



**SCOTTISH**  
**FIRE AND RESCUE SERVICE**

Working together for a safer Scotland

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

**TUESDAY 27 JUNE 2023 @ 1000 HRS**

**BRAIDWOOD SUITE, SCOTTISH FIRE AND RESCUE SERVICE HEADQUARTERS,  
WESTBURN DRIVE, CAMBUSLANG, G72 7NA / CONFERENCE FACILITIES**

**AGENDA**

**1 CHAIR'S WELCOME**

**2 APOLOGIES FOR ABSENCE**

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

**4 DECLARATION OF INTERESTS**

*Members should declare any financial and non-financial interest they have in the items of business for consideration, identifying the relevant agenda item, and the nature of their interest.*

**5 MINUTES OF PREVIOUS MEETINGS: THURSDAY 6 APRIL 2023**

*(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 2022/23 TO THE  
ACCOUNTABLE OFFICER AND BOARD *(attached)***

*B Baverstock*

*The Committee is asked to approve this report.*

OFFICIAL

**8 INTERNAL CONTROLS UPDATE**

- |     |  |            |
|-----|--|------------|
| 8.1 | Risk Report Update ( <i>attached</i> )                         | D Johnston |
| 8.2 | Risk Spotlight: FSC014 (Fleet & Equipment) ( <i>attached</i> ) | I Bashir   |
| 8.3 | Anti-fraud and Whistleblowing ( <i>verbal</i> )                | J Thomson  |

*The Committee is asked to scrutinise these reports.*

**9 INTERNAL AUDIT**

- |     |  |        |
|-----|--|--------|
| 9.1 | Internal Audit Progress Report 2023/24 ( <i>attached</i> )   | Azets  |
|     | - Final Report Sickness Absence Management ( <i>attached</i> )   | L Gaja |
|     | - Final Report Arrangements for the Internal Assessment and Verification of Scottish Vocational Qualifications ( <i>attached</i> ) | L Gaja |
| 9.2 | Internal Audit Annual Report 2022/23 ( <i>attached</i> )   | Azets  |
| 9.3 | SFRS Internal Audit Feedback Report 2022/23 ( <i>attached</i> )  | Azets  |
| 9.4 | SFRS Progress Update / Management Response ( <i>attached</i> )   | Azets  |

*The Committee is asked to scrutinise these reports.*

**10 AUDIT ACTION PLANS AND CLOSING REPORTS UPDATE (*attached*)** M McAteer

*The Committee is asked to scrutinise this report.*

**11 EXTERNAL AUDIT**

- |      |   |           |
|------|---|-----------|
| 11.1 | Audit Dimensions and Best Value Report and Annual Reports 2021/22 ( <i>attached</i> ) | J Thomson |
|------|---|-----------|

*The Committee is asked to scrutinise this report.*

**12 NATIONAL FRAUD INITIATIVE (*attached*)** J Thomson

*The Committee is asked to scrutinise this report.*

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

*The Committee is asked to scrutinise this report.*

**14 ORGANISATIONAL SECURITY UPDATE (*attached*)** R Whetton/  
M Mason

*The Committee is asked to scrutinise this report.*

**15 ANNUAL GOVERNANCE STATEMENT FOR ACCOUNTING PERIOD 2022/23 (*attached*)** M McAteer

*The Committee is asked to scrutinise this report.*

**16 REPORTS FOR INFORMATION ONLY:**

*The Committee is asked to note the following reports:*

- |      |   |       |
|------|---|-------|
| 16.1 | Annual Report on HMFSI Business ( <i>attached</i> ) | HMFSI |
|------|---|-------|

Please note that this meeting will be recorded for minute taking purposes only.  
The recording will be destroyed following final approval of the minutes.

OFFICIAL

- 17    **REVIEW OF ACTIONS**    *Board Support*
- 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 5 October 2023

**PRIVATE SESSION**

- 20    **MINUTES OF PREVIOUS PRIVATE MEETING: THURSDAY 6 APRIL 2023** (*attached*)    *B Baverstock*
- The Committee is asked to approve the minutes of these meetings.*
- 21    **DISCUSSION ON GIFTS, HOSPITALITY AND INTERESTS** (*attached*)    *J Thomson/  
D Johnston*
- The Committee is asked to note the report and verbal update.*

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

**THURSDAY 6 APRIL 2023 @ 1400 HRS**

**BRAIDWOOD SUITE, SCOTTISH FIRE AND RESCUE SERVICE HEADQUARTERS,  
WESTBURN DRIVE, CAMBUSLANG, G72 7NA / CONFERENCE FACILITIES**

**PRESENT:**

Brian Baverstock, Chair (BB)      Lesley Bloomer, Deputy Chair (LBI)  
Malcolm Payton (MP)              Tim Wright (TW)  
Mhairi Wylie (MW)

**IN ATTENDANCE:**

Ross Haggart (RH)                      Chief Officer  
John Thomson (JT)                      Acting Director of Finance and Procurement  
Liz Barnes (LBa)                        Interim Deputy Chief Officer, Corporate Services  
Lynne McGeough (LMcG)              Acting Head of Finance and Procurement  
David Johnston (DJ)                    Risk and Audit Manager  
Gillian Callaghan (GC)                Internal Audit (Azets)  
Michael Oliphant (MO)                External Audit (Audit Scotland)  
Ann MacDonald (AMac)                External Audit (Audit Scotland)  
Graeme Fraser (GF)                    HMFSI  
Kirsty Darwent (KD)                    Chair of the Board  
Richard Whetton (RW)                Head of Governance, Strategy and Performance  
Ijaz Bashir (IB)                        Asset Governance and Performance Manager  
Kevin Murphy (KM)                    Group Commander, Board Support Manager  
Heather Greig (HG)                    Board Support Executive Officer  
Kimberley Gogarty (KG)                Corporate Admin/Minutes

**OBSERVERS:**

Adebayo Ladejobi, External Audit (Audit Scotland)  
Karen Horrocks, Assistant Verification Team Officer

**1 CHAIR'S WELCOME**

- 1.1 The Chair opened the meeting and welcomed those present, in particular Michael Oliphant and Ann MacDonald from Audit Scotland to their first meeting as External Auditors, and to those participating via conference facilities.
- 1.2 Those participating via MS Teams were reminded to raise their hands, in accordance with the remote meeting protocol, should they wish to ask a question. The meeting would be recorded for minute taking purposes only.

**2 APOLOGIES**

- 2.1 Stuart Stevens, Deputy Chief Officer  
Mark McAteer, Director of Strategic Planning, Performance and Communications  
Gary Devlin, Internal Audit (Azets)  
Robert Scott, HMFSI

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

- 3.1 The Committee discussed and agreed that Item 18 (*Redressement Judiciaire of Systel – SFRS Claim for Losses*) and Item 19 (*Cyber Security Update – April 2023*) would be heard in private session due to matters relating to legal proceedings and matters considered of a confidential nature in line with Standing Orders Item 9D and Item 9G, respectively.
- 3.2 No further items were identified.

**4 DECLARATION OF INTERESTS**

- 4.1 None.

**5 MINUTES OF PREVIOUS PUBLIC MEETING:**

**5.1 Thursday 19 January 2023**

- 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 19 January 2023 were approved as a true record of the meeting.**

**6 ACTION LOG**

- 6.1 The Committee considered the action log, noted the updates and agreed the closure of actions.

Item 10.1.4: SFRS Internal Audit Annual Report 2021/22

The Committee expressed its concern that having asked for more detail on the KPI relating to auditee feedback at its June 2022 meeting, this was still not being provided. The Committee sought, and was provided with, assurance that this information would be provided in future, starting with the June 2023 meeting. The Committee also asked to see an analysis of all the feedback received during the year 2022/23 at its next meeting.

Item 7.1.13 – SFRS Internal Audit Progress Report 2022/23 - Final Report Corporate Performance Management

It was highlighted that more specific information was still needed in relation to key data weaknesses and which KPI's were affected and what action was being taken to rectify these. RW referred to the detailed overview of different data sets and progress made which was provided at a recent Strategy Day. A written report covering the points discussed would be provided prior to the next ARAC meeting. Assurance was given that a Data Quality Framework was currently being produced which would address some of these specific issues. It was agreed that this action would remain open until further information was received and the Committee were satisfied.

Item 11.4 – Quarterly Update of Gifts, Hospitality and Interests Register

Assurance was given that the values of interests are recorded and a factor in the follow-up review of the potential conflict. The Committee was content for this item to be removed from the Action Log.

- 6.2 **The Committee noted the updated Action Log and approved the removal of completed actions, subject to the comments above.**

## 7 INTERNAL AUDIT

### 7.1 SFRS Internal Audit Progress Report 2022/23

7.1.1 GC presented a report to the Committee which summarised the progress on the delivery of the 2022/23 Internal Audit Plan and the following key points were highlighted:

- Majority of audits have been completed and reports finalised. Only outstanding report was Sickness Absence Management. The field work had been completed and it was currently going through the quality assurance process.
- The Workforce Planning (On Call Firefighters) audit would be deferred until 2023/24.
- As requested by the Committee, a section had been added to the progress report on 'Changes to Planned ARAC Meetings' which included the Sickness Absence Management audit being presented to the June ARAC meeting, while the Capital Investment Strategy had been completed ahead of schedule and presented to this ARAC meeting.
- Proposed that the days originally allocated to the 2022/23 audit for Workforce Planning (On Call Firefighters) would be allocated to the SVQ investigation.

7.1.2 With regards the Sickness Absence Management audit and the difficulty identifying who was responsible for maintaining records on sickness, LBa noted the issues identified during the scoping exercise, however, an improved process would be developed as part of the Corporate Services review. JT explained that this would also be highlighted as part of the audit findings with improvement being required around that process.

7.1.3 LBa assured the Committee that absence figures being reported were accurate and the process could be mapped out, however, due to movement of staff, identifying individuals could, at times, prove difficult.

7.1.4 The Committee had previously agreed that the resourcing of the SVQ investigation would be additional to the agreed plan, yet it was now proposed that the days saved on the deferment of Workforce Planning would be allocated to the investigation, a change made without reference to the Committee (or its Chair). JT advised that following discussions with Azets it was agreed that due to challenges they faced around resourcing, the SVQ investigation would be undertaken using the days originally allocated for the Workforce Planning (On Call Firefighters) audit. This would allow the investigation to be progressed at the earliest opportunity and using the resources available. Azets provided assurance that, even with one less than planned review, they would still be in a position to provide an overall opinion on their work for the year 2022/23.

#### 7.1.5 Final Report – Training

7.1.6 GC advised the Committee of the outcome of the audit, noting the following key issues:

- More work needed to develop a cohesive plan with both service delivery and training working together to achieve this.
- Method of delivery – carry out an options appraisal to see if in-house training delivered the best option in terms of delivery and value for money, instead of external training providers.
- Key issue that raised concern was non-compliance rates for mandatory training. Where completion rates fall below target, measures should be put in place to ensure firefighters remain competent and have the skills required to perform their role.
- Approval and implementation of the Training Needs Analysis (TNA) to make the process more localised and quicker to respond to change and operational need for training.
- Demonstrate that any feedback taken is considered in further training and that more feedback is encouraged.

7.1.7 RH emphasised that firefighter safety was the foremost priority with training being a key part of that. It was acknowledged that training required work to progress it to where the Service

would want it to be. However, RH highlighted that the Service was still in a period of recovery from Covid-19, with the pension remedy issues also having directly impacted upon training resources and requirements within the Service.

7.1.8 It was noted that the People Committee (PC) routinely scrutinised training while the focus of ARAC was more of a control and risk perspective. The Service Delivery Committee (SDC) also scrutinised training from an operational perspective.

7.1.9 MW noted that the Service was already aware of many of the issues raised in the report and these were covered at the People Committee workshop in March 2023, noting that the Director of Training, Safety and Assurance was working towards having a continuous program of improvement and development for training.

