03/2023	-	23.05.2022	-	✓	-	-	40%	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	-	-	✓	-	100%	BLUE*
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	26.05.2022	-	✓	-	-	10%	GREEN
4.2	Director of Strategic Planning, Performance & Communications	HIGH	31/03/2022	31/03/2023	26.05.2022	-	✓	-	-	75%	GREEN
4.3	Director of Service Development	HIGH	31/03/2022	30/06/2022	18.05.2022	-	✓	-	-	80%	GREEN
4.4	Director of Strategic Planning, Performance & Communications	HIGH	31/03/2022	-	26.05.2022	-	-	✓	-	100%	BLUE*
4.5	Director of People & Organisational Development	MEDIUM	31/12/2022	-	23.05.2022	-	✓	-	-	75%	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	27.05.2022	-	✓	-	-	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	67%	2	3	0	1	2	0	0	1	0

Rec No. 1.1	**Financial Reporting** The annual budget should be able to serve as a stand-alone item, capable of scrutiny and challenge on its own merits rather than by reliance on previous reporting and assumed knowledge. This should include clearly setting out the assumptions underpinning the budget.		Target Date	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response **Acting Director of Finance & Procurement**	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	100%	BLUE*

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 22nd 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 22nd February. Resource budget was scrutinised by Board on 31st March 2022
Outstanding actions to close the recommendation	

Rec No. 1.2	**Financial Reporting** The annual budget should be explicitly referenced to the Service's key strategic documents, for example the Strategic Plan, Workforce and Strategic Resourcing Plan and LTFS, to demonstrate how the Service is allocating its resources on a short-term basis to drive the long-term change it recognises is needed in these strategic documents.		Target Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response **Acting Director of Finance & Procurement**	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	100%	BLUE*

Progress to Update	The budget strategy was approved by the Board on 22nd 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 22nd 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 22nd February. Resource budget was scrutinised by Board on 31st March 2022
Outstanding actions to close the recommendation	

Rec No.	Financial Reporting	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	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.					
1.3	Responsible Owner Agreed Response **Acting Director of Finance & Procurement** — 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%	*GREEN*
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.	Savings Plans	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	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.					
1.4	Responsible Owner Agreed Response **Acting Director of Finance & Procurement** — 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%	*GREEN*
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 has now been incorporated into monthly resource monitoring reports.					
Outstanding actions to close the recommendation	SFRS is on track to exceed the savings target from reform. The MTFM will be updated post Resource Spending Review at end of May which will highlight the gap between funding and forecasted expenditure					

Rec No.	Savings Plans	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	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.					
1.5	Responsible Owner Agreed Response **Acting Director of Finance & Procurement** — 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	30/06/2022	MEDIUM	90%	*GREEN*
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 now included in monthly monitoring of resource budget. This information is required to be presented to Board to conclude action. Delayed from March Board to June Board.					

Outstanding actions to close the recommendation	The efficiency savings against budget to be presented to Board at end of June this was omitted in error from the February monitoring report to the Board.					

		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
Rec No. 1.6	**Savings Plans** The annual budget should clearly set out efficiency savings targets, including where these are expected to be achieved. The budget should identify which savings have already been identified and can be specifically reported against in the year, with a 'RAG' risk rating for those savings yet to be identified in terms of the risk of the Service being able to deliver them.					
	Responsible Owner Agreed Response **Acting Director of Finance & Procurement**	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	100%	BLUE*

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. RAG status on efficiencies included in resource budget for 2022/23.

Outstanding actions to close the recommendation	

		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
Rec No. 1.7	**Financial Capacity** The relevant committee or Board should ensure that it considers whether the process by which management have determined the structure of the finance function is sufficiently robust to enable the Service to make full and effective use of the finance function to drive improvements in the use of resources, as recommended throughout our work.					
	Responsible Owner Agreed Response **Acting Director of Finance & Procurement**	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	*Recommendation not accepted*

Progress to Update	No action required

Outstanding actions to close the recommendation	

			Action Date Due	Agreed Revised Date	Priority	% Complete	Status
Rec No. **1.8**	**Financial Capacity** Given the various changes recommended to financial planning and reporting as identified in our work, management should perform a review of the required skills and competencies to embed these within the Service and ensure that the finance function has these either currently, through planned training or through acquiring external expertise.						
	Responsible Owner Agreed Response **Acting Director of Finance & Procurement**	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	100%	BLUE*
Progress to Update		The FMT have all completed a Learning needs analysis document, for the whole Directorate, in conjunction with Training and this has been submitted for scheduling into their workplan					
Outstanding actions to close the recommendation							

			Action Date Due	Agreed Revised Date	Priority	% Complete	Status
Rec No. **1.9**	**Internal Audit** In assessing the findings and recommendations of internal and external audit and management's response to those, the relevant committee or Board should ensure that it is satisfied that management have both the capacity and are sufficiently focused to deliver the recommendations.						
	Responsible Owner Agreed Response **Chair of ARAC**	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%	BLUE*
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	33%	1	3	0	4	5	0	0	0	0

Rec No. 2.1	**Capital Planning & Asset Management** 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
	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	20%	GREEN

Progress to Update	Work on the Fleet Strategy is now complete and will be presented for approval to the Board in June 2022. Work on the Strategic Asset Management Plan (SAMP) for Property has commenced and is on target for completion as scheduled.
Outstanding actions to close the recommendation	Further property condition as well as property suitability data analysis work needs to be undertaken; this will combine a number of property risk assessment information with activity data from fire stations.

Rec No. 2.2	**Capital Planning & Asset Management** 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
	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	100%	GREEN

Progress to Update	Work on a document detailing a 10-year risk based approach to the Capital Programme for Property, Fleet and Equipment is now complete and will be presented for approval to the Board in June 2022. A formal reporting document will be produced for submission to Scottish Government; although it is recognised 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	Supporting Evidence to be forwarded

Rec No. 2.3	**Medium-to-Long Term Financial Planning** 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 **Acting Director of Finance & Procurement**	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%	*GREEN*
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. 2.4	**Medium-to-Long Term Financial Planning** 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 **Acting Director of Finance & Procurement**	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	100%	BLUE*
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 rational 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				
Outstanding actions to close the recommendation						

Rec No. 2.5	**Workforce Planning** 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 **Director of People and Organisational Development**	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%	*GREEN*

Progress to Update	Development of our New Strategic Resourcing Plan is still on track but has slowed down due to added challenges created by pensions changes which have significantly changed our leavers profile. Following the pensions changes, over the last quarter, the Workforce Planning Team (WPT) have been assessing, mapping changes, working with external agencies to provide predictions to our workforce profile to ensure we are aware of our resourcing requirements for the SFRS. The WPT are dedicated to supporting the newly established Staffing Tactical Group and Staffing Solutions Team to plan for issues following the pensions remedy on top of our COVID recovery plans.
Outstanding actions to close the recommendation	Finalise our documented approach to Strategic Workforce Planning and progress this though the SFRS governance route.

Rec No. 2.6	**Budget Setting** 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 **Acting Director of Finance & Procurement**	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	100%	BLUE*

Progress to Update	The approach for budget setting for resource and capital was included in the presentation to the Board on 22nd 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. Information on engagement on budget strategy has been provided including feedback from Board members to seek to complete action.
Outstanding actions to close the recommendation	

Rec No. 2.7	**Budget Setting** 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 **Acting Director of Finance & Procurement**	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%	BLUE*

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**	**Capital Planning & Asset Management** 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 **Acting Director of Asset Management**	Agreed. The Service recognises that capital funding received is less than required to fully address the asset backlog from legacy services. SFRS has worked with Scottish Government to secure additional funding where possible and has agreed to share premises at 51 stations with other public sector organisations including police and ambulance service. SFRS has applied for funding to support decarbonisation of its activities and this includes fleet and property which will partially support addressing our asset backlog. SFRS will continue to work with Scottish Government to seek additional funding where this is available. Within this context, the Service will update the LTFS, based on the revised AMS and highlight the impacts on the resource budget.	31/03/2022	30/06/2023	MEDIUM	60%	*GREEN*
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. The AMS is not scheduled for completion until 31st March 2023. 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 based on the Strategic Asset Management Plan (SAMP) for Property and the risk based approach to the Capital Programme Report.					
Rec No. **2.9**	**Capital Planning & Asset Management** 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 **Acting Director of Asset Management**	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	100%	*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. The new Capital monitoring report went live from the start of the new financial year.					
Outstanding actions to close the recommendation		Supporting evidence to be forwarded					

Rec No. 2.10	**Workforce Planning** The Training Strategy should be clearly linked to the Strategic Plan and the Workforce and Strategic Resourcing Plan, including measurable actions and targets		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response **Director of Training, Safety and Assurance**	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%	BLUE*

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	

Rec No. 2.11	**Workforce Planning** Progress on implementing the Workforce and Strategic Resourcing Plan should be considered on a periodic basis the relevant committee or the Board, to ensure that there are effective targets in place and to assess performance against them.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response **Director of People and Organisational Development**	Agreed. This will be done via the People Board and People Committee which will agree targets and monitor progress against them.	31/03/2022	31/03/2023	MEDIUM	35%	*GREEN*

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 though the SFRS governance route.