7.1.10 The Committee questioned the accuracy of the statement in the report – The outcome [firefighters not having training fully up-to-date] may mean that firefighters are not fully trained when deployed....” However, Azets confirmed that the wording of the report had been agreed by Management.

7.1.11 RH commented that the language used internally could be confusing (eg currency and competency sometimes being used interchangeably), however the Training team were developing a Skills Maintenance Framework, a Training Delivery Framework and a Training Infrastructure Dashboard which would provide clarity, particularly between competency and currency. RH acknowledged the seriousness of the situation and confirmed it was a priority for the Service. The Committee requested some urgency around the assurance that only personnel competent for the task were being deployed.

**ACTION: RH**

7.1.12 ARAC recognised the complexities around training and that appropriate scrutiny would continue to be undertaken through the People Committee and/or Service Delivery Committee. BB/MW/TW would have off table discussions to consider how scrutiny of the training report was taken forward, to avoid duplication.

**ACTION: BB/MW/TW**

7.1.13 Final Report – Personal Protective Equipment (PPE)

7.1.14 GC advised the Committee of the outcome of the audit, noting the main areas for improvement:

- How to deliver PPE to retained stations – an issue raised by the Fire Kit investigation.
- POD and Asset Resource Centres need to collaborate and develop protocols for fitting out firefighters with PPE.
- Procedure for the return of kit from leavers as these are unclear and only a limited number of leavers have returned kit.

7.1.15 JT acknowledged his agreement with the above areas and noted that they were included as actions in the Strategic Asset Management Plan (Equipment) that was currently being worked on.

7.1.16 Members noted the importance of ensuring kit was returned on exit from the Service and suggested exit interviews could tie in with that process.

7.1.17 It was noted that a more robust process was required and RH confirmed that work was ongoing and a report detailing the actions to be taken to address the issue would be discussed at SLT around June 2023, and thereafter would be presented at a future ARAC meeting.

7.1.18 Final Report – Capital Investment Strategy

7.1.19 GC advised the Committee of the outcome of the audit, noting the following key points:

- Generally a positive report which identified good practice.
- An advisory recommendation was made to endeavour to apply for additional funding from Scottish Government to try and alleviate the funding shortfall.
- Highlighted two recommendations, these being to be more explicit in relation to the risk based approach with the links to the risk for each asset and the level of risk attached, and also in relation to the being more explicit on the choice between one priority and another.

7.1.20 The advisory recommendation regarding capital funding was welcomed in the report and would be used to reinforce the discussions with Scottish Government regarding increasing capital funding.

7.1.21 With regards to the relationship between capital budget and SDMP and the future configuration of the Service, JT advised that work had been ongoing to gain an understanding of the likelihood of future provision requirements going forward, to ensure investment was not made in an area where it may be decided to do something different at a later date, whilst also recognising that engagement/consultation may be required.

7.1.22 **The Committee scrutinised the progress report and the final reports.**

## **7.2 Progress Update – Internal Audit Recommendations**

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

- In Quarter 4 there were 7 actions completed and 3 in relation to the Fire Kit investigation were now classed as superseded and would be taken forward as part of the PPE Audit.
- Progress had been made in implementing processes to address the issue of unmanned stations in Highland and WIOS LSO areas, however further work was required to make sure it is consistent across the whole country.
- Some progress on the Portfolio Office (PO) actions with evidence of the proposed framework for managing the PO operations which was effective from 1 April 2023. Internal Audit would need to see this in action to verify that the actions are completed.
- ICT actions were ratified by the Head of Cyber Services for Azets.

7.2.2 In relation to the PO actions, RH confirmed that while specific actions were very well progressed there was capacity and capability challenges within the PO. All reasonable measures were being undertaken to address these, however, there was also a real labour market challenge recruiting for the right personnel for the pay grading available.

7.2.3 In terms of the Water Planning Arrangements, the Committee highlighted that the recommendation had been largely met, however, due to the issues with the app this had not been noted as completed. ARAC queried if this could be closed off. JT stated that extensive discussions within Service Delivery had taken place to try and close this recommendation. A report would be submitted to SLT in April 2023 and it was anticipated that this could then be concluded.

7.2.4 The length of time between the last update against Disaster Recovery was highlighted and it was noted that a more up to date position would be anticipated for the next meeting.

7.2.5 Recommendation 5 within the Risk Management report was discussed and an update provided.

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

*(The meeting broke at 1545 hrs and reconvened at 1550 hrs)*



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

8.1 RW presented a report to the Committee providing a closing statement for the Audit Scotland Report 2018 and an update on the Audit and Inspection Overview dashboard, which recorded the majority of action plans as complete and of the remaining live action plans, 2 were reporting green status and one was progressing towards completion.

8.2 Two new reports were noted for Health and Safety and Firefighting in High Rise Buildings inspections. Although not at ARAC today for scrutiny the Firefighting in High Rise Buildings inspection report and action plan had been to and was agreed by SLT, and scrutiny by Service Delivery Committee would commence in May.

8.3 It was noted that since preparing the report the 2 outstanding actions for the Covid-19 Review had been completed and would move to close by the next quarter.

8.4 **The Committee scrutinised the report.**

## **9 DELOITTE - AUDIT DIMENSIONS AND BEST VALUE FOR THE YEAR ENDED 31 MARCH 2022**

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 2022 and the Annual Report and Accounts Audit for 2021/22. The following key points were highlighted:

- Work had continued to progress the audit actions since the November timeline with actions updated.
- Information had been passed to Audit Scotland who were keen to have ongoing involvement around the audit actions.
- The action plan would be submitted to the Good Governance Board to monitor and ensure significant progress was being made, the same as the process for internal audits.
- 4 actions have been reviewed with some dates changed, however overall approximately 88% of the audit actions have been completed.

9.2 In terms of the Budget Setting report, JT explained that Deloitte's comments were provided in November 2022 and since then the Service had provided further information and introduced a more formalised process of recording engagement with the Board on budget setting. As this information was provided as of 30 March, the action was now 100% complete and would be seeking to complete that action.

9.3 With regards to Value for Money recommendation 4.1, RW confirmed that benchmarking was now part of standard reporting and evidence of this had been provided to the auditors. The Annual Performance Report was currently going through design stage and would include benchmarking if it was available.

9.4 In terms of progress against Value for Money recommendations 1.3 and 2.3, JT advised that with regards 1.3 there had been challenges in understanding how we would deliver around budget to outcome, and advice would be sought from Audit Scotland on how to achieve this following our best attempts to seek to deliver. With regards 2.3, JT confirmed that a medium-term financial model had already been developed and was used on a regular basis to inform financial scenarios and was updated to reflect the most up to date positions and assumptions. JT continued that the long-term financial strategy would be revised during 2023, as it was now out of date due to the environment and economic changes that have occurred. An update on the medium-term financial model and the long-term financial strategy was requested to be provided at the next meeting.

**ACTION: JT**

9.5 **The Committee scrutinised the report and noted the progress being made.**

**10 DRAFT INTERNAL AUDIT ANNUAL PLAN 2023/24**

10.1 GC presented a report to the Committee seeking recommendation of the draft Internal Audit Plan for the year 2023/24 for Board approval. The following key points were highlighted:

- 20 days allocated to look at Budgetary Control.
- 14 days allocated to Equality, Diversity and Inclusion.
- Review of Risk Management Assurances stocktake.
- 18 days allocated for the Workforce Planning On Call Firefighters Review deferred from last year which replaced an audit for Staff Recruitment which was considered to be an obvious replacement as both were regarding staffing.
- 25 days allocated to Partnership Working.
- 20 days to look at how contracts are managed within the Service.
- 10 days allocated for quarterly follow ups.
- The days originally allocated to Workforce Planning which has been deferred to 2023/24 had been put into contingency and would be used for the SVQ investigation.
- Clarification that the SVQ investigation was part of the 2022/23 audit plan, however, would be concluded within 2023/24.

10.2 The scope of the Partnership Working audit was questioned and it was confirmed that this would focus on formal partnership arrangements to deliver joint services.

10.3 JT explained that SLT discussed the timing and efforts of audits and were keen to ensure sufficient days were allocated to specific areas.

10.4 With regards to joint discussions between internal auditors/external auditors and HMFSI to avoid duplication of work and ensure co-ordination of respective plans, GC stated that these discussions had not yet taken place. However, GC confirmed that it was their intention to have discussions with Audit Scotland to ensure there was no duplication and also to confirm if Audit Scotland could place any reliance on the work that Azets undertake. MO confirmed they would ensure discussions with Azets take place. GF confirmed that conversations between HMFSI and auditors did take place and emphasised the duty of HMFSI to co-operate with Audit Scotland.

10.5 The Committee highlighted the 4-year time lapse since the last ICT internal audit. RH noted the audit plan was a 4-year plan which would need to be reviewed to develop the next plan to ensure ICT audits were included. It was noted that different sources of assurance were required/available around ICT not just through internal audits.

10.6 **The Committee recommended the Draft Internal Audit Plan 2023/24 for Board approval.**

**11 EXTERNAL AUDIT ANNUAL AUDIT PLAN – 2022/23 AUDIT**

11.1 MO presented a report to the Committee. The following key points were highlighted:

- Audit Scotland have now commenced a five-year appointment as external auditor's for the Service, the first time of being the Service's auditors since the inception of the SFRS.
- Formal handover from Deloitte started last month and now beginning to gain an understanding of the Service from an operations and financial perspective.
- Looking forward to good engagement with the Service and to providing help and support, albeit highlighting areas where improvement is needed. There will be an emphasis on supporting continuous improvement.

11.2 AMac continued by highlighting the following key points:

- External audit look back over the previous year to gain assurances.
- Financial Statement audit would be a large part of the work undertaken to help gather assurances which help to provide an audit opinion at the end of the year.
- Code of Audit Practice is the framework which applies to all auditors taking on public sector external audits in Scotland.
- Annual Audit Plan for 2022/23 reflects the risks identified in respect of the SFRS annual report and accounts and wider scope responsibilities.
- Materiality levels for the audit have been set at £10million which is 2% of the Service's net expenditure.
- All emerging issues would be discussed with the SFRS team on a regular basis as the audit progresses, thereby ensuring no surprises at the end of the audit.

11.3 AMac highlighted key exhibits within the plan and noted that due to the late handover from Deloitte, Audit Scotland were doing some catching up, however, believed the November deadline date was achievable and future year's should return to an earlier/regular timetable.

11.4 MO confirmed that the Asset Management backlog from 2018 would be covered as part of the Wider Scope work, with discussions around this ongoing throughout the period of appointment if required.

11.5 **The Committee noted the External Audit Annual Audit Plan 2022/23.**

## 12 INTERNAL CONTROLS UPDATE

### 12.1 a) Overview of Strategic Risk Register and Aligned Directorate Risk

12.1.1 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:

- Directorates provided updated risk information at week beginning 13 February 2023 and these were contained within Appendix 1 of the report.
- Following these updates, the position had changed in a number of areas i.e. in relation to Industrial Action and People, Training, Finance and Assets System (PTFAS). Updated information on these risks and controls due for completion at the end of March 2023 would be contained within the Quarter 1 report to ARAC in June 2023.

12.1.2 LB referred to the earlier discussions around firefighters being fully trained to perform their role and queried if this risk was on the register. RH explained that directorate risk TSA011 had been updated and would cover this.

12.1.3 Once again, the Committee expressed their concern that the format of reporting Strategic Risks significantly limited its ability to exercise effective scrutiny and requested some urgency be given to addressing these concerns.

12.1.4 **The Committee could only provide limited scrutiny of the report (per reasons above) and asked for urgent improvements to be made.**

### 12.2 b) Anti-Fraud/Whistleblowing Update

12.2.1 There were no anti-fraud/whistleblowing events to raise with the Committee.

## 13 REPORTS FOR INFORMATION ONLY:

The Committee did not agree that all of the reports covered under this item were for information rather that they should be for scrutiny.

### 13.1 Quarterly Update on Gifts, Hospitality and Interests Register

13.1.1 DJ presented the report to the Committee providing an update on the Gifts, Hospitality and Interests Register for Quarter 4 2022/23 for information.

- 38 entries were highlighted on the register with an increase noted in those with a value of under £50.
- Further information around the number of declarations received was included within the report.
- The significant decrease in declarations received during Covid-19 period is now coming back to target.
- Report identifies some of the work being undertaken to encourage engagement with staff and raise awareness.
- Work was continuing to try and obtain amounts against those recorded as unknown.
- Aligned to potential interests identified as part of the National Fraud Initiative (NFI), discussions were held with LSO's to identify any related interests not necessarily identified as part of the NFI. Further discussions with Directorates and communications through iHub would continue during 2023/24 to maintain awareness.

13.1.2 BB requested an off-table discussion with DJ around the reporting of interests and the investigation process.

**ACTION: BB/DJ**

13.1.3 **The Committee scrutinised the report.**

### **13.2 Quarterly Update Report on HMFSI Business**

13.2.1 GF presented the quarterly report to the Committee to provide an update on HMFSI's inspection and reporting activity during 2022/23 and the following key areas were noted:

- Service Delivery Area inspection interviews have concluded and work was continuing to progress the report. A new format of report was also being developed. Publication of this was anticipated in the early part of the new financial year.
- Two additional inspections, requested by Ministers, in relation to Contingency Planning in the event of Industrial Action and the Command and Control Mobilising System (CCMS) were undertaken. As a result of these, the ongoing thematic inspections, Climate Change Impact on Operational Activity and Mental Health and Wellbeing Arrangements, had been temporarily paused.
- The independent inspection of Northern Ireland FRS had now concluded.

13.2.2 In relation to the CCMS inspection, GF clarified that the reason the report referred to this piece of work being initiated with the expectation that it would form part of a wider review, was due to the potential that Audit Scotland may have become involved to take in a review of the procurement/finance aspects as it was such a high profile project, however, this was not now the case.

13.2.3 **The Committee scrutinised the report.**

### **13.3 Readiness of HMRC Compliance Review**

13.3.1 JT presented a report to the Committee advising of the readiness to respond to a compliance review to be carried out by HMRC covering the period 6 April 2021 to 5 April 2022. The following key areas were noted:

- The last audit by HMRC around the PAYE elements was in 2013.
- No issues anticipated, however, should any issues arise from the audit ARAC would be updated.
- Lessons learned from previous compliance review had been implemented.
- HMRC were due to commence the audit on 30 March, however due to illness this had been rescheduled by HMRC to the end of April.

13.3.2 **The Committee scrutinised the report.**

### **13.4 Accounting Policies**

13.4.1 JT presented a report to the Committee outlining the regulatory changes in relation to the preparation of the Annual Report and Accounts 2022-23. The following key areas were noted:

- The most significant change in the accounting policies was in relation to the introduction of IFRS 16 Leases.
- Some accounting changes were required in order to apply this. Work had been undertaken with Scottish Government in relation to this.

13.4.2 **The Committee scrutinised the report.**

### **13.5 Arrangement for Preparing the Annual Governance Statement**

13.5.1 RW presented a report to the Committee outlining the preparatory arrangements and reporting methods developed to provide sufficient levels of assurance in support of the 2022/23 Annual Governance Statement (AGS). The following key areas were noted:

- The 2022/23 AGS would be prepared on behalf of the Accountable Officer for inclusion in the end of year Annual Report and Accounts.
- Some amendments to reflect the Governance Framework - improvement plan and fraud risk assessment template, have been updated and the list of staff required to prepare the Certificates of Assurance had been updated to reflect changes in roles. The Internal Control Checklist would also be updated once changes received from Scottish Government.
- Collation of the Internal Control Checklist returns would continue to be co-ordinated and managed online with the appropriate access rights granted. This would support ongoing monitoring and improve oversight.
- Formal guidance was available through the online Learning Content and Management System (LCMS) for those who are new to the process or require refresher training.
- ARAC would have oversight of the SFRS Assurance Framework and would scrutinise the 2022/23 AGS at its meeting on 27 June 2023.

13.5.2 **The Committee scrutinised the report.**

## **14 REVIEW OF ACTIONS**

14.1 KM confirmed that 4 formal actions were recorded during the meeting.

## **15 FORWARD PLANNING**

### **15.1 a) Committee Forward Plan Review**

The Committee considered and noted the Forward Plan. The following additional item was identified for adding to the Forward Plan:

- Process for Returning of PPE – June 2023 (R MacKinnon)

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

No items were identified.

## **16 DATE OF NEXT MEETING**

16.1 The next meeting is scheduled to take place on 27 June 2023 at 1000 hrs.

There being no further matters to discuss the public meeting closed at 1720 hrs.

**PRIVATE SESSION**

**17 MINUTES OF PREVIOUS PRIVATE MEETING:**

**17.1 Thursday 19 January 2023**

17.1.1 The minutes of the private meeting held on 19 January 2023 were approved as a true record of the meeting.

**18 REDRESSEMENT JUDICAIRE OF SYTEL – SFRS CLAIM FOR LOSSES**

18.1 JT presented a report to the Committee which provided an overview of the current circumstances surrounding the *Redressement Judiciaire* of Systel.

18.2 **The Committee noted the report.**

**19 CYBER SECURITY UPDATE – APRIL 2023**

19.1 SF presented a report to the Committee outlining the current position on Cyber Security activities and statistics for 2022/23.

19.2 **The Committee noted the report.**

DRAFT

## AUDIT AND RISK ASSURANCE COMMITTEE ROLLING ACTION LOG



**SCOTTISH**  
**FIRE AND RESCUE SERVICE**

Working together for a safer Scotland

### Background and Purpose

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

The status of actions are categorised as follows:

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

### Actions/recommendations

Currently the rolling action log contains 10 actions. A total of 4 of these actions have been completed.

The Committee is therefore asked to approve the removal of the 4 actions noted as completed (Blue status), note 3 actions categorised as Green status and note 3 action 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
<b>Meeting Date: 28 June 2022</b>						
<b>Item 10.1.4</b>	<p><b>SFRS Internal Audit Annual Report 2021/22:</b> Following discussion on Appendix 3, Progress against KPI's, it was agreed that in future Azets would provide a summary of the meetings held and feedback/assurances gathered from this process.</p>	Azets	June 2023 (October 2022)		June 2023	<p><b>Updated (13/10/2022):</b> The Performance Standard states that SFRS's Risk and Audit Manager will hold post audit discussions with key contacts. This will be fed back to Azets who will take on board any comments and take appropriate action, if required. The 2 most recent audits have only just been completed so it is too early to have received feedback, although this will take place and a summary will be provided to the next ARAC meeting. A meeting will be held between Azets and SFRS's Risk and Audit Manager to discuss the format of the feedback to ensure consistency.</p> <p><b>Updated (19/01/2023):</b> This has been discussed with SFRS's Risk and Audit Manager and Azets are awaiting feedback in relation to the work completed to date.</p> <p>Further update - Feedback questionnaires have been issued in relation to the Revenue &amp; Maximisation Audit and the Post Pandemic Review Audit. Once returns have been received information will be provided to Azets for discussion and review. This feedback is separate to that received directly by Azets where discussions, as part of finalising reports, are held and may also enhance future audit processes.</p>



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						<p><b>Updated (06/04/2023):</b> Formal feedback has been gained through questionnaires in relation to audits for Revenue, Corporate Performance and Post-Pandemic. Information has been passed to AZETS which, together with additional feedback received from audit sponsors on an ongoing basis, will be used by SFRS and AZETS to enhance the audit process.</p> <p><b>Further update (06/04/2023):</b> The Committee highlighted that the detail on the KPI relating to auditee feedback had not yet been provided. Assurance was provided that this information would be provided in reports from the next ARAC meeting in June 2023. An analysis of all the feedback received during 2022/23 was also requested for the next ARAC meeting in June 2023.</p> <p><b>Completed (27/06/2023):</b> A report has been prepared by Azets summarising the feedback received in respect of audit assignments carried out as part of the 2022/23 audit plan. Included in June agenda.</p>
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Minute Ref	Action	Lead	Due Date	RAG Status	Completion Date	Position Statement
<b>Meeting Date: 13 October 2022</b>						
7.5	<b>Annual Procurement Report 2022/23:</b> Consideration for the use of a Gross Value Added (GVA) statement to highlight economic impact.	JT	June 2023 (April 2023, January 2023)			<p><b>Updated (19/01/2023):</b> After further discussion a GVA statement will be developed on the back of the Annual Procurement report. (Timeline 3 months)</p> <p><b>Updated (06/04/2023):</b> Timeline extended to 6 months as this workload is not a critical priority.</p>

						<b>Updated (27/06/2023):</b> The use of GVA has been considered. It is more complex for SFRS to undertake as spend information needs to be identified against specific geographical areas and industry categories and then published statistical indices applied to calculate GVA. SFRS is currently working with spend analysis supplier Spikes Cavell to determine if spend information can be categorised in this way to enable use of statistical indices. This work is being undertaken as part of this year's annual procurement report which will come to the Board for approval.
8.1.15	<b>SFRS Internal Audit Progress Report 2022/23 - Final Report – Revenue and Funding Maximisation:</b> Consider potential revenue maximisation and commercialisation, explore opportunities with subject matter experts e.g. universities.	JT	June 2023 (April 2023, January 2023)			<b>Updated (19/01/2023):</b> M McAteer/R Whetton/J Thomson agreed collectively to meet with Universities in the first instance as part of innovation hub (Timeline 3 months) <b>Updated (06/04/2023):</b> Timeline extended to 6 months as this workload is not a critical priority. <b>Updated (27/06/2023):</b> Appointments are now being arranged with universities to discuss innovation hubs.

Minute Ref	Action	Lead	Due Date	RAG Status	Completion Date	Position Statement
<b>Meeting Date: 19 January 2023</b>						
7.1.4	<b>SFRS Internal Audit Progress Report 2022/23:</b> GD agreed to discuss the Workforce Planning audit scope with management and would circulate (by email) the amended scope or an explanation of the limitation of the audit to	Azets	April 2023		June 2023	<b>Updated (06/04/2023):</b> Scoping meetings have been held with management and it has been agreed that the review will focus on the Attraction and Recruitment of On Call Firefighters. However, management has requested

	<p>the Committee.</p>				<p>that the review is deferred to post June 2023. This matter is discussed under separate cover.  <b>Updated (27/06/2023):</b> The scope of the Workforce Planning (On Call) review has been agreed with management and is included in the June IA Progress Report for ARAC's consideration.</p>
<p>7.1.13</p>	<p><b>SFRS Internal Audit Progress Report 2022/23 - Final Report Corporate Performance Management:</b> The Committee sought to ascertain the level of assurance that fundamental decisions are being made with quality data, and the information provided notes any problem areas and the scale of any particular issues.</p>	<p>RW</p>	<p>June 2023 (April 2023)</p>		<p><b>Updated (06/04/2023):</b> I can provide a limited level of assurance. This limited assurance is based on a detailed understanding of the issues and challenges related to data quality which have been highlighted to the Good Governance Board, Strategic Leadership Team, Committees and Board. At present, work to improve data quality issues is affected by capacity, resource and data access limitations. Where possible, any analysis related to the data will provide commentary regarding data quality.  <b>Further update (06/04/2023):</b> The Committee agreed that this action would remain open and that RW would bring forward a written report to the June meeting covering the points discussed.  <b>Updated (27/06/2023):</b> Work ongoing on the Data Quality paper. The finalised paper will be submitted for consideration by Strategic Leadership Team and then presented at the next ARAC meeting (5 October 2023).</p>