Rec No. 2.12	**Workforce Planning** The Workforce and Strategic Resourcing Plan should be reviewed to clearly set out the Target Operating Model for the entire workforce, and what actions it plans to take to transition from the current workforce to the workforce required in the future		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response **Director of People and Organisational Development**	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	40%	*GREEN*
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. Development of our New Strategic Resourcing Plan is still on track but has slowed down due to added challenge of pensions changes which have significantly changed our leavers profile. This has required us to focus on the tactical elements of our workforce profile to ensure we are mapping our requirements to the SFRS.					
Outstanding actions to close the recommendation		Finalise our documented approach to Strategic Workforce Planning and progress this though 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	100%	2	0	0	0	0	0	0	0	0

		Governance & Scrutiny Arrangements 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.	Target Date	Agreed Revised Date	Priority	% Complete	Status
Rec No. **3.1**	Responsible Owner Agreed Response **Director of Strategic planning, Performance & Communications**	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. The Fraud Policy has been revised and is currently out for consultation. Once comments have been received, the policy will be reviewed and reported to the Audit & Risk Assurance Committee in October 2021. The creation of an LCMS training package will assist in developing awareness of fraud as a risk to the Service, developing additional awareness and ownership throughout the Service. The Risk Management Policy will be revised and reported to the Audit & Risk Assurance Committee in October 2021. The revision will align the policy with the current risk management framework which has undergone significant change in the last few years. The review already undertaken of the Service's risk register will provide SMART actions, additional assurance on progress made against control actions and will assist Board Members in their scrutiny of the framework.	31/03/2022	n/a	HIGH	100%	BLUE*
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. 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.					
Outstanding actions to close the recommendation							
		Openness & Transparency 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.	Target Due	Agreed Revised Date	Priority	% Complete	Status
Rec No. **3.2**	Responsible Owner Agreed Response **Director of Strategic planning,**	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	31/08/2021	n/a	HIGH	100%	BLUE*

	Performance & Communications	Board meetings. The Board will return to full in person meetings, including by members of the public, when Government guidance deems that appropriate.					
Progress to Update		All public Board and Committee meetings continue to be accessible 'live' through request to all stakeholders from our SFRS website (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 28th 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.					
Outstanding actions to close the recommendation							

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	20%	1	0	0	3	1	0	0	0	0

Rec No. 4.1	**Performance Management Framework**	Target Date	Agreed Revised Date	Priority	% Complete	Status

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.

Responsible Owner Agreed Response **Director of Strategic planning, Performance & Communications**	Agreed. As part of the annual review of the Performance Management Framework (PMF) an annual performance report detailing trends in performance including relevant benchmarking data from Services elsewhere in the UK will be produced for the Board. The Business Intelligence and Data Services Team continues to support the Service Delivery Directorate on internal benchmarking and sharing of improvement practices across the Service. The development of performance monitoring across the service will be reported to Good Governance Board. This will include reporting on benchmarking of internal performance.	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. Annual PMF Review expected in November 22.
Outstanding actions to close the recommendation	New PMF aligned with the new Strategic Plan expected in December 2022.

Rec No. 4.2	**Performance Data**	Target Due	Agreed Revised Date	Priority	% Complete	Status

Performance reports should include targets and trend data to enable a meaningful assessment of performance.

Responsible Owner Agreed Response **Director of Strategic planning, Performance & Communications**	Agreed. As part of the annual review of the Performance Management Framework all performance reports are reviewed. Existing reporting against targets and trend data, for example Health and Safety Reporting, Quarterly Performance, will continue. The PMF includes targets and key performance indicators. Progress against these will continue to be reported to the SFRS Board. This will include trend data. Targets contained within directorate or service areas and trends will also be reported on.	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. Development of service wide departmental performance dashboards now underway
Outstanding actions to close the recommendation	Work to design the new PMF begins in June 2022 and is expected to be complete in December 2022.

Rec No. 4.3	Performance Management Framework Consideration should be given to the development of a systematic programme of operational self-assessment to demonstrate the Service's commitment to continuous improvement.		Action Date Due	Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response **Director of Service Development**	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. That is to say, we do not have a defined framework in place today that has a specific and structured approach to Self-Assessment required to assess SFRS wide performance and for the identification of service wide improvements. The Deloitte finding is specific to operational self-assessment. SFRS do align to and train our internal employees on the use of the Public Service Improvement Framework (PSIF) designed by NHS National Education for Scotland (NES) for continuous improvement and are currently going through a 2nd cohort of training delivered by NHS. However, the Embedding of those skills, practices and frameworks that allow for self-assessment and continued improvement across SFRS that is seen as sustainable would be our next maturity step. In addition, the forward looking objective has to be how we integrate self-assessment into our existing planning and review frameworks, along with how we introduce a process of identification and prioritisation of improvement to ensure we align organisation resources appropriately. Lastly, we need to consider how we might bring transparency and visibility to the results of these assessments and share widely within the organisation and highlight agreed actions resulting from it. 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.	31/03/2022	30/06/2022	HIGH	80%	*GREEN*
Progress to Update		CI Maturity Report presented to Informal SLT on 26/04/22 for scrutiny. Final draft of the Service Improvement Strategy 2022-25 incorporating recommendations from the CI Maturity Report now complete and will be progressed for consultation. First SIFS cohort of 2022/23 due to commence in June. EFQM membership now formalised that will provide SFRS with a change improvement and self-assessment instrument that will provide evidence-based insight into performance locally and nationally. A small scale test of change of the self-assessment framework and model has been established across Dumfries and Galloway LSO areas taking place May/June. Discussions are taking place with Midlothian, East Lothian and Scottish Borders proposing that this test of change will commence in late summer. An indicative three-year self-assessment timetable has been produced to support area and functional self-assessment thereafter, incorporating lessons learned from pilots. In addition, the SI Team are working in partnership with HMFSI on their proposed implementation of EFQM as their foundation methodology and this is going very well. The SI Manager to attend the HMSI team at end May 22. A full report will be provided at the financial year end on lessons learned and proposals for service scale up.					
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					
Rec No. 4.4	**Performance Data** 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.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response **Director of Strategic planning,**	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.	31/03/2022	n/a	HIGH	100%	BLUE*

	Performance & Communications	Further work will be undertaken to review reporting against outcomes.					
Progress to Update		Consolidated PMF report for 20-21 is complete and published. New report scheduled for November 22 and will be published alongside SFRS Statistical Publications. Business Intelligence Progress update is reported to Good Governance Board. This provides a detailed update on the progress made against the Business Intelligence Strategy, including work to improving performance reporting across the service. Work on the creation of the new Performance Management Framework will also be reported to Good Governance Board					
Outstanding actions to close the recommendation							

Rec No. 4.5	**Equalities** 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 **Director of People and Organisational Development**	Agreed. This will be collated throughout the year and summarised for the Annual Report.	31/12/2022	n/a	MEDIUM	75%	*GREEN*
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. The report is scheduled to go to SLT on the 25th May 2022 and to the Board on 30th June 2022.					
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. A sensitive information group has been set up to consider the changes from an employment perspective and the recommendations from this group will be presented to SLT for consideration. In March 2022, SLT agreed that service delivery activities are to be monitored on the grounds of the protected characteristics where it is appropriate to do so and preliminary discussions are taking place to progress this work.					

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	0

Rec No. 1	**Financial Sustainability** The Service should continue to ensure that they review, and where appropriate revise their financial strategy during 2020/21 to reflect on the impact of COVID-19, it is important that the Service also build into the scenarios the impact of demand pressures on costs to the Service along with the estimated changes in funding to get a fuller picture of the likely challenges that it faces.		Target Date	Agreed Revised Date	Priority	% Complete	Status
	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.						

APPENDIX B

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

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

Dashboard

* Marked Complete subject to confirmation from Deloitte

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	-	30.05.2022	-	-	✓	-	100%	BLUE*
2	Acting Director of Finance & Procurement	MEDIUM	31/10/2022	-	30.05.2022	-	✓	-	-	25%	GREEN
3	Acting Director of Finance & Procurement	MEDIUM	31/10/2022	-	30.05.2022	-	✓	-	-	10%	GREEN
4	Acting Director of Finance & Procurement	MEDIUM	31/10/2022	-	30.05.2022	-	✓	-	-	10%	GREEN
5	Acting Director of Finance & Procurement	MEDIUM	31/10/2022	-	30.05.2022	-	-	✓	-	100%	BLUE*
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	-	30.05.2022	-	✓	-	-	50%	GREEN
8	Acting Director of Finance & Procurement	LOW	31/10/2022	-	30.05.2022	-	-	✓	-	100%	BLUE*

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	50%	1	1	2	0	3	1	0	0	0

Rec No. 1	**Firefighter's Uniforms** 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. 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 that 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.	Action Date Due	Agreed Revised Date	Priority	% Complete	Status

	Responsible Owner Agreed Response **Acting Director of Finance & Procurement**	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. 2) Correct treatment of these uniforms to be confirmed and actioned, i.e. transfer and record PPE from Stock to Assets.	31/06/2022	n/a	HIGH	100%	BLUE*

Progress to Update	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. 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. journals done and process in place to monitor through the year.

Outstanding actions to close the recommendation	

Rec No. 2	**Management Review** 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	Target Date	Agreed Revised Date	Priority	% Complete	Status

	Responsible Owner Agreed Response **Acting Director of Finance & Procurement**	SFRS will enhance the peer review process to include the disclosure checklist and improve the overall quality of the Annual Report and Accounts	31/10/2022	n/a	MEDIUM	25%	GREEN

Progress to Update	Review of checklist is included in the year end process. Checklists received from Deloitte,

Outstanding actions to close the recommendation	Checklists will be reviewed for changes and incorporated in final document.

Rec No. 3	Fixed Asset Register	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	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 **Acting Director of Finance & Procurement** — 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	10%	*GREEN*

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	The processes have still to be run as part of the schedule but will be reviewed as part of the tasks to be carried out. 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. 4	Holiday Pay Accrual Calculation	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	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 **Acting Director of Finance & Procurement** — 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	10%	*GREEN*

Progress to Update	A guidance note detailing the process for preparing the holiday pay accrual is currently being prepared as part of the year end process.
Outstanding actions to close the recommendation	The guidance note will be used to train other members of the DS team and enhance resilience.

Rec No. 5	Related Party Transactions	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	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 **Acting Director of Finance & Procurement** — This has been noted and processes refreshed. Amendments have been made to the Register of Interests.	31/10/2022	n/a	MEDIUM	100%	BLUE*

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	

	Cash & Banking	Target Due	Agreed Revised Date	Priority	% Complete	Status
Rec No. 6	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 **Acting Director of Finance & Procurement**	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%	BLUE*

Progress to Update	Management class this as complete.

	Impairment Review	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
Rec No. 7	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 **Acting Director of Finance & Procurement**	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%	*GREEN*

Progress to Update	Impairment reviews have been carried out in previous years on Ops Equipment and Heritage Assets. Reviews of ICT completed. 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. Vehicle Assets Review has started.
Outstanding actions to close the recommendation	ICT Adjustments still to be processed

	Depreciation Calculation	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
Rec No. 8	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 **Acting Director of Finance & Procurement**	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	100%	BLUE*

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. Review undertaken and Accounting Policies approved at ARAC on 30 March 2022.
Outstanding actions to close the recommendation	

SCOTTISH FIRE AND RESCUE SERVICE

Audit and Risk Assurance Committee

Report No: C/ARAC/29-22

Agenda Item: 13.1

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE
Meeting Date:	28 JUNE 2022
Report Title:	STRATEGIC RISK UPDATE

Report Classification:	For Scrutiny	Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to Board Standing Order 9						
		A	B	C	D	E	F	G

1	Purpose
1.1	The purpose of this report is to provide the Audit and Risk Assurance Committee (ARAC) with the updated Strategic Risk report for scrutiny.

2	Background
2.1	The purpose of the risk register is to inform decision making through Scrutiny and Assurance processes, providing additional awareness of the risks we face and the actions required to minimise these risks.
2.2	The 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.

3	Main Report/Detail
3.1	The risk register is a management tool that provides assurance to the Service and its scrutiny bodies that the significant risks to the organisation have been identified, are being managed and are subject to ongoing monitoring and review.
3.2	SLT review the Strategic Risks to ensure they reflect an accurate assessment of the risk to the organisation. Following this review, a number of changes have been made and are contained within Appendix A:
3.2.1	SR1 - Ability to improve the safety and well-being of people throughout Scotland through the delivery of our services • Currently assessed at 16 (4x4)

	Following consideration of aligned directorate risks and discussion at SLT it was agreed that the risk assessment would be reduced to 15 (3x5) reflecting a reduction in the probability of occurrence and an increase in the potential impact.
3.2.2	SR5 - Ability to have in place a suitably skilled, trained and motivated workforce that is well supported both physically and mentally • currently assessed at 16 (4x4) Following consideration of the aligned directorate risks and discussion at SLT it was felt that the current assessment should be increased to 20 (5x4) reflecting an increase in the probability of occurrence. Issues of capacity within the Service, the impact of pension scheme changes for Fire Fighters and the recent resource spending review settlement would impact the overall risk to the Service.
3.2.3	SR7 - Ability to deliver a high quality, sustainable service within the funding envelope • currently assessed at 16 (4x4) Following consideration of the aligned directorate risks and discussion at SLT it was felt that the current assessment should be increased to 20 (5x4) reflecting an increase in the probability of occurrence. The recent resource spending review settlement, representing a flat cash settlement to SFRS, and the subsequent impact upon future service activity would impact the overall risk to the Service.
3.2.4	SR9 - While Covid-19 remains a threat to health, the ability of SFRS to protect staff, partners and the public while meeting service delivery demands • currently assessed at 16 (4x4) Following consideration of the aligned directorate risks and discussion at SLT it was felt that the current assessment should be reduced to 12 (3x4) reflecting a decrease in the probability of occurrence. The Service will continue to monitor the impact of Covid-19 on the Service over the winter period.
3.3	Appendix A provides detailed information on Directorate registers, incorporating all Directorate risks and changes to them and all risk controls relating to ARAC: • 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 • Directorate Risk Rating Change Summary – Appendix 1f • New Directorate Risks – Appendix 1g • New Directorate Control Summary – Appendix 1h
3.4	Individual appendices provide additional details on these changes and are summarised below: • Directorate Closed Controls (14 closures) • Directorate Closed Risk (4 closures) • Directorate Risk Rating Changes (12 changes) • New Directorate Risks (3 additions) • New Directorate Controls (12 additions)
3.5	Work continues to develop the reporting framework in conjunction with Data Services with current work focused on the development and implementation of Project Registers and associated reports.

4	Recommendation
4.1	The Audit and Risk Assurance Committee is asked to scrutinise the Strategic Risk Report.

5	Core Brief
5.1	Not applicable.

6	Appendices/Further Reading
6.1	Appendix A – Strategic Risk Report

7	Key Strategic Implications	
7.1	**Key Strategic Implications Considered and those Identified Added Appropriately to Main Report/Detail** (Section 3. Above)	Yes

Prepared by:	David Johnston, Risk and Audit Manager
Sponsored by:	John Thomson, Acting Director of Finance and Procurement
Presented by:	David Johnston, Risk and Audit Manager

Links to Strategy and Corporate Values
The Internal Audit Plan forms part of the Services Governance arrangements and links back to Outcome 4 of the 2019-22 Strategic Plan, specifically Objective 4.2. • Outcome 4: We are fully accountable and maximise our public value by delivering a high quality, sustainable fire and rescue service for Scotland. • Objectives 4.2: We will minimise the risks we face through effective business management and high levels of compliance with all our responsibilities.