7.2.5	<p><b>Progress Update – Internal Audit Recommendations:</b> The Committee requested that calendar years should be added to all dates in future reports and more narrative detail to be provided within the cover report on progress, issues encountered and any timescale revisions.</p>	Azets/JT	April 2023		<p><b>Updated (06/04/2023):</b> Ongoing discussions continue to be held with Responsible Officers to ensure Follow Up templates accurately reflect challenges experienced and any resulting changes to completion dates. This additional narrative, aligned to discussions with AZETS, will continue to develop within future reports to Committee and Good Governance Board.</p> <p><b>Updated (27/06/2023):</b> Azets’ Response: The Follow Up report dashboard had been enhanced to include charts detailing outstanding recommendations per financial year and per grading and the number of recommendations which have exceeded their original implementation date by more than 9 months, those which are within 3 to 9 months of the original date and actions which are on track or within 3 months of the original implementation date. Revisions to implementation dates are determined by SFRS management and are detailed within the report.</p>
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Minute Ref	Action	Lead	Due Date	RAG Status	Completion Date	Position Statement
<b>Meeting Date: 6 April 2023</b>						
7.1.11	<p><b>Internal Audit Final Report – Training:</b> The Committee requested assurance, with some urgency, that only personnel competent for the task were being deployed.</p>	RH	June 2023		May 2023	<p><b>Complete (27/06/2023):</b> A meeting was held on 17 April 2023 between R Haggart, S Stevens, A Watt and B Baverstock to discuss this matter. This was followed up by a further meeting on 24 May 2023 between A Watt and B Baverstock. These meetings covered the issue of competence and currency,</p>

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						and on-going work being undertaken by Training, in conjunction with Service Delivery.
7.1.12	<b>Internal Audit Final Report – Training:</b> Chairs of Service Delivery Committee, People Committee and ARAC to meet to discuss how scrutiny of the training report is taken forward, to avoid duplication but ensure the quality of training performance, recording and reporting, with specific reference to competency versus currency.	BB, MW, NB/TW	June 2023		June 2023	<b>Complete (27/06/2023):</b> Meeting has been scheduled for Monday 10 July 2023.
9.4	<b>Deloitte - Audit Dimensions and Best Value for the Year Ended 31 March 2022:</b> An update on the medium-term financial model and the long-term financial strategy was requested to be provided at the next meeting.	JT	June 2023			<b>Updated (27/06/2023):</b> The medium-term financial model has been updated to reflect the agreed budget for 23/24 including intended £11million in savings. Based on latest information a number of financial scenarios are being developed covering, pay, inflation and funding. Scottish Government on 25 May 2023 published a revised medium term financial strategy which will be considered as part of scenario planning. The Board will be updated in August 2023.
13.1.2	<b>Quarterly Update on Gifts, Hospitality and Interests Register:</b> ARAC Committee Chair to meet with David Johnston to discuss the reporting of interests and the investigation process.	BB/DJ	June 2023			<b>Updated (27/06/2023):</b> Meeting has been scheduled for 20 June 2023.

## SCOTTISH FIRE AND RESCUE SERVICE

## Audit and Risk Assurance Committee



Report No: C/ARAC/36-23

Agenda Item: 7

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE							
Meeting Date:	27 JUNE 2023							
Report Title:	COMMITTEE ANNUAL REPORT 2022/23 TO THE BOARD AND ACCOUNTABLE OFFICER OF SCOTTISH FIRE AND RESCUE SERVICE							
Report Classification:	For Decision	<b>Board/Committee Meetings ONLY</b> For Reports to be held in Private Specify rationale below referring to <b><u>Board Standing Order 9</u></b>						
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>
<b>1</b>	<b>Purpose</b>							
1.1	The purpose of this report is to present the Audit and Risk Assurance Committee (ARAC) Annual Report 2022/23, 'For Decision' prior to being submitted to the Scottish Fire and Rescue Service (SFRS) Board 'For Information only'.							
<b>2</b>	<b>Background</b>							
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.							
<b>3</b>	<b>Main Report/Detail</b>							
3.1	The Annual Report supports and assists with the preparation of the Accountable Officer's 2022/23 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 Accounts for 2022/23 which is scheduled to be presented to the SFRS Board on 14 December 2023.							
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 31 August 2023.							
<b>4</b>	<b>Recommendation</b>							
4.1	The Committee are invited to consider the contents of the Audit and Risk Assurance Committee Annual Report 2022/23 as set out in Appendix A, and provide feedback and decision as necessary prior to it being submitted to the SFRS Board at its meeting on 31 August 2023 'For Information only'.							
<b>5</b>	<b>Key Strategic Implications</b>							
5.1	<b>Risk</b>							
5.1.1	The ARAC has a pivotal role to perform in terms of risk for SFRS, and within SFRS, and this report describes and summarises how it ensures that it discharges that role appropriately.							

5.2 5.2.1	<b>Financial</b> The ARAC scrutinises, challenges and seeks continuous improvement on matters relating to finance, budgets and accounts within SFRS, while also advising the SFRS Board and Accountable Officer on related matters.
5.3 5.3.1	<b>Environmental &amp; Sustainability</b> There are no environmental and sustainability implications arising from this report.
5.4 5.4.1	<b>Workforce</b> There are no workforce implications arising from this report.
5.5 5.5.1	<b>Health &amp; Safety</b> There are no Health & Safety implications arising from this report.
5.6 5.6.1	<b>Health &amp; Wellbeing</b> There are no Health & Wellbeing implications arising from this report.
5.7 5.7.1	<b>Training</b> There are no training implications arising from this report.
5.8 5.8.1	<b>Timing</b> This report will support the SFRS Annual Governance Statement which will be presented to the Board as part of the Annual Report and Audited Accounts for 2022/23.
5.9 5.9.1	<b>Performance</b> Information contained within this report deems that there are no significant gaps in the performance of ARAC and its approach to seeking assurance on, and scrutinising, the risk management and internal controls across SFRS.
5.10 5.10.1	<b>Communications &amp; Engagement</b> This report provides an opportunity for ARAC members to review the contents and provide feedback prior to its inclusion as part of the SFRS Annual Report and Audited Accounts for 2022/23.
5.11 5.11.1	<b>Legal</b> Production of this report is consistent with Scottish Fire and Rescue Service (SFRS) Committee arrangements and generally accepted principles of good corporate governance.
5.12 5.12.1	<b>Information Governance</b> <i>DPIA completed Yes/No. If not applicable state reasons. No DPIA was required for this paper as it contains no personal information.</i>
5.13 5.13.1	<b>Equalities</b> <i>EIA completed Yes/No. If not applicable state reasons.</i> Covered by the SFRS Corporate Governance Arrangements 2023 EHRIA.
5.14 5.14.1	<b>Service Delivery</b> There are no service delivery implications arising from this report.
<b>6</b>	<b>Core Brief</b>
6.1	Not applicable.

<b>7</b>	<b>Assurance (SFRS Board/Committee Meetings ONLY)</b>	
7.1	<b>Director:</b>	Richard Whetton, Head of Governance, Strategy and Performance
7.2	<b>Level of Assurance:</b>	Substantial/ <b>Reasonable</b> /Limited/Insufficient
7.3	<b>Rationale:</b>	Effective governance arrangements relating to the Board and its Committees have been embedded in SFRS governance structures for a substantial number of years and are reviewed regularly. The annual report from ARAC outlines the work undertaken, including that with internal and external audit bodies and the assurance received.
<b>8</b>	<b>Appendices/Further Reading</b>	
8.1	Appendix A – SFRS ARAC Annual Report 2022/23 to the Board and Accountable Officer of the Scottish Fire and Rescue Service.	
<b>Prepared by:</b>	Kevin Murphy, Group Commander, Board Support Manager	
<b>Sponsored by:</b>	Brian Baverstock, Chair of the SFRS Audit and Risk Assurance Committee	
<b>Presented by:</b>	Brian Baverstock, Chair of the SFRS Audit and Risk Assurance Committee	
<b>Links to Strategy and Corporate Values</b>		
Links to Outcome 5 of the SFRS Strategic Plan 2022-25: “We are a progressive organisation, use our resources responsibly and provide best value for money to the public.”		
<b>Governance Route for Report</b>	<b>Meeting Date</b>	<b>Report Classification/ Comments</b>
<i>Audit and Risk Assurance Committee</i>	<i>27 June 2023</i>	<i>For Decision</i>
<i>SFRS Board</i>	<i>31 August 2023</i>	<i>For Information only</i>





## **SFRS AUDIT AND RISK ASSURANCE COMMITTEE ANNUAL REPORT 2022/23**

**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 2022/23 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 2022/23 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 2022 to March 2023 the Audit and Risk Assurance Committee has met a total of four times - three public meetings, each of which included a private session, and one further standalone meeting in private. The Committee meeting in March 2023 was delayed until 6 April 2023, so is not included in these figures. With the ongoing recovery from Covid-19 during this timeframe, the Committee met utilising a blend of 'in person' meetings at SFRS HQ and virtual technology via MS Teams, to consider the safety of our staff and stakeholders, and the Digital First Strategy. To support transparency of Committee business, all public papers and minutes continued to be accessible on the SFRS website. The capability and development of 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](#).

- 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 21 February 2023, 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 then External Auditors, Azets, who are SFRS's Internal Auditors and Her (His) Majesty's Fire Service Inspectorate (HMFSI). (*This changed during this reporting year to His Majesty's Fire Service Inspectorate following the passing of Her Majesty, Queen Elizabeth II.*) 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 of the management responses to them;
  - monitored the ongoing implementation of recommendations arising from current and prior year audits;
  - welcomed an agreement that early sight of each Audit scope would be provided, to allow for comment in advance, if required;
  - asked for consideration to be given to the challenges identified relating to resourcing and capacity within the Portfolio Office;
  - requested assurance that any potential efficiencies and benefits identified during the Post Pandemic Review Audit be maximised;
  - sought to ascertain the level of assurance that fundamental decisions are being made with quality data;
  - acknowledged the efforts of Azets and the Executive Team in completing the 2022/23 audit plan; 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 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 the period 2023/24 in April 2023. The Committee recommended the Board approve the 2023/24 Internal Audit Plan and this will take them to the end of their appointment period. In recommending approval of the new audit plan, the Committee reiterated the importance of scope and the allocation of appropriate resources and timescales.
- 4.5 The Committee continued to encourage Internal and External Auditors as well as HMFSI to engage with each other and review plans to identify any 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 2022/23 as appointed by the Auditor General for Scotland. This was Deloitte's final year of their appointment.
- 5.2 During the period under review, the Committee scrutinised the progress of the Audit Dimensions and Best Value Report for Year ended 31 March 2021 designed to help ARAC 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. Good progress was identified with full completion being achieved in some areas. The Committee requested further work be conducted on financial reporting and medium to long-term financial planning. It was agreed that any outstanding actions would be progressed by the incoming External Auditor – Audit Scotland.
- 5.3 The Committee also reviewed the draft 2021/22 Annual Report and Accounts, 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.
- 5.4 The Committee held a private session with Deloitte in October 2022, no matters were raised that would require to be disclosed in this report. The Committee will consider the draft 2022/23 Accounts and the External Auditor's report at its October 2023 meeting.

## 6 Her (His) 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 2023.
- 6.2 During 2022/23 HMFSI undertook an inspection of the East Service Delivery Area (ESDA). The publication of this report is not due until later in the financial year 2023/24.
- 6.3 During 2022/23 HMFSI completed the following Thematic Inspection:
- the Inspection of 'Firefighting in High Rise Buildings' was laid in Parliament in September 2022. The report concluded that, whilst there is scope to improve performance, our overall impression of the SFRS in regard to firefighting in high rise buildings is principally positive. The Report contained 8 Recommendations for SFRS to consider.
- 6.4 In addition, HMFSI carried out two focussed inspections in relation to Contingency Planning Arrangements in the event of Industrial Action (IA) and the decision to terminate the contract relating to a new Command and Control Mobilising System.
- 6.5 An overview of the key areas of focus for the forthcoming year 2023/24 is also set out within the Annual Update Report. This includes Thematic Inspections relating to: *Climate Change (Impact on Operational Activity)* and *Mental Health and Wellbeing Provision*.
- 6.6 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.
- 6.7 The Committee welcomes the approach of HMFSI activity as it strives to meet its statutory purpose to inquire into the efficiency and effectiveness of the Scottish Fire and Rescue Service (SFRS), thus assisting 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);
- held a workshop relating to the Committee's use of the SRR on 16 August 2022;
- 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 2022/23 included: *Scottish Water – Service Level Agreement*;
- the Committee has been supportive of efforts to develop robust risk management arrangements, but considers the complexity of the current recording and reporting arrangements limit the scope for appropriate scrutiny and challenge. Further work is required (and now underway) to simplify the recording and reporting of strategic risks, which will also help increase the Service's focus on the 'real' risks and challenges. A session was held at a Board and SLT Strategy Day on 24 November 2022 to help define risk appetite, but further work is needed, and the Committee will provide support to the Board and SLT on this. However, risk appetite requires clearly defined strategic risks to be agreed and this remains work-in-progress.