Governance Route for Report	**Meeting Date**	**Report Classification/ Comments**
Audit and Risk Assurance Committee	*28 June 2022*	*For Scrutiny*

APPENDIX A

Audit and Risk Assurance Committee
Risk Report
2022-23 Q1

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- Directorate Risk Rating Change Summary   – Appendix 1f
- New Directorate Risks   – Appendix 1g
- New Directorate Control Summary   – Appendix 1h

Strategic Risk Summary

Appendix 1a

Risk Reference	Description	SLT Risk Owner	Risk Rating (PxI)
1 ⇓	Ability to improve the safety and well-being of people throughout Scotland through the delivery of our services	Director of Service Delivery	15 (3 x 5) ⇓
2	Ability to reduce the number of unwanted fire alarm signals and associated occupational road risk	Director of Service Delivery	15 (5 x 3)
3	Ability to collaborate effectively with partners and communities, to enhance service delivery and best value	Deputy Chief Officer	12 (3 x 4)
4	Ability to ensure legal and regulatory compliance	Director of Strategic Planning, Performance and Communications	12 (3 x 4)
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	20 (5 x 4) ⇑
6	Ability to have in operational use the necessary assets, equipment, supplies and services to enable the smooth running of the organisation, that exploit available technologies and deliver public value	Director of Finance and Contractual Services	20 (4 x 5)
7	Ability to deliver a high quality, sustainable service within the funding envelope	Director of Finance and Contractual Services	20 (5 x 4) ⇑
8	Ability to anticipate and adapt to a changing environment through innovation and improved performance	Director of Service Development	16 (4 x 4)
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	12 (3 x 4) ⇓

Aligned Directorate Risk Summary   Appendix 1b

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating (PxI)	Committee	Executive Board
1	Improve Safety and Wellbeing of Communities	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	15 (3 x 5)	SDC	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
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, delays 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 Operations	12 (3 x 4)	SDC	SMB

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating (PxI)	Committee	Executive Board
1	Improve Safety and Wellbeing of Communities	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
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

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating (PxI)	Committee	Executive Board
4	Legal and regulatory compliance	SD013	Legal and regulatory compliance	There is a risk that the P&P Enforcement Database does not provide effective recording, monitoring, proposing and reporting of FSE activity. This could occur if there are further ICT issues or where fixes are delayed due to such issues not being within the ICT programme of work or outwith internal development capabilities. This would result in a reduced ability to progress audit activity, meet statutory duties under Part 3 of the Fire(Scotland) Act 2005, deliver outcomes within the Strategic Plan, target community risk and provide evidential support to the Procurators Fiscal where offences are reported. User confidence is also impacted resulting in reduction of data quality.	Head of Prevention and Protection	16 (4 x 4)	SDC	SMB
4	Legal and regulatory compliance	TSA009	Health and Safety Legislation	There is a risk of SFRS not being able to demonstrate legislative compliance due to ongoing delay with the development of the SFRS bespoke health and safety management system (HSMS), Think, Act, Stay safe (TASS). 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	15 (5 x 3)	PC	NSAB
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

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating (PxI)	Committee	Executive Board
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
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

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating (PxI)	Committee	Executive Board
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	16 (4 x 4)	PC	PB
5	Skilled, trained and motivated staff	POD011	Pay Awards	Risk of delay to pay and competence awards due to ineffective FF Development Programme Policy/Uniformed Managers Development to Competent Policy and processes 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	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 Office	15 (5 x 3)	CC	SMB
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

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating (PxI)	Committee	Executive Board
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
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	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	10 (2 x 5)	PC	PB

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating (PxI)	Committee	Executive Board
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	9 (3 x 3)	PC	PB
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

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating (PxI)	Committee	Executive Board
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
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.	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	16 (4 x 4)	ARAC	GGB
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

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating (PxI)	Committee	Executive Board
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.	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

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Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating (PxI)	Committee	Executive Board
7	Financial Sustainability	FCS005	Core Funding	There is a risk that the Service may be unable to secure levels of funding required to achieve its strategic objectives. Additional pressure has been placed upon government finances causing uncertainty over future funding settlements. This could result in delays to agreed and future projects requiring a resetting of the Services objectives.	Head of Finance and Procurement	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)	CC	DB
7	Financial Sustainability	FCS011	Fraud Detection	There is a risk to the Service where incidents of fraud are undetected. This may be due to an unwillingness or a lack of awareness by individuals to follow policy and guidance on fraud prevention. Issues of fraud can impact the reputation of the Service, cause increased internal and external scrutiny and may have an impact upon financial reporting arrangements.	Head of Finance and Procurement	12 (3 x 4)	ARAC	GGB
7	Financial Sustainability	FCS010	Service Delivery Objectives	There is a risk where financial performance reporting is not aligned with Service Delivery requirements because of poor internal engagement or adequate capacity to prepare and support business case development. The impact of this may relate to lost investment opportunity or being unable to demonstrate aligned governance arrangements.	Head of Finance and Procurement	9 (3 x 3)	ARAC	GGB

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating (PxI)	Committee	Executive Board
7	Financial Sustainability	FCS006	Financial Planning and Controls	There is a risk that the Service will be unable to demonstrate effective planning and control of financial resources due to issues of capacity and increased demands being placed upon Sections. Whilst the risk is being managed we could experience criticism and increased scrutiny from auditing bodies.	Head of Finance and Procurement	8 (2 x 4)	ARAC	GGB
7	Financial Sustainability	SDD006	Network Replacement	There is a risk that we fail to engage with appropriate bodies and partners to manage the replacement of Firelink with ESN due to higher priority commitments. This could impact the resilience of the Firelink network until the replacement ESN network is available.	Head of ICT	8 (2 x 4)	CC	DB
8	Improve performance	SDD001	Delivery of Directorate Commitments	There is a risk that the Directorate is unable to deliver against stated commitments and ambitions, due to limited resources and capacity at a time where the Directorate is still developing and maturing and responding to concurrent events. This could result in a lack of clarity and direction for Directorate members impeding the Directorates ability work effectively and efficiently impacting on the support and delivery performance as a Directorate across the wider SFRS	Director of Service Development	20 (5 x 4)	CC	SMB

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating (PxI)	Committee	Executive Board
8	Improve performance	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 Office	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
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	12 (3 x 4)	SDC	GGB

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating (PxI)	Committee	Executive Board
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	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	6 (3 x 2)	PC	NSAB
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

Strategic Risk ID	Strategic Risk	Directorate Risk	Risk Name	Summary	Risk Owner	Risk Rating (PxI)	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	12 (4 x 3)	PC	PB

Directorate Risk Control Summary

Appendix 1c

Strategic Risk	Risk ID	Risk	Action Description	Owner	Est Date	Status	Control Comments	Risk Rating (PxI)	Target Rating (PxI)	Committee	Executive Board
3	SPPC008	Corporate Social Responsibility	Implement robust arrangements to support the delivery of the SFRS Sustainable Development Framework.	Head of Corporate Governance	31/07/2022	Amber - 90%	Sustainable Development Framework delayed to June GGB	8 (2 x 4)	6 (2 x 3)	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 (3 x 4)	ARAC	DB
6	SDD007	Cyber Security	Procurement of application patching tool	Head of ICT	31/12/2022	Amber - 5%	Procurement of parching tools delayed until 2022/23 due to capacity and competing workplan priorities.	20 (4 x 5)	12 (3 x 4)	ARAC	DB

Strategic Risk	Risk ID	Risk	Action Description	Owner	Est Date	Status	Control Comments	Risk Rating (PxI)	Target Rating (PxI)	Committee	Executive Board
6	FCS002	Asset Management Planning	Work 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 - 65%	The Strategic Asset Management Plan (SAMP) for Fleet is now complete. The SAMPs for Property and Equipment to be completed by the end of March 2023. All SAMPs will align to SDMP which has been delayed.	9 (3 x 3)	9 (3 x 3)	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 (3 x 3)	ARAC	AMLB
6	FCS002	Asset Management Planning	AM providing information and advice to SDMP team regarding the suitability and condition assessments of operational stations.	Head of Asset Management	31/03/2023	Amber - 90%	Work progressing as required in collaboration with the outcomes from SDMP which is scheduled for completion in March 2023.	9 (3 x 3)	9 (3 x 3)	ARAC	AMLB

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Strategic Risk	Risk ID	Risk	Action Description	Owner	Est Date	Status	Control Comments	Risk Rating (PxI)	Target Rating (PxI)	Committee	Executive Board
7	FCS011	Fraud Detection	Complete actions associated with Procurement strategy relating to Fraud	Head of Finance and Procurement	30/06/2022	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 (3 x 3)	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/Head of Portfolio Office	31/03/2023	Amber - 10%	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 (3 x 3)	ARAC	GGB
7	FCS006	Financial Planning and Controls	Scrutiny of exceptions adopted during the global pandemic to ensure financial controls are maintained	Head of Finance and Procurement	31/03/2023	Green - 70%	Verification continue to review governance arrangements in place with further reviews to be undertaken throughout 2022/23.	8 (2 x 4)	8 (2 x 4)	ARAC	GGB

Strategic Risk	Risk ID	Risk	Action Description	Owner	Est Date	Status	Control Comments	Risk Rating (PxI)	Target Rating (PxI)	Committee	Executive Board
7	FCS006	Financial Planning and Controls	Improve finance system capability after move to cloud	Head of Finance and Procurement	31/03/2023	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 September 22 - further developments will continue into this new financial year as part of the normal workplan.	8 (2 x 4)	8 (2 x 4)	ARAC	GGB

Directorate Closed Control Summary   Appendix 1d

Risk ID	Risk Description	Control Description	Control Owner	Control Comments
FCS002	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.	Provide Operations with technical advice and expertise to enable the development of a new Operational Deployment Strategy	Head of Asset Management	Operational Strategy is now complete.
FCS002	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.	Develop Stakeholder Engagement Strategy	Head of Asset Management	Stakeholder engagement model used for the Strategic Asset Management Plan (SAMP) for Fleet, will be deployed for the Property and Equipment SAMPs.
FCS006	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.	Improve HR/Payroll system capability	Head of Finance & Procurement	Further incremental improvements and substantial roll out of ESS continues with final roll out to all employees by end of Q4. Roll out for ESS at 100% as completed for identified areas. Analytical tool within Power BI developed and now being tested

Risk ID	Risk Description	Control Description	Control Owner	Control Comments
FCS005	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.	Identify additional funding opportunities to achieve environmental and carbon reduction targets	Head of Finance and Procurement	Funding for Financial Year 22/23 agreed and obtained from SG. Future years funding remains uncertain, however Spring Budget Review ill bring more clarity possibly until Financial Year 24/25. Financial year 21/22 now complete but work continues regarding securing funding for carbon reduction targets with current Grant requests in progress for Â£1.6m with future amounts to be determined.
FCS006	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.	Review and scrutinise major projects for time, cost and quality as required by the Strategic Change and Major Projects Committee	Head of Finance and Procurement	This is an ongoing annual task for Finance Business Partners to review and provide assurance to SMB . This is 100% complete for financial year 21/22 but task continues as BAU into future financial years. Engagement ongoing with the Portfolio Office to support enhancement of processes but current process continues.
FCS006	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.	Resource the development of business case for PTFA from a financial perspective	Head of Finance and Procurement	Capital Business Case approved and funding allocated for financial year 22/23

Risk ID	Risk Description	Control Description	Control Owner	Control Comments
FCS011	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.	Recruit additional resources to undertake a review of financial transactions, completed during 2020/21, providing reassurance that fraud risk is being appropriately managed.	Head of Finance and Procurement	Fraud, Risk and Compliance Officer now recruited. Anti-Fraud and Corruption Policy published and Fraud Risk Assessment being undertaken as part of Annual Governance Process. Work will continue to mature framework through BAU.
SD012	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.	Undertake a strategic review of prevention and protection structures and delivery to ensure they remain sustainable, support partnership working and meet legislative requirements.	Deputy Head of P&P – Prevention Portfolio Manager	Additional staff resources have been secured for CSE. These include 15 Community Safety Advocates and a Deputy Head of P&P (Prevention Portfolio). A Partnership Review is being undertaken by AC Pryde which will identify good practice and any areas which SFRS can strengthen. The overall risk has now been closed due to increase staffing capacity and any outstanding work will be carried forward as BAU
SD012	There is a risk that the SFRS cannot successfully engage with partners, communities and other stakeholders leading 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.	Incorporate Community Risk Index into CSE planning (Dependant on Service Delivery Model Programme timescale)	Deputy Head of P&P – Prevention Portfolio Manager	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. "

Risk ID	Risk Description	Control Description	Control Owner	Control Comments
SPPC003	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.	Review and improve the SFRS Corporate Governance Framework.	Head of Corporate Governance	Corporate Governance Framework has been approved by SFRS Board
SPPC004	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	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	This is a BAU activity but requires ongoing monitoring and review to minimise/manage risk to Service. Managed through the Information Governance Group.
SPPC005	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.	Delivery of the Business Intelligence Strategy and relevant milestones	Head of Corporate Governance	Majority complete for year 1 of BI strategy but controls continue as is for year 2 so percentage complete reverts to 0% - Possible Merge with 2
SPPC007	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.	Development and implementation of a Communications Strategy Action Plan (Phase 1)	Head of Communications and Engagement	Strategy completed with key actions identified. Document now progressing through governance approval process
SPPC012	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	Develop Organisational Security Plan	Head of Corporate Governance	Action now complete.

Directorate Closed Risk Summary   Appendix 1e

Risk ID	Risk Name	Risk Description	Closure Reason	Risk Owner	Committee	Executive Board
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 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.	There has been an increase in the number of CSE staff to support SFRS's ability to undertake and increase partnership activity. A further structure review is currently underway within the function to support this.	Head of Prevention and Protection	ARAC	SMB
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.	The review and enhancement of the work plan to implement the preferred option including strategy for resourcing sub-groups has been completed and will underpin the implementation plan. This work has reduced the residual risk to match the target.	Head of Prevention and Protection	SDC	SMB
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.	This risk has been transferred to the Service Development Risk Register.	Head of Communication and Engagement	ARAC	GGB

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Risk ID	Risk Name	Risk Description	Closure Reason	Risk Owner	Committee	Executive Board
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.	The risk stemming from the impact of COVID -19 on staffing resources has reduced at present. This may change should a new variant arise or a significant change in Scottish Government direction occur. (Risk Rating Reduced 9-4)	Head of Health and Safety and Assurance	PC	NSAB

Directorate Risk Rating Change Summary   Appendix 1f

Risk ID	Risk Name	Summary	Risk Owner	Change Reason	Risk Rating (PxI)	Initial Risk Rating (PxI)	Committee	Executive Board
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	Probability Increased; Probability score increased from 3 - 4 to reflect the current market conditions and challenges experienced around pay and ability to onboard quickly when recruiting to vacancies	16 (4 x 4)	12 (3 x 4)	PC	PB
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	Probability Decreased; Reducing probability from 3 - 2 given the progress made in recruiting staff to the team.	10 (2 x 5)	15 (3 x 5)	PC	PB
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	Impact Decreased; With recent conclusion of ET cases bringing this to a small number, along with introduction of revised Dignity and Respect policy propose this risk impact is reduced from 5 - 3	9 (3 x 3)	15 (3 x 5)	PC	PB

Risk ID	Risk Name	Summary	Risk Owner	Change Reason	Risk Rating (PxI)	Initial Risk Rating (PxI)	Committee	Executive Board
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	Probability Decreased; Service Delivery have completed initial control measures and following discussion at DMT agreed to reduce the probability of the risk occurring from 4 to 3.	15 (3 x 5)	20 (4 x 5)	SDC	SMB
SDD001	Delivery of Directorate Commitments	There is a risk that the Directorate is unable to deliver against stated commitments and ambitions, due to limited resources and capacity at a time where the Directorate is still developing and maturing and responding to concurrent events. This could result in a lack of clarity and direction for Directorate members impeding the Directorates ability work effectively and efficiently impacting on the support and delivery performance as a Directorate across the wider SFRS	Director of Service Development	Probability Increased; Ongoing challenges exist in relation to the recruitment and funding of posts across all three functional areas of ICT, SDMP and Portfolio Office. (Risk Probability increased from 4-5)	20 (5 x 4)	16 (4 x 4)	CC	SMB
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 Office	Probability Increased; This risk is more appropriately aligned to Improved Performance. Probability increased due to ongoing challenges in relation to the recruitment of posts. (Risk Probability increased from 2-4)	16 (4 x 4)	8 (2 x 4)	CC	SMB