7.2 ***Based on its scrutiny of risk, and recognising that further work is needed on defining risk appetite and refreshing strategic risks, the Committee is only able to provide limited assurance on the operation of strategic risk management arrangements throughout the year 2022/23.***

## 8 Financial Reporting

8.1 During the year the Committee considered the following:

- assurances received from the work of internal and external audit about the financial systems and controls that provide the figures for the accounts for 2021/22;
- any incidences of Fraud;
- scrutinised a Debt Write Off Report;
- recommended the Annual Procurement Report 2021/22;
- received an update report on the *Redressement Judiciaire* of Systel – SFRS Claim for Losses;
- sought further clarity and detail on the extent of and reporting culture relating to Gifts, Interests and Hospitality within SFRS.

8.2 ***The Committee is satisfied that the accounting policies adopted for the preparation of the 2022/23 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 2023 and amended and approved by the SFRS Board on 27 April 2023. At this workshop, the Committee concluded that it continues to operate effectively.

- 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 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 when reporting to Committee's and the Board in general.
- 9.5 The continued development of the Service's Good Governance Framework resulted in each Committee of the SFRS Board agreeing during 2022/23 to commence the use of integrated assurance mapping, levels of assurance and assurance statements for Board and Committee reports.
- 9.6 The Committee continues to receive a complete oversight of the management and scrutiny process for independent audits and subsequent action plans through a high-level dashboard. This has strengthened the governance in this area and the level of scrutiny being applied.
- 9.7 The Committee's effectiveness relies heavily on the support provided by the Board Support Team, which continues 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, in general, the SFRS has effective governance, risk management and internal control arrangements in place. As highlighted above, improvements are needed in relation to risk management arrangements.
- 10.2 Looking ahead it is clear that ensuring the Service adequately plans for, and responds to, an increasingly tighter financial future will be the key area of focus for the Committee over 2023/24 and beyond.

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

**June 2023**



Report No: C/ARAC/33-23

Agenda Item: 8.1

<b>Report to:</b>	<b>AUDIT AND RISK ASSURANCE COMMITTEE</b>						
<b>Meeting Date:</b>	<b>27 JUNE 2023</b>						
<b>Report Title:</b>	<b>RISK UPDATE REPORT</b>						
<b>Report Classification:</b>	<b>For Scrutiny</b>	<b>SFRS Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u></b>					
		<u><a href="#">A</a></u>	<u><a href="#">B</a></u>	<u><a href="#">C</a></u>	<u><a href="#">D</a></u>	<u><a href="#">E</a></u>	<u><a href="#">F</a></u>
<b>1</b>	<b>Purpose</b>						
1.1	The purpose of this report is to provide the Audit and Risk Assurance Committee (ARAC) with the current risk report for scrutiny.						
<b>2</b>	<b>Background</b>						
2.1	The purpose of the risk register is to inform decision making through Scrutiny and Assurance processes, providing additional awareness of the risks we face and the actions required to minimise these risks.						
2.2	The 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 risk and will ensure that Risk Registers present 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 outcomes and objectives.						
2.4	Risk Registers are prepared in consultation with the Board and SLT and are managed collectively by the SLT, with each Directorate Risk allocated to an identified Head of Function. These Responsible Owners provide information on the current controls in place and identify additional actions still required.						
<b>3</b>	<b>Main Report/Detail</b>						
3.1	<b>Risk Overview</b>						
3.1.1	The risk register is a management tool that provides assurance to the Service and its scrutiny bodies that the significant risks of the organisation have been identified, managed and are subject to ongoing monitoring, review and discussion.						
3.1.2	Following discussion within a SLT workshop the reporting template will now focus on those Directorate risks where the risk rating is identified at 15 or above. This will allow scrutiny to be focused on the most significant risks impacting upon Directorates and consideration of related control actions.						

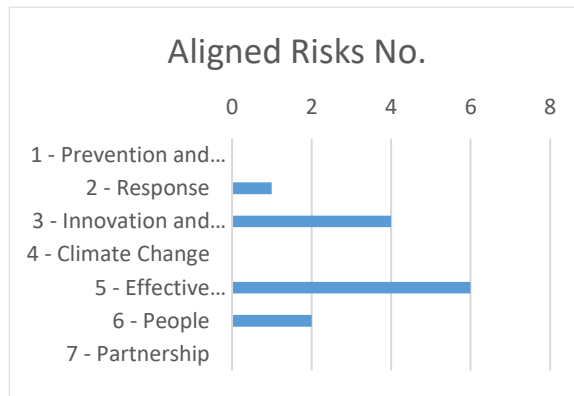
3.1.3

Directorates reviewed their current registers identifying 41 Directorate risks. The table below maps these risks in relation to risk rating:

Impact	2	3	4	5
3	1	3	3	3
4	4	17	7	
5		2	1	

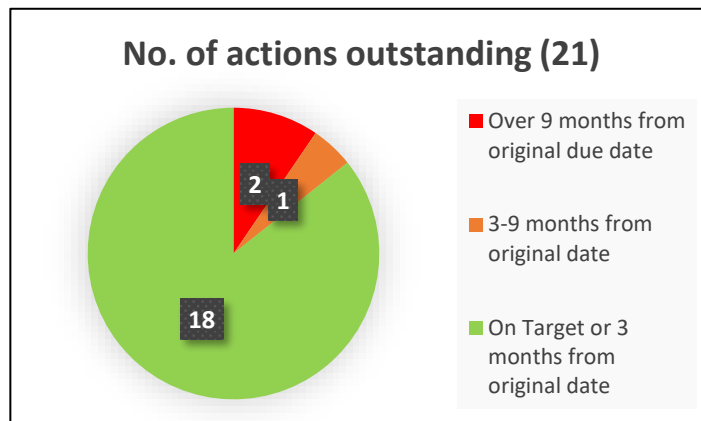
3.1.4

13 Directorate risks currently have an assessment rated 15 or above and these are outlined in more information within Appendix A. Discussions were also undertaken to ensure these risks are aligned to outcomes within the 2022-25 Strategic Plan and the table below identifies this alignment:



3.1.5

Previous reports provided commentary on the associated control actions outlining significant changes and progress against each. Future reporting will now identify those actions that have passed their original due date, providing a RAG status similar to internal audit reporting. Appendix A provides additional information on these controls:



<p>3.1.6</p>	<p><b><u>Actions Rated Red and Amber</u></b></p> <table border="1"> <thead> <tr> <th data-bbox="300 253 437 282">Risk ID</th> <th data-bbox="437 253 742 282">Control Description</th> <th data-bbox="742 253 911 282">Due Date</th> <th data-bbox="911 253 1031 282">RAG</th> <th data-bbox="1031 253 1455 282">Control Comment</th> </tr> </thead> <tbody> <tr> <td data-bbox="300 282 437 450">SDD001</td> <td data-bbox="437 282 742 450">Continue to secure Capital and Resource Funding and review spending in line with the Resource Spending Review action plan</td> <td data-bbox="742 282 911 450">31/12/2022</td> <td data-bbox="911 282 1031 450">Amber</td> <td data-bbox="1031 282 1455 450">Market Allowance process completed successfully. Recruitment to vacant posts restarted subject to potential operating model changes and SLT approval.</td> </tr> <tr> <td data-bbox="300 450 437 835">SDD001</td> <td data-bbox="437 450 742 835">Development of business cases, recruitment and implementation of posts to allow the population of proposed Directorate Structure in line with organisational need</td> <td data-bbox="742 450 911 835">31/03/2022</td> <td data-bbox="911 450 1031 835">Red</td> <td data-bbox="1031 450 1455 835">Business Cases for ICT and SDMP have been completed. Portfolio Office Business Case Target operating model approved in principle with required funding to be identified. The estimated completion date has changed due to many factors within this timeline, all of which have impacted workloads and staff capacity. The Directorate has had a change of Director, an introduction of a HoF Portfolio Office role, a lack of skill levels available to create Business Cases and Models.</td> </tr> <tr> <td data-bbox="300 835 437 1137">SDD004</td> <td data-bbox="437 835 742 1137">Consideration should be given to the development of a Service Improvement Framework and Self-Assessment to ensure the systematic approach to continuous improvement which demonstrates the commitment to continuous improvement across the service</td> <td data-bbox="742 835 911 1137">31/03/2022</td> <td data-bbox="911 835 1031 1137">Red</td> <td data-bbox="1031 835 1455 1137">SFRS Maturity Assessment drafted and will inform the SFRS continuous improvement strategy 22-25 which is currently under development. In addition, a new Self-Assessment framework (EFQM) is now currently progressing through a Test of Change that will allow the SFRS to independently apply continuous improvement methods and measures into their BAU activities</td> </tr> </tbody> </table>	Risk ID	Control Description	Due Date	RAG	Control Comment	SDD001	Continue to secure Capital and Resource Funding and review spending in line with the Resource Spending Review action plan	31/12/2022	Amber	Market Allowance process completed successfully. Recruitment to vacant posts restarted subject to potential operating model changes and SLT approval.	SDD001	Development of business cases, recruitment and implementation of posts to allow the population of proposed Directorate Structure in line with organisational need	31/03/2022	Red	Business Cases for ICT and SDMP have been completed. Portfolio Office Business Case Target operating model approved in principle with required funding to be identified. The estimated completion date has changed due to many factors within this timeline, all of which have impacted workloads and staff capacity. The Directorate has had a change of Director, an introduction of a HoF Portfolio Office role, a lack of skill levels available to create Business Cases and Models.	SDD004	Consideration should be given to the development of a Service Improvement Framework and Self-Assessment to ensure the systematic approach to continuous improvement which demonstrates the commitment to continuous improvement across the service	31/03/2022	Red	SFRS Maturity Assessment drafted and will inform the SFRS continuous improvement strategy 22-25 which is currently under development. In addition, a new Self-Assessment framework (EFQM) is now currently progressing through a Test of Change that will allow the SFRS to independently apply continuous improvement methods and measures into their BAU activities
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SDD004	Consideration should be given to the development of a Service Improvement Framework and Self-Assessment to ensure the systematic approach to continuous improvement which demonstrates the commitment to continuous improvement across the service	31/03/2022	Red	SFRS Maturity Assessment drafted and will inform the SFRS continuous improvement strategy 22-25 which is currently under development. In addition, a new Self-Assessment framework (EFQM) is now currently progressing through a Test of Change that will allow the SFRS to independently apply continuous improvement methods and measures into their BAU activities																	
<p>3.1.7</p>	<p>Following the SLT risk workshop Directorates were asked to consider their current control actions, ensuring they reflected the current position. This work remains ongoing due to limited time and responsible officers being away.</p>																				
<p>3.2 3.2.1  3.2.2</p>	<p><b><u>Significant Risk Changes</u></b></p> <p><b><u>New Risk</u></b></p> <ul style="list-style-type: none"> <li>○ TSA017 - There is a risk of an inability to deliver risk critical training due to the ageing training infrastructure and the limited finance/budget available for capital investment, to ensure training facilities remain fit for purpose. This is aligned to strategic outcome 5 and has a risk rating of 16.</li> </ul> <p><b><u>Closed Risks</u></b></p> <ul style="list-style-type: none"> <li>○ TSA016 - There is a risk of contamination to Firefighters and Instructors on Training courses using Carbonaceous Burning Units due to the existing welfare facilities at some of our Training sites. This risk has been closed and has been replaced with TSA017 in relation to Training Infrastructure.</li> <li>○ TSA012 - There is a risk of there being insufficient staff capacity and resources available to be able to reschedule and deliver any courses cancelled due to Industrial Action. This risk is now closed due to the National acceptance of the FF pay deal.</li> <li>○ SPPC002 - 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. Risk merged with SPPC007.</li> </ul>																				