Risk ID	Risk Name	Summary	Risk Owner	Change Reason	Risk Rating (PxI)	Initial Risk Rating (PxI)	Committee	Executive Board
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 Office	Probability Increased; Due to Service needs, the Strategic Manager leading this area of work has been moved to the Staffing Solutions Team. (Risk Probability increased from 3-5)	15 (5 x 3)	9 (3 x 3)	CC	SMB
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	Probability Increased; Following discussion at DMT the risk probability is assessed as rising - consideration to be given to merging with risk SPPC005. (Risk Probability Increased from 2 to 3)	12 (3 x 4)	8 (2 x 4)	SDC	GGB
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	Probability Increased; Following discussion at DMT the risk probability is assessed as rising - consideration to be given to merging with risk SPPC001. (Risk Probability Increased from 3 to 4)	16 (4 x 4)	12 (3 x 4)	ARAC	GGB

Risk ID	Risk Name	Summary	Risk Owner	Change Reason	Risk Rating (PxI)	Initial Risk Rating (PxI)	Committee	Executive Board
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	BOTH Decreased; Risk rating lowered from previous rating of 20 to 12 due to the reduction in social distancing protocols to 1m plus.	12 (4 x 3)	20 (5 x 4)	PC	PB
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	Impact Decreased; The risk has reduced in both Risk Rating and Target as the first interactive learning module based on the Albert Drive investigation has been issued. In addition to this than Organisational Learning Group has been established to facilitate the completion of actions stemming from internal and external learning sources.	6 (3 x 2)	12 (3 x 4)	PC	NSAB

Risk ID	Risk Name	Summary	Risk Owner	Change Reason	Risk Rating (PxI)	Initial Risk Rating (PxI)	Committee	Executive Board
TSA009	Health and Safety Legislation	There is a risk of SFRS not being able to demonstrate legislative compliance due to ongoing delay with the development of the SFRS bespoke health and safety management system (HSMS), Think, Act, Stay safe (TASS). 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	Probability Increased; Due to continued challenges within ICT with regard recruiting staff and resourcing this project, timescales continue to slip and therefore probability has increased 4-5.	15

(5 x 3) | 12

(4 x 3) | PC | NSAB |

New Directorate Risks

Appendix 1g

SR ID	Strategic Risk	Risk ID	Risk Description	Risk Owner	Current Risk Rating (PxI)	Target Risk Rating (PxI)	Committee	Executive Board
3	Collaborate with Partners	SDD010	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. (This risk has been transferred from SPPC and Controls are being identified for inclusion within Q2 update)	Head of Service Development	12 (3x4)	8 (2x4)	ARAC	GGB
5	Skilled, trained and motivated staff	TSA010	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 impact of pension changes within uniformed staff retirement and the current job market and loss of continued funding for HS staff.

This could result in criminal /civil litigation and associated financial and reputational costs adverse scrutiny whether internal or external, impact on the wellbeing of staff | Head of Safety and Assurance | 12 (4x3) | 4 (2x2) | PC | NSAB |
| 8 | Improve performance | SDD009 | There is a risk of the Directorate being unable to embed Strategic Change capabilities across the SFRS as a result of organisational constraints that limit critical resource capacity and capability both within the Portfolio Office and across SFRS functions, which includes the necessity to further develop and build the skills and competencies that are required of a Strategic Change function. This could result in a number of consequences for SFRS which would include our ability to deliver change on time and within budget and to quality standards | Head of Portfolio Office | 15 (5x3) | 6 (3x2) | CC | SMB |

New Directorate Controls Summary

Appendix 1h

Control Description	Risk ID	Risk Name	Risk Description	Committee	Executive Board	Control Owner	Performance	Control Comments
Assist Operational colleagues with the implementation of the Operational Strategy	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.	ARAC	AMLB	Acting Director - Asset Management	Green 5%	Meeting with Operational colleagues to be arranged to assist with this control measure.
Implement the improvement actions contained within the Strategic Asset Management Plan for Fleet	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.	ARAC	AMLB	Acting Director - Asset Management	Green 5%	Planning meeting has taken place to discuss how best to implement the improvement actions

Control Description	Risk ID	Risk Name	Risk Description	Committee	Executive Board	Control Owner	Performance	Control Comments
Secure additional grant funding for energy and carbon Management 22/23	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.	ARAC	GGB	Head of Finance and Procurement	Green 10%	Funding secured for financial year 22/23 Resource and Capital Budgets with continual funding being agreed for energy and carbon management with £1.6m already in progress of Grant application
Secure additional funding for PTFA 23/24	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.	ARAC	GGB	Head of Finance and Procurement	Green 10%	Funding secured for financial year 22/23 under Capital Funding with work ongoing to secure funding for future financial years.

Control Description	Risk ID	Risk Name	Risk Description	Committee	Executive Board	Control Owner	Performance	Control Comments
Procurement process for moving external legal support onto a framework is being progressed with a user group formed between Legal and Procurement. Framework exercise underway	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.	ARAC	GGB	Head of Corporate Governance	Red 0%	Use group formed between Legal and Procurement. Framework Timeframe identified. Framework exercise underway. Framework Exercise Complete
Adhere to Good Governance Framework. Implement findings of Annual Governance Review. Implement Assurance Mapping. Conduct Annual Governance Reviews. Produce Annual Governance Statement	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.	ARAC	GGB	Head of Corporate Governance	Green 0%	Delivery of objectives contained within the Governance, Strategy and Performance Workplan

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Control Description	Risk ID	Risk Name	Risk Description	Committee	Executive Board	Control Owner	Performance	Control Comments
Regular monitoring and review of framework, managing FOI and other information requests, to ensure ownership and awareness retained throughout the Service.	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	ARAC	GGB	Head of Communication and Engagement	Green 0%	Delivery of objectives contained within the Corporate Communications Workplan. Ongoing monitoring and managed through the Information Governance Group.
Implement the recommendations of the Business Intelligence review.	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.	ARAC	GGB	Head of Corporate Governance	Green 0%	Delivery of objectives contained within the Governance, Strategy and Performance Workplan
Implementation of Communications Strategy Action Plan (Phase 1)	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.	ARAC	GGB	Head of Communication and Engagement	Green 0%	Delivery of objectives contained within the Corporate Communications Workplan

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Control Description	Risk ID	Risk Name	Risk Description	Committee	Executive Board	Control Owner	Performance	Control Comments
SFRS demonstrate corporate and social responsibility through all SFRS reporting and publish the SFRS Sustainable Development Framework.	SPPC008	Corporate Social Responsibility	There is the risk that the Service 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.	ARAC	GGB	Head of Corporate Governance	Amber 90%	Sustainable Development Framework delayed to June GGB
Deliver the Organisational Security Plan and range of requirements and actions.	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	ARAC	GGB	Head of Corporate Governance	Green 0%	Delivery of objectives contained within the Governance, Strategy and Performance Workplan
Ongoing Partnership working oversight through the Partnership Working Group and regular reporting to GGB. Annual Reporting through the SFRS Working in Partnership Report and Annual Performance Review	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.	ARAC	GGB	Head of Corporate Governance	Green 0%	Delivery of objectives contained within the Governance, Strategy and Performance Workplan

SCOTTISH FIRE AND RESCUE SERVICE
Audit and Risk Assurance Committee

Report No: C/ARAC/30-22

Agenda Item: 14

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE
Meeting Date:	28 JUNE 2022
Report Title:	NATIONAL FRAUD INITIATIVE EXERCISE 2020-21

Report Classification:	For Information Only	Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to Board Standing Order 9						
		A	B	C	D	E	F	G

1	Purpose
1.1	The purpose of this report is to provide the Audit and Risk Committee (ARAC) with an update on the outcome of the National Fraud Initiative (NFI) Exercise 2020/21

2	Background
2.1	The NFI in Scotland is a counter fraud exercise carried out every 2 years. Audit Scotland lead the exercise in Scotland with oversight by the Cabinet Office. The NFI helps detect fraud, overpayments and error and helps external auditors assess the arrangements that public bodies have put in place to deal with error or fraud.
2.2	The NFI works by using data matching to compare a range of information held on 1200 participating bodies' systems, identifying potential inconsistences or circumstances that could indicate fraud or error. A match does not automatically mean that there is a fraud or error and investigations are required to enable the correct conclusion to be drawn for each match.
2.3	The Senior Responsible Officer for the exercise is the Acting Director of Finance and Procurement with the Assistant Verification & Risk Officer acting as the Key Contact. The match investigations are carried out by nominated personnel from the Verification Team with the Assistant Verification & Risk Officer managing access to the NFI system, monitoring progress and escalating any match required for further investigation.