- SD014 - There is a risk that SFRS will be unable to fulfil its statutory obligations under The Fire (Scotland) Act 2005 and as a category 1 responder under the Civil Contingencies Act (2004). This is because of the potential for the Fire Brigades' Union (FBU) to register a national trade dispute over the proposed pay offer. The potential for the Fire Brigades' Union (FBU) to register a further national trade dispute has been significantly reduced due to the recent agreed pay offer accepted by the members.
- POD013 - There is a risk that the mental health and wellbeing of POD staff is negatively impacted because of reduced resources, concurrent challenges of IA and the Spending Review and changing organisational priorities. The POD Model has now been implemented, with a more flexible approach to support requirements. AOP and directorate plans established to meet resources and this risk has now been closed.
- POD004 - The risk of being unable to support recruitment of staff across the SFRS, in a timely manner and aligned with workforce planning requirements due to prolonged recruitment processes or delayed/unplanned recruitment scheduling. Work has been undertaken with holding pools established, promotion campaigns run, WFFF recruitment detailed to SLT, NOCLF project outcomes progressed, support staff vacancy management process in place to monitor and provide timely response to recruitment requests.
- FCS010 - 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. Current business activities and processes are mitigating the impact upon the Service, ensuring engagement across all levels of the Service. This will continue to be monitored through business as usual activities.

## 3.2.3

Risk Rating Changes

- TSA011 - There is a risk of there being insufficient staff capacity and resources available to meet the demand for training delivery. The risk rating has been reduced due to current control actions that are in place. This risk will be reviewed further with a view to being monitored through the Functional risk register and also added to the Issues Log once one has been created. Rating reduced from 16 (4x4) to 12 (3x4).
- POD011 - Risk of delay to pay and competence awards due to ineffective FF Development Programme Policy/Uniformed Managers Development to Competent Policy and processes implementation. With the implementation of Interim Policy Addendum to the Trainee Firefighter Development Programme, a Partnership Policy Review Group re-established and Policy reviews due to be completed the risk rating has reduced from 15 (3x5) to 12 (3x4).
- SPPC001 - There is a risk of the service not consistently providing accurate performance management information from some sources. Following a management review of the risk the risk rating has reduced from 20 (5x4) to 16 (4x4).
- SDD001 - 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, and in light of the constraints brought about by the strategic resource spending review. Following review of guidance issued and consideration of the actual impact upon the Service the risk rating has reduced from 20 (5x4) to 15 (5x3).

3.3	The information presented within the revised report is still under review with future reporting to use both the overview report and the new risk reporting tool. A workshop is being planned for the Audit and Risk Assurance Committee to review the reporting capabilities of the tool and to agree further reporting requirements to Committee's. Emails have been issued to ARAC Members to identify a suitable date over before the middle of August 2023.
<b>4</b>	<b>Recommendation</b>
4.1	The Audit and Risk Assurance Committee is asked to: <ul style="list-style-type: none"> <li>• Scrutinise the information presented within the report.</li> </ul>
<b>5</b>	<b>Key Strategic Implications</b>
5.1	<b>Risk</b>
5.1.1	The report identifies risks from each Directorate together with the significant changes made since the last update. Each Directorate will be responsible for the identification and mitigation of any associated risk and for the update of relevant risk registers.
5.2	<b>Financial</b>
5.2.1	The report identifies risks from each Directorate with financial implications arising from control decisions to be managed by the relevant Directorate.
5.3	<b>Environmental &amp; Sustainability</b>
5.3.1	Any implications arising from the report will be managed by the relevant Directorate.
5.4	<b>Workforce</b>
5.4.1	Any implications arising from the report will be managed by the relevant Directorate.
5.5	<b>Health &amp; Safety</b>
5.5.1	Any implications arising from the report will be managed by the relevant Directorate.
5.6	<b>Health &amp; Wellbeing</b>
5.6.1	Any implications arising from the report will be managed by the relevant Directorate.
5.7	<b>Training</b>
5.7.1	Any implications arising from the report will be managed by the relevant Directorate.
5.8	<b>Timing</b>
5.8.1	The report is provided to the Audit and Risk Assurance Committee on a quarterly basis.
5.9	<b>Performance</b>
5.9.1	The risk report is used to ensure risks are identified and suitably managed by relevant Directorates.
5.10	<b>Communications &amp; Engagement</b>
5.10.1	Any implications arising from the report will be managed by the relevant Directorate.
5.11	<b>Legal</b>
5.11.1	Any implications arising from the report will be managed by the relevant Directorate.
5.12	<b>Information Governance</b>
5.12.1	DPIA completed - No. The report provides a summary of risks identified by Directorates. Each Directorate will ensure that any relevant DPIA is completed as required.

5.13 5.13.1	<b>Equalities</b> EHRIA completed - No. An assessment was undertaken in relation to the Risk Management Policy. Any individual elements of work, which may have an impact upon Equalities, will require to be assessed and managed by the relevant Directorate.	
5.14 5.14.1	<b>Service Delivery</b> Any implications arising from the report will be managed by the relevant Directorate.	
<b>6</b>	<b>Core Brief</b>	
6.1	Not applicable	
<b>7</b>	<b>Assurance (SFRS Board/Committee Meetings ONLY)</b>	
7.1	<b>Director:</b>	John Thomson, Acting Director of Finance and Procurement
7.2	<b>Level of Assurance: (Mark as appropriate)</b>	<del>Substantial/Reasonable/Limited/Insufficient</del> There is room for improvement in the identification of the right risks, controls and the completion of mitigating actions within identified timescales.
7.2	<b>Rationale:</b>	The report is based upon information identified by each Directorate and I have confidence that the information is correctly reported based upon these returns.
<b>8</b>	<b>Appendices/Further Reading</b>	
8.1	Appendix A – Audit and Risk Assurance Committee Risk Report	
<b>Prepared by:</b>		David Johnston, Risk and Audit Manager
<b>Sponsored by:</b>		John Thomson, Acting Director of Finance and Procurement
<b>Presented by:</b>		David Johnston, Risk and Audit Manager
<b>Links to Strategy and Corporate Values</b>		
Risk Management forms part of the Services Governance arrangements and links back to Outcome 5 of the 2022-25 Strategic Plan, specifically Objectives 5.1 and 5.6:		
<b>Outcome 5: We are a progressive organisation, use our resources responsibly and provide best value for money to the public.</b>		
<ul style="list-style-type: none"> <li>• Objective 5.1: Remaining open and transparent in how we make decisions</li> <li>• Objective 5.6: Managing major change projects and organisational risks effectively and efficiently</li> </ul>		
<b>Governance Route for Report</b>		<b>Meeting Date</b>
<i>Audit &amp; Risk Assurance Committee</i>		<i>27 June 2023</i>
		<b>Report Classification/ Comments</b>
		<i>For Scrutiny</i>

# Audit and Risk Assurance Committee Risk Report June 2023



SCOTTISH  
FIRE AND RESCUE SERVICE

Working together for a safer Scotland

## Contents:

- Directorate Risks
- Control Actions
- Significant Risk Changes

## Directorate Risks

SP Aligned	Risk ID	Risk Name	Risk Description	Committee	Executive Board	Risk Rating	Target Rating
2 - Response	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.	SDC	AMLB	15 - 3x5	10 - 2x5
3 - Innovation and Modernisation	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.	ARAC	DB	20 - 4x5	12 - 3x4
3 - Innovation and Modernisation	SDD004	Continuous Improvement 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.	CC	SMB	16 - 4x4	8 - 2x4
3 - Innovation and Modernisation	SDD009	Delivery of Strategic Change	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	CC	SMB	15 - 5x3	6 - 3x2
3 - Innovation and Modernisation	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, and in light of the constraints brought about by the strategic resource spending review. This could result in a lack of clarity and direction for Directorate members impeding the Directorates ability to work effectively and efficiently impacting on the support and delivery performance as a Directorate across the wider SFRS.	CC	SMB	15 - 5x3	15 - 3x5
5 - Effective Governance and Performance	TSA014	Health and Safety Legal Compliance	There is a risk of not being able to demonstrate legislative compliance because of gaps identified in risk control measures, management arrangements and alignment with recognised standards resulting in potential criminal/civil litigation, and reputational damage.	PC	NSAB	16 - 4x4	4 - 2x2

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SP Aligned	Risk ID	Risk Name	Risk Description	Committee	Executive Board	Risk Rating	Target Rating
5 - Effective Governance and Performance	SPPC001	Service Performance Management	There is a risk of the service not consistently providing accurate performance management information from some sources due to inaccurate data or inadequate systems resulting in loss of confidence in reporting service performance.	SDC	GGB	16 - 4x4	8 - 2x4
5 - Effective Governance and Performance	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.	SDC	AMLB	16 - 4x4	8 - 4x2
5 - Effective Governance and Performance	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	16 - 4x4	8 - 2x4
5 - Effective Governance and Performance	TSA017	Risk Critical Training Delivery	There is a risk of an inability to deliver risk critical training due to the ageing training infrastructure and the limited finance/budget available for capital investment, to ensure training facilities remain fit for purpose. Failure to invest may result in an increased potential for currency in risk critical skills not being maintained within specified timeframes.	PC	PB	16 - 4x4	9 - 3x3
5 - Effective Governance and Performance	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.	CC	DB	15 - 3x5	8 - 2x4
6 - People	TSA015	Staff Resourcing and Capability	There is a risk of insufficient resources within SA to meet the changing needs of the service due to the impact of new and emerging organisational priorities, failure to attract and retain suitably qualified and experienced candidates etc. This may result in reduced engagement with employees, an inability to enhance the delivery model to complete the 2022-26 HS Strategy, criminal/civil litigation, and associated financial and reputational cost, adverse scrutiny and an impact upon the well-being of staff.	PC	NSAB	16 - 4x4	4 - 2x2
6 - People	POD012	Vocational and Apprenticeship Attainment	There is a risk of insufficient qualified assessors and internal verifiers due to the impact of the pension remedy, access to existing assessor capacity and poor succession planning resulting in delay in operational staff attaining their SVQ.	PC	PB	15 - 5x3	2 - 2x1

## Control Actions

Risk ID	Risk Name	Control Due Date	Control RAG	Control Description	Performance	Control Comment
SDD001	Delivery of Directorate Commitments	31/03/2022	Red	Development of business cases, recruitment and implementation of posts to allow the population of proposed Directorate Structure in line with organisational need	Red - 70%	Business Cases for ICT and SDMP have been completed. Portfolio Office Business Case Target operating model approved in principle with required funding to be identified. The estimated completion date has changed due to many factors within this timeline, all of which have impacted workloads and staff capacity. The Directorate has had a change of Director, an introduction of a HoF Portfolio Office role, a lack of skill levels available to create Business Cases and Models, a lengthy recruitment process, which has since improved and a financial market, which we are not in a position to compete with.
SDD004	Continuous Improvement Culture	31/03/2022	Red	Consideration should be given to the development of a Service Improvement Framework and Self-Assessment to ensure the systematic approach to continuous improvement which demonstrates the commitment to continuous improvement across the service	Red - 75%	SFRS Maturity Assessment drafted and will inform the SFRS continuous improvement strategy 22-25 which is currently under development. In addition, a new Self-Assessment framework (EFQM) is now currently progressing through a Test of Change that will allow the SFRS to independently apply continuous improvement methods and measures into their BAU activities
SDD001	Delivery of Directorate Commitments	31/12/2022	Amber	Development of market allowance business cases, recruitment and implementation of posts to improve the recruitment to vacant posts and ensure retention of existing ICT staff.	Amber - 75%	Market Allowance process completed successfully. Recruitment to vacant posts restarted subject to potential operating model changes and SLT approval.
FCS005	Core Funding	31/03/2024	Green	Continue to secure Capital and Resource Funding and review spending in line with the Resource Spending Review action plan	Green - 10%	Focus now on 23/24 budgets with work progressing each month.
FCS012	Supply Chain Shortages	31/03/2024	Green	Continue to monitor and re-phase 2023/24 Capital Programme as required, ensuring required levels of governance maintained.	Green - 5%	Continue to monitor and re-align workplan to address current challenges experienced, accelerating or delaying projects, and moving priorities aligned to available supplies