3	Main Report/Detail
3.1	The latest exercise commenced in September 2020 with Scottish Fire and Rescue Services (SFRS) providing datasets for payroll and trade creditors as per the prescribed timetable and guidance issued by Audit Scotland. These datasets were then matched between the participating bodies.
3.2	Audit Scotland released a total of 1055 matches between January and May 2021. SFRS will investigate all matches prioritising those of high risk, of which there were 3 identified within Payroll.
3.3	To date, 1041 (99%) matches have been investigated and closed, with no issue of fraud identified within this current exercise.

3.4	The information outlined below provides a summary on the match investigations undertaken: • Trade creditors identified one error which was the result of a duplicate invoice being paid to a total value of £2,945.64. A process of recovery was established and all monies were fully recovered. • Creditor matches identified 5 matches which were caused by misspelt names or incorrect addresses. All areas have now been rectified. • Company House matches, identified 22 potential conflicts of interest, where individuals work for SFRS at the same time as having an interest in a third-party organisation providing a service to SFRS. Investigation identified no risk which could impact the decision making of any individual and guidance was issued to individuals where appropriate. • Payroll matches identified a total of 137 areas where employees were identified within the payroll of two or more participating organisations. To date 123 matches have been completed with 14 outstanding. Nine matches relate to external bodies such as Councils, Police Scotland and Colleges. Information has been requested but no response received with outstanding queries carried forward into the new exercise. The remaining 5 matches have been referred to HR for further investigation with the outcomes of these investigations still to be received.
3.5	Preparations for the next exercise has started with new data matches expected from the Cabinet Office in January 2023.

4	**Recommendation**
4.1	The Audit & Risk Committee are asked to note the content of the report

5	**Core Brief**
5.1	Not applicable

6	**Appendices/Further Reading**
6.1	None

7	**Key Strategic Implications**	
7.1	**Key Strategic Implications Considered and those Identified Added Appropriately to Main Report/Detail** (Section 3. Above)	**Yes**

Prepared by:	Assistant Risk and Verification Officer
Sponsored by:	John Thomson, Acting Director for Finance & Procurement
Presented by:	David Johnston, Risk and Audit Manager

Links to Strategy and Corporate Values

The NFI exercise forms part of the Services Governance arrangements and links back to Outcome 4 of the 2019-22 Strategic Plan, specifically Objective 4.2.
• Outcome 4: We are fully accountable and maximise our public value by delivering a high quality, sustainable fire and rescue service for Scotland.
• Objectives 4.2: We will minimise the risks we face through effective business management and high levels of compliance with all our responsibilities.

Governance Route for Report	**Meeting Date**	**Report Classification/ Comments**
Audit and Risk Assurance Committee	*28 June 2022*	*For Information*

SCOTTISH FIRE AND RESCUE SERVICE
Audit and Risk Assurance Committee

Report No: C/ARAC/31-22

Agenda Item: 15

Report to:	**AUDIT AND RISK ASSURANCE COMMITTEE**						
Meeting Date:	**28 JUNE 2022**						
Report Title:	**QUARTERLY UPDATE OF GIFTS, HOSPITALITY & INTERESTS REGISTER**						
Report Classification:	**For Information Only**	**Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to Board Standing Order 9**					
		A	B	C	D	E	F	G

1	**Purpose**
1.1	The purpose of this report is to provide the Audit and Risk Assurance Committee (ARAC) with the 2021/22 Quarter 4 (Q4) and the 2022/23 Q1 updates on the Gifts, Hospitality and Interests Register.

2	**Background**
2.1	The Scottish Fire and Rescue Services (SFRS) Gifts, Hospitality and Interests policy establishes a formal and consistent approach in relation to the offer, refusal and acceptance of gifts and hospitality and ensures that conflicts of interest are identified and avoided where possible.
2.2	The policy reflects the general underlying principle that SFRS will operate in an open and transparent manner and aims to ensure that the conduct of all staff is impartial, honest and beyond reproach at all times, ensuring that SFRS suffers no reputational damage
2.3	As part of the policy the Director of Finance and Contractual Services will publish a register of Gifts, Hospitality and Interests with a value in excess of £50 submitting a report on a quarterly basis to the Audit and Risk Assurance Committee (ARAC) and Corporate Assurance Board (CAB) for noting. The Risk and Audit Section will be responsible for managing any relevant information.

3	**Main Report/Detail**
3.1	The Gifts, Hospitality and Interests register for 2021/22, as at the end of Q4, identifies 5 entries, with further information identified within Appendix A to this report.
3.2	A separate gift declaration, under the £50 threshold, was made in relation to a monetary donation, with the money donated to the Fire Fighters Charity.
3.3	In relation to 2022/23 no declarations have been received during the first quarter.
3.4	Awareness and ownership in relation to the accepting and declaring of any gifts, hospitality and interests is undertaken through articles within iHub, SFRS News and directly through management meetings. The register is also informed and updated through the National Fraud Initiative (NFI), where potential matches are identified.

3.5	Following the publication of the GHI policy the opportunity to raise awareness and ownership of responsibilities continues to be progressed. Work on the development of a Gifts, Hospitality and Interests LCMS package was anticipated to be undertaken during quarter one. This has been delayed and work will now be undertaken before the end of quarter 2. Where this is not possible an alternative means of publishing information within LCMS will be identified.

4	**Recommendation**
4.1	The report is provided to the Audit & Risk Assurance Committee for information purposes.

5	**Core Brief**
5.1	Not applicable

6	**Appendices/Further Reading**
6.1	Appendix A – 2021/22 SFRS Gifts, Hospitality and Interests Register

7	**Key Strategic Implications**	
7.1	**Key Strategic Implications Considered and those Identified Added Appropriately to Main Report/Detail** (Section 3. Above)	**Yes**

Prepared by:	Hazel Buttery, Fraud, Risk and Compliance Officer
Sponsored by:	John Thomson, Acting Director of Finance and Procurement
Presented by:	David Johnston, Risk and Audit Manager

Links to Strategy and Corporate Values
The Internal Audit Plan forms part of the Services Governance arrangements and links back to Outcome 4 of the 2019-22 Strategic Plan, specifically Objective 4.2. • Outcome 4: We are fully accountable and maximise our public value by delivering a high quality, sustainable fire and rescue service for Scotland. • Objectives 4.2: We will minimise the risks we face through effective business management and high levels of compliance with all our responsibilities.