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Risk ID	Risk Name	Control Due Date	Control RAG	Control Description	Performance	Control Comment
POD012	Vocational and Apprenticeship Attainment	31/03/2023	Green	Implementing Vocational and Apprenticeship agreed programme of work resulting from 2022 SQA External Verification outcomes and wider vocational and apprenticeship quality assurance and improvement activities	Green- 15%	The hold on the Operations in the Community SVQ and Firefighting Modern Apprenticeship has been lifted. The wider programme of quality assurance and improvement work is transitioning from the Steering group into a programme working group. The improvement programme consists of multiple workstreams across a range of stakeholders and will be concurrently progressed over 2023-24 to maintain momentum and continue to mitigate this risk.
SD001	Command and Control Mobilising Systems	31/03/2024	Green	Procurement and implementation of DS300 ICCS (for DOC and JOC)	Green - 10%	Work has been progressed in relation to Dundee and Johnstone and will continue to be managed through an ICT Project.
SD001	Command and Control Mobilising Systems	31/12/2023	Green	Support the design, procurement, delivery and implementation of the New Mobilising System (NMS) - Phase 1	Green - 40%	Service Delivery will support the delivery of the SFRS Project as require.
SD001	Command and Control Mobilising Systems	31/12/2023	Green	Procurement and implementation of Vision 5 Disaster Recovery System (for EOC and DOC)	Green - 50%	Vision 5 Disaster Recovery System work ongoing (resilience for DOC and EOC). Vision 5DR - DOC data has been uploaded and undergoing robust testing. SSS continue to develop the system as testing identifies missing information. Currently there is access to 5 Clients, but this will increase once acceptance tests are complete. EOC data will be progressed on completion of DOC acceptance tests, training and Go Live.
SDD005	Additional Funding	31/03/2024	Green	Ongoing engagement with Scottish Government	Green - 0%	This will continue throughout 2023/24 until further information is received from SG. Funding for Data First interim solution expected to be confirmed by end June 2023. Recent years' funding has been agreed and provided by SG showing their commitment to funding the programme in full to date. Following an independent review by Intelligens SG have confirmed their support for continuing with the Programme. There are no controls in this risk past their completion date, the date changes each year as it is an ongoing action.



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Risk ID	Risk Name	Control Due Date	Control RAG	Control Description	Performance	Control Comment
SDD007	Cyber Security	31/03/2024	Green	In conjunction with Multi Factor Authentication (MFA), enhance the current M365 conditional access policies to control all devices and apps that connect to our M365 data and enforce our organisational policies.	Green - 0%	This control action aims to introduce further technical measures to minimise the opportunity for cyber-attacks
SDD007	Cyber Security	30/09/2023	Green	Carry out first bi-annual test exercise of the Cyber Security Incident Plan.	Green - 0%	This control action aims to confirm the controls implemented including awareness training for users are effective in protecting the Service from cyber-attack.
SDD007	Cyber Security	31/03/2024	Green	Carry out second bi-annual test exercise of the Cyber Security Incident Plan.	Green 0 %	This control action aims to confirm the controls implemented including awareness training for users are effective in protecting the Service from cyber-attack.
SDD009	Delivery of Strategic Change	31/03/2023	Green	Development of business cases, recruitment and implementation of posts, Partnership working across the service and continued professional development (CPD) of Strategic Change related roles will essential in the mitigation of this risk	Amber - 25%	Business Cases for ICT and SDMP have been completed. Portfolio Office Business Case Target operating model approved in principle with required funding to be identified.
SPPC001	Service Performance Management	31/03/2024	Green	Data governance framework and policy to be finalised and begin implementation throughout 2023	Green - 10%	Data governance /management policy and framework is in development. Consideration of alignment with NFCC Data Standard. Capacity and data access will remain a concern
SPPC001	Service Performance Management	31/03/2024	Green	Continue to improve on data analysis and performance product development throughout 2023 - Main focus  - Board Risk and Performance Reporting - Ongoing Service Delivery dashboard development - Official Statistics Publications - Dashboard development for POD, Training/Health and Safety	Green - 10%	Key objectives summarised here with more detail available in GSP workplan. Unplanned work, capacity and data access remain a concern and may affect delivery
TSA014	Health and Safety Legal Compliance	31/03/2024	Green	Identify areas for improvement within risk assessments in SFRS and develop a programme of work to collaborate with business partners	Green - 10%	Identification process is ongoing in preparation for developing risk assessments

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Risk ID	Risk Name	Control Due Date	Control RAG	Control Description	Performance	Control Comment
TSA015	Staff Resourcing and Capability	31/03/2024	Green	Develop strategic workforce plan and process that enable a workforce that will deliver Health and Safety Strategy 2022-2026.	Green - 20%	Review current structure and submit proposals through governance
TSA017	Risk Critical Training Delivery	31/03/2024	Green	Contamination Zoning at all Training Centres / Sites	Green - 20%	Initial scoping exercise around contamination zoning carried out at all main training sites. Site plans held on SharePoint. Further engagement to be held with Property regarding Training Centre / site adaptations.
TSA017	Risk Critical Training Delivery	31/03/2024	Green	Training Centre welfare facilities Dundee Airport	Green - 35%	New welfare unit for Dundee airport has be agreed in principle. Further site survey required to ensure suitability.
TSA017	Risk Critical Training Delivery	31/03/2024	Green	Training Centre welfare facilities Portlethen Training Centre	Green - 25%	Report discussed at AMLB regarding possible solution for increased welfare facilities. Further engagement to be held with property as solutions outlined within the report were deemed not suitable at AMLB.
TSA017	Risk Critical Training Delivery	31/03/2024	Green	Review of BA, CFBT & TV courses to see if learning outcomes can be met without the need for live fire exercises.	Green - 35%	Work to assess the possibility of removing carbonaceous burns for BA & Tac Vent Courses, while maintain annual hot wear using other methods continues. This is linked to contaminants risk and so we are exploring ways to reduce exposure for FF / Instructor Safety.

## Significant Risk Changes

Risk Description	Executive Board	Committee	Change Type	Comment
TSA016 - There is a risk of contamination to Firefighters and Instructors on Training courses using Carbonaceous Burning Units due to the existing welfare facilities at some of our Training sites	PB	PC	Closed Risk	This risk has been closed as it will now sit under the new risk created regarding Training infrastructure TSA017. The associated control actions for this risk will now either be progressed under the Functional risk register or move over to TSA017.
TSA012 - There is a risk of there being insufficient staff capacity and resources available to be able to reschedule and deliver any courses cancelled due to Industrial Action.	PB	PC	Closed Risk	This risk is now closed due to the National acceptance of the FF pay deal.
SPPC002 - 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.	GGB	CC	Closed Risk	Risk merged with SPPC007.
SD014 - There is a risk that SFRS will be unable to fulfil its statutory obligations under The Fire (Scotland) Act 2005 and as a category 1 responder under the Civil Contingencies Act (2004). This is because of the potential for the Fire Brigades' Union (FBU) to register a national trade dispute over the proposed pay offer resulting in balloting for industrial action or action short of industrial action.	SLT	SDC	Closed Risk	The potential for the Fire Brigades' Union (FBU) to register a further national trade dispute has been significantly reduced due to the recent agreed pay offer accepted by the members.
POD013 - There is a risk that the mental health and wellbeing of POD staff is negatively impacted because of reduced resources, concurrent challenges of IA and the Spending Review, and changing organisational priorities.	PB	PC	Closed Risk	The POD Model has now been implemented, with a more flexible approach to support requirements. AOP and directorate plans established to meet resources. IA is now concluded.
POD004 - The risk of being unable to support recruitment of staff across the SFRS, in a timely manner and aligned with workforce planning requirements due to prolonged recruitment processes or delayed/unplanned recruitment scheduling.	PB	PC	Closed Risk	Work has been undertaken (holding pools established, promotion campaigns run, WFFF recruitment detailed to SLT, NOCLF project outcomes progressed, support staff vacancy management process in place to monitor and provide timely response to recruitment requests.
FCS010 - 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.	GGB	ARAC	Closed Risk	Current business activities and processes are mitigating the impact upon the Service, ensuring engagement across all levels of the Service. This will continue to be monitored through business as usual activities.

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Risk Description	Executive Board	Committee	Change Type	Comment
TSA011 - There is a risk of there being insufficient staff capacity and resources available to meet the demand for training delivery due to an increased demand for various risk critical courses and staff shortages created by the current pension remedy situation.	PB	PC	Decreased Risk	Impact Decreased From: 16 (4 x 4) To: 12 (4 x 3) "The risk rating has been reduced due to current control actions that are in place. This risk will be reviewed further with a view to being monitored through the Functional risk register and also added to the Issues Log once one has been created"
POD011 - Risk of delay to pay and competence awards due to ineffective FF Development Programme Policy/Uniformed Managers Development to Competent Policy and processes implementation.	PB	PC	Decreased Risk	Impact Decreased From: 15 (3 x 5) To: 12 (3 x 4) "2023.06.15 CD: reduce impact from 5 to 4 with implementation of Interim Policy Addendum to the Trainee Firefighter Development Programme policy from March 2023; Partnership Policy Review Group re-established and Policy reviews due to be completed, consulted on and policies implemented from Q4 2023-24"
SPPC001 - There is a risk of the service not consistently providing accurate performance management information from some sources.	GGB	SDC	Decreased Risk	Probability Decreased From: 20 (5 x 4) To: 16 (4 x 4) "Probability reduced from 4 to 5 following review of risk."
SDD001 - 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, and in light of the constraints brought about by the strategic resource spending review.	SMB	CC	Decreased Risk	Impact Decreased From: 20 (5 x 4) To: 15 (5 x 3) "Impact reduced from 4 to 3 aligned to guidance and actual impact.  Wording Update"
TSA017 - There is a risk of an inability to deliver risk critical training due to the ageing training infrastructure and the limited finance/budget available for capital investment, to ensure training facilities remain fit for purpose.	PB	PC	New Risk	New risk added following discussion by Management Team.



## Audit Risk and Assurance Committee: Risk Spotlight

27 June 2023

Risk: FCS014: Backlog Investment Across Fleet and Equipment Assets

Submitted by: Iain Morris - Acting Director of Asset Management

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

- There is a risk that we fail to meet our statutory duties in relation to prevention and response, for example not having an appliance to cover an incident, because the management of our fleet and equipment assets is below an acceptable level. Without question insufficient investment is an underlying cause, which results in older assets still in service. Therein there is a risk in retaining older vehicles and equipment in operational service which can result in higher maintenance costs to service ageing assets, with a further increased risk of breakdown or equipment failure, which may compromise the service's ability to meet its aims and objectives. It should be noted that other causes of this risk could relate to the placement and utilisation of assets.