Governance Route for Report	**Meeting Date**	**Report Classification/ Comments**
Audit and Risk Assurance Committee	*28 June 2022*	*For Information*

Date	Employee Name	Employee Position	Details of Gift / Hospitality (G/H) & Interest	G/H or Interest	Estimated Value	From (Organisation offering)	Exceptional Circumstances	Any other Organisation involved	Accepted / declined	Comments
21/04/2021	Andy Watt	Head of Function	Wife working with SFRS insurers Zurich Municipal	Interest	Unknown	Zurich Municipal	N/A	Zurich Municipal	N/A	
03/05/2021	Chris Casely	Retained	RDS member who is owner/senior partner of Vidacomm Services used for antenna services	Interest	Unknown	Vidacomm Services	N/A	Vidacomm Services	N/A	Identified during the supplier creation request process
22/06/2021	Val Roberts	Retained	Director of a company who are contracted to SFRS for machining work	Interest	Unknown	Daval Machining Services Ltd	N/A	Daval Machining Services Ltd	N/A	Identified within NFI exercise
17/12/2021	David Rennie (Cowcaddens FS)	CC	Hot meals from Arta venue after cancellation of a paid party night	G/H	£550	Arta / Iain Morris (SLT)	N/A	Arta / Iain Morris (SLT)	Accepted	Finance & Procurement paid for a party night which was cancelled due to Covid. Meals were non-refundable & venue refused to donate to homeless. Meals were collected & donated to two local stations
14/01/2022	John MacKenzie	Retained	Operates as Director of garage providing services & MOTs to SFRS	Interest	Unknown	Highland Motors Ltd	N/A	Highland Motors Ltd	N/A	Identified within NFI exercise

HM Fire Service Inspectorate

Report to:	**SCOTTISH FIRE AND RESCUE SERVICE**
	AUDIT AND RISK ASSURANCE COMMITTEE
Date:	**28 June 2022**
Report By:	**HM Fire Service Inspectorate**

Subject:	**Annual Update Report on HMFSI business**

1.   PURPOSE

The purpose of this report is to provide the Audit and Risk Assurance Committee (ARAC) with an update on HM Fire Service Inspectorate's (HMFSI) inspection and reporting activity for 2021-22. The report will also provide an update with regard to inspection work underway or planned for 2022-23.

2.   RECOMMENDATIONS

That the Committee notes the update from HMFSI.

3.   ACTIVITY AND PROGRESS

During 2021-22 HMFSI concluded 2 Local Area Inspections (LAI's) together with one Thematic Review.

In addition, during the reporting period 2021-22, there has been one Review requested by Scottish Government which has been undertaken and concluded. This is detailed further within the Report.

3.1   Local Area Inspections (LAI): Work Update

As part of our Inspection Programme for 2021-22 we concluded the inspections of Argyle & Bute (published December 2021) and Angus (published March 2022).

3.2   Service Delivery Area Inspection

As the Committee is aware HMFSI intends to 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. HMFSI is currently in the planning and data collection stage to inspect the East SDA. In line with our commitment to engage and consult with SFRS throughout the development of this approach, we attended the East SDA Management Team meeting to provide an update to DACO Stewart Nicholson and his LSOs with regard to our planned approach.

We currently expect to publish a report in March 2023.

3.3   Thematic Inspection Work

During 2021-22 HMFSI completed the following Thematic Inspection.

The Inspection of 'Management of Health and Safety: An Operational Focus' was laid in Parliament in April 2022. The Report contained 8 Recommendations and 25 Areas for Consideration and 9 Areas of Good practice for SFRS to consider.

3.4   Additional Fact Finding Inspection

HMFSI conducted an inspection of the appropriateness of steps taken by the SFRS in preparing for the United Nations Framework Convention on Climate Change (UNFCCC) 26th Conference of the Parties (COP26). When we commenced the inspection, we knew that our report would not contain recommendations. This was partly due to the timing of the event and an appreciation that it would be difficult for the SFRS to respond to any recommendation prior to the conference taking place. Instead we conducted the inspection in a way that allowed for discussion with the Service, ensuring any issues identified could be addressed at the time rather than awaiting publication of this report. The report was published in October 2021 and concluded that, at that point, the SFRS had adequately planned and prepared for the COP26 Conference.

3.5   The following Thematic Inspections are currently underway or are about to commence:

3.6   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.

The fieldwork has almost concluded and we are drafting the report. We anticipate that the report will be laid in Parliament in July 2022.

3.7   Climate Change – Impact on Operational Activity

The number and scale of incidents that can be categorised as 'weather related' is increasing in volume, severity and impact. Climate Change, and the impact these incidents are having on the SFRS emergency response profile, is already recognised by the Service.

The outline for this inspection has been produced and was consulted upon. HMFSI will continue to take forward this inspection in liaison with the Service.

The aim of the inspection is to assess the effectiveness, efficiency and preparedness of the Service and alignment to SG policies.

We will consider how the Service:

- Works with partners to; plan, predict and respond to different CC/weather related events.
- Provides information and advice to communities.
- Shares data and other relevant information to identify vulnerable people and infrastructure.
- Agrees priorities and tactics with partner agencies.
- Trains and exercises with partners at local and national level.
- Upskills and equips staff to deal with future incidents.
- Ensures physical resources are in place to meet identified current and future needs.
- Creates organisational resilience.

We currently expect to publish a report of our findings in March 2023.

4. Appointments into the HMFSI

We are currently undergoing a recruitment process for the post of an Assistant Inspector. Once the recruitment has concluded we will update the Committee further.

5. Secondees

In addition to its permanent members of staff, the Chief Inspector would like to place on record our appreciation of SFRS in agreeing to the release of managers into the Inspectorate on secondment when the occasions arise. Their contribution within HMFSI is of great assistance to the work we undertake, and I am sure their experience gained within the Inspectorate not only benefits the individuals but also enriches both organisations. We are in the process of finalising the latest secondment and will update the Committee on this in due course.

HM Chief Inspector Robert Scott QFSM

Date: 13 June 2022

AUDIT AND RISK ASSURANCE COMMITTEE – ROLLING FORWARD PLAN

Agenda Item 18.1

	STANDING ITEMS	FOR INFORMATION ONLY	FOR SCRUTINY	FOR RECOMMENDATION	FOR DECISION
13 OCTOBER 2022	**ANNUAL PRIVATE MEETING WITH EXTERNAL AUDIT**				

	• Chair's Welcome
	• Apologies
	• Consideration of and Decision on any Items to be taken in Private
	• Declaration of Interests
	• Minutes of Previous Meeting
	• Action Log
	• Internal Controls Updates
	  - Strategic Risk Register
	  - Anti Fraud and Whistleblowing
	• Gifts and Hospitality – Quarterly Update
	• Review of Actions
	• Forward Planning: Committee Forward Plan and Items to be considered at future IGF, Board and Strategy Days
	• Date of Next Meeting
		• HMFSI Quarterly Report	**Internal Audit**
			• Internal Audit Progress Report 2022/23
			• Progress Update – Internal Audit Recommendations
			• Final reports:
			  - Programme Office
			
			• Independent Audit/ Inspection Action Plan Update
			
			External Audit
			• Wider Scope and Other External Audit Actions (JT)
				• SFRS Draft Annual Report and Accounts 2021/22 (Private)
				
				External Audit
				• Private Session – Annual Report to Members and Auditor General for Scotland	

19 JANUARY 2023	• Chair's Welcome • Apologies • Consideration of and Decision on any Items to be taken in Private • Declaration of Interests • Minutes of Previous Meeting • Action Log • Internal Controls Updates - Strategic Risk Register	• HMFSI Quarterly Report	**Internal Audit** • Internal Audit Progress Report 2022/23 • Progress Update – Internal Audit Recommendations **External Audit** • External Audit – 2022/23 Audit Plan Progress Report • Wider Scope and Other		

AUDIT AND RISK ASSURANCE COMMITTEE – ROLLING FORWARD PLAN

	STANDING ITEMS	FOR INFORMATION ONLY	FOR SCRUTINY	FOR RECOMMENDATION	FOR DECISION
	- Anti Fraud and Whistleblowing • Gifts and Hospitality – Quarterly Update • Review of Actions • Forward Planning: Committee Forward Plan and Items to be considered at future IGF, Board and Strategy Days • Date of Next Meeting		External Audit Actions (JT) • Independent Audit/ Inspection Action Plan Update		
30 March 2023	• Chair's Welcome • Apologies • Consideration of and Decision on any Items to be taken in Private • Declaration of Interests • Minutes of Previous Meeting • Action Log • Internal Controls Updates - Strategic Risk Register - Anti Fraud and Whistleblowing • Gifts and Hospitality – Quarterly Update • Review of Actions • Forward Planning: Committee Forward Plan and Items to be considered at future IGF, Board and Strategy Days • Date of Next Meeting	• HMFSI Quarterly Report	**Internal Audit** • Internal Audit Progress Report 2022/23 • Internal Audit – Annual Assurance Statement 2022/23 • Progress Update – Internal Audit Recommendations **External Audit** • Wider Scope and Other External Audit Actions (JT) • Arrangements for Preparing the AGS 2022/23 • Independent Audit/ Inspection Action Plan Update	**Internal Audit** • Draft Internal Audit Plan 2023/24 **External Audit** • External Audit – The Audit Plan 2022/23	• Accounting Policies