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

- Continue to maintain fleet and equipment assets within allocated budget, ensuring that assets are kept to legislative requirements, and fit for purpose;
- Continue to monitor and re-phase Capital Programme as required, ensuring required levels of governance maintained at all times;
- Continue to monitor and re-align workplan to address current challenges experienced, accelerating or delaying projects, and moving priorities aligned to available supplies;
- Development of Strategic Asset Management Plans for Equipment and Fleet Assets with improvement actions aligned to mitigate risks where possible, for example better use of the Automatic Vehicle Location System (AVLS) to help manage the light fleet. These documents will detail the scale of the investment backlog and also document the overall condition and suitability of Fleet and Equipment assets. We will also prioritise where the investments will be targeted towards;
- Resource spending review initiatives reduces backlog investment of fleet and associated equipment with 10 appliances being temporarily removed and the reduction of 10 height vehicles. Circa £3 million reduction in backlog investment against £78 million with reduction of height vehicles only;
- Continue to review the market place for alternative supply chains / solutions;
- Strategic review of light fleet will be completed in Spring 2024 (with an anticipated reduction in the number of light fleet vehicles). Supporting the aims of The SFRS is at the heart of this review. In broad terms, this review will look at the harmonisation, rationalisation and more importantly optimisation of the light fleet.

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

There are a number of issues that are affecting the global supply chain and prices in general, particularly the war in Ukraine and inflation, which we envisage will continue to have an impact over the next few years:

- **Ongoing Microchip Shortages:**
  - Shortages now exacerbated as neon gas needed in production is mainly sourced from Russia and Ukraine
  - Global transportation of goods still affected by Covid pandemic
- **Parts:**
  - Sanctions impacting on all manufacturers
  - Ukraine parts disruptions – particularly wire harnesses used in vehicle wiring systems
  - Russia produces 40% of the world's mined palladium. Around two thirds of palladium use are in vehicles, where it is the active element in catalytic converters for exhaust after treatment and also plating of microchips.
- **Impact on Car Prices:**
  - The crisis in Ukraine is also pushing up the price of cars, as raw materials become scarcer and more expensive.
  - The price of metals has jumped on the invasion: aluminium and palladium for catalytic converters are more expensive.
- **Impact on Electric Vehicles:**
  - Russia supplies nearly half of the world's palladium and roughly 10% of the market's supply of nickel, as well as large quantities of aluminium and copper —key ingredients in EV batteries.
- **Power Shortages**
  - Inability to manufacture or produce goods and services due to power insecurity – potential rolling power outages predicted. The Government has “war gamed” emergency plans to cope with energy blackouts lasting up to seven days in the event of a national power outage amid growing fears over security of supply.
- **Price of Materials**
  - The war in Ukraine has no doubt contributed to material supply and price increase issues, coupled with the ensuing energy and cost of living crises, mean that prices are rising month on month. The shipping costs of transporting goods has also increased significantly.
- **Labour Shortages**
  - Labour shortages, scarcity of trades and professional services, which were prevalent pre-pandemic and Brexit are also now more acute, owing to workers returning to the EU and the increasing cost of employing migrant workers. Issues with labour shortages have been plaguing the industry since recovery from the last recession began.

## SCOTTISH FIRE AND RESCUE SERVICE

## Audit and Risk Assurance Committee



Report No: C/ARAC/24-23

Agenda Item: 9.1

Report to:		AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:		27 JUNE 2023						
Report Title:		SFRS INTERNAL AUDIT PROGRESS REPORT 2023/24						
Report Classification:		For Scrutiny	<b>Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u></b>					
			<a href="#">A</a>	<a href="#">B</a>	<a href="#">C</a>	<a href="#">D</a>	<a href="#">E</a>	<a href="#">F</a>
<b>1</b>	<b>Purpose</b>							
1.1	To provide a summary of progress in the delivery of the 2023/24 Internal Audit plan.							
<b>2</b>	<b>Background</b>							
2.1	This report is intended to enable the Audit and Risk Assurance Committee (ARAC) to consider the progress to date in the delivery of the audit plan for 2023/24.							
<b>3</b>	<b>Main Report/Detail</b>							
3.1	To provide confirmation of the progress made in relation to all audits contained within the 2023/24 agreed audit plan and to confirm that Assignment Plans have been agreed with management for the three reviews taking place in Quarter 2 along with the timing of the reviews.							
<b>4</b>	<b>Recommendation</b>							
4.1	ARAC is asked to note the content of the report.							
<b>5</b>	<b>Key Strategic Implications</b>							
5.1	<b>Risk</b>							
5.1.1	The internal audit programme forms part of the Service's Assurance Framework.							
5.2	<b>Financial</b>							
5.2.1	There are no direct implications associated with the report.							
5.3	<b>Environmental &amp; Sustainability</b>							
5.3.1	There are no direct implications associated with the report.							
5.4	<b>Workforce</b>							
5.4.1	There are no direct implications associated with the report.							
5.5	<b>Health &amp; Safety</b>							
5.5.1	There are no direct implications associated with the report.							
5.6	<b>Health &amp; Wellbeing</b>							
5.6.1	There are no direct implications associated with the report.							
5.7	<b>Training</b>							
5.7.1	There are no direct implications associated with the report.							

5.8	<b>Timing</b>	
5.8.1	The report notes progress in relation to audits to be undertaken in the 2023/24 financial year.	
5.9	<b>Performance</b>	
5.9.1	Internal audit is intended to support the service and where relevant identify areas where performance can be enhanced.	
5.10	<b>Communications &amp; Engagement</b>	
5.10.1	Individual reports are issued and agreed with management for each of the audit assignments contained within the annual plan and are presented separately to the Audit and Risk Assurance Committee throughout the year.	
5.11	<b>Legal</b>	
5.11.1	There are no direct implications associated with the report.	
5.12	<b>Information Governance</b>	
5.12.1	Collection or use of personal data has not been required in the preparation of the Progress Report. For this reason, a Data Protection Impact Assessment has not been required.	
5.13	<b>Equalities</b>	
5.13.1	For each audit assignment, relevant directors need to consider whether an Equality and Human Rights Impact Assessment is applicable.	
5.14	<b>Service Delivery</b>	
5.14.1	There are no direct implications associated with the report.	
<b>6</b>	<b>Core Brief</b>	
6.1	Not applicable	
<b>7</b>	<b>Assurance (Board/Committee Meetings ONLY)</b>	
7.1	<b>Director:</b>	John Thomson, Acting Director of Finance and Procurement
7.2	<b>Level of Assurance: (Mark as appropriate)</b>	Substantial/Reasonable/Limited/Insufficient
7.2	<b>Rationale:</b>	Azets are providing ARAC with an update on the progress of the audits within the IA plan for the year and identifying any specific recommendations for each audit completed.
<b>8</b>	<b>Appendices/Further Reading</b>	
8.1	Appendix A: Progress update on Internal Audit Recommendations.	
8.2	Appendix B: Final Report Sickness Absence Management	
8.3	Appendix C: Final Report Arrangement for Internal Assessment and Verification of SVQ	
<b>Prepared by:</b>		
Gill Callaghan, Senior Manager - Azets		
<b>Sponsored by:</b>		
John Thomson, Acting Director of Finance and Procurement		
<b>Presented by:</b>		
Gary Devlin, Partner - Azets		
<b>Links to Strategy and Corporate Values</b>		
Working Together for a Safer Scotland		
<b>Governance Route for Report</b>		
<b>Meeting Date</b>		
<b>Report Classification/ Comments</b>		
Audit and Risk Assurance Committee		
27 June 2023		
For scrutiny		





# Scottish Fire and Rescue Service

## Internal Audit Progress Report

June 2023





# Scottish Fire and Rescue Service

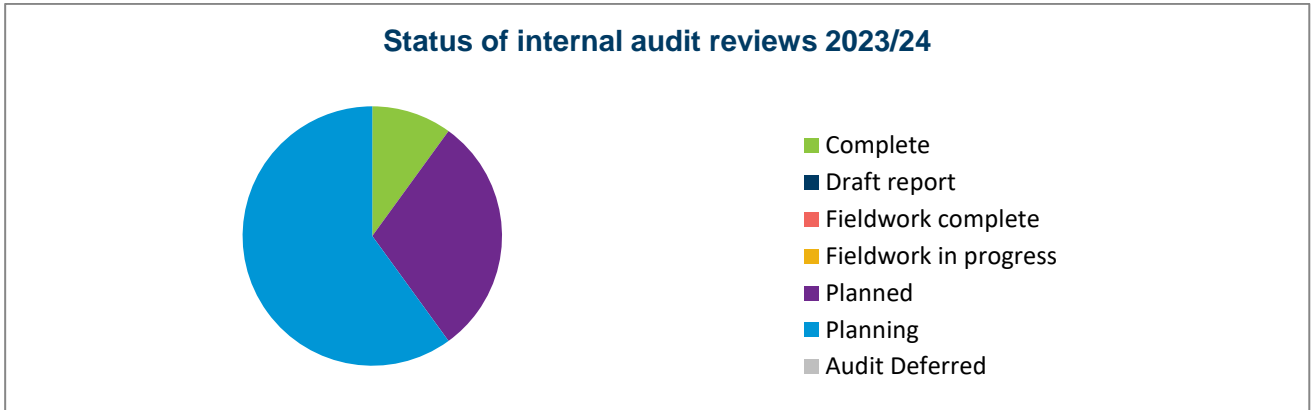
## Internal Audit Progress Report

Summary	1
2023/24 audit plan progress	2
Internal audit assignments scheduled to take place in Quarter 2	3
KPI status	6



# Summary

This paper provides the Audit and Risk Assurance Committee with a summary of activity in relation to the 2023/24 internal audit programme.



## 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

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Gill Callaghan, Senior Manager

[gill.callaghan@azets.co.uk](mailto:gill.callaghan@azets.co.uk)

0131 473 3500

# 2023/24 audit plan progress

Ref and Name of report	Days	Current status	Planned ACC	Actual ACC
A6. Budgetary Control	20	Planned	Oct 23	-
B5. Equality, Diversity & Inclusion	14	Planned	Jan 24	-
C8. Risk Management (Assurance Stocktake)	12	Planning	Jan 24	-
D3. Workforce Planning (On Call Firefighters)	18	Planned	Oct 23	-
D6. Partnership Working	25	Planning	Mar 24	-
D7. Contract Management	20	Planning	Jun 24	-
F1.1 Follow Up Q1	2.5	Complete	Jun 23	Jun 23
F1.2 Follow Up Q2	2.5	Planning	Oct 23	-
F1.3 Follow Up Q3	2.5	Planning	Jan 24	-
F1.4 Follow Up Q4	2.5	Planning	Mar 24	-
G1. Annual report	n/a	n/a	Jun 24	-

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 to take place in Quarter 2

The following internal audit assignments are scheduled to be undertaken in Quarter 2:

- Budgetary Control;
- Workforce Planning (On Call Firefighters); and
- Equality, Diversity and Inclusion.

<b>Audit Assignment:</b>	<b>BUDGETARY CONTROL</b>
<b>SFRS Audit Sponsor:</b>	Lynne McGeough, Acting Head of Finance & Procurement
<b>Agreed start date:</b>	4 July 2023
<b>Scope:</b>	<p>Our review will focus on controls over budget setting, monitoring and reporting with particular emphasis on ensuring the Service's financial sustainability going forward. As part of this audit we will also review the arrangements for ensuring that value for money is given due consideration when taking decisions to commit expenditure.</p> <p>This audit will be limited to the budgetary control framework over the resource budget. The capital budget will not be included as this was covered as part of the Capital Investment Strategy review undertaken in 2022/23.</p>
<b>Control Objectives:</b>	<ul style="list-style-type: none"> <li>• There is an appropriate process for budget setting that includes a requirement for budgets to be appropriately scrutinised and approved.</li> <li>• Budgets are monitored on a regular basis and are subject to accurate profiling and forecasting, with adequate support provided to budget holders to enable them to monitor their budgets effectively. Any virements are subject to review and approval.</li> <li>• Significant variances between budgeted and actual income and expenditure are investigated with explanations provided and, where necessary, corrective action taken.</li> <li>• Due consideration is given to value for money and available budget when making decisions to commit expenditure with business cases being compiled when expenditure cannot be sourced from the existing budget.</li> <li>• Medium-term financial plans have been devised to ensure the Service's ongoing financial sustainability.</li> <li>• Appropriate management information and reporting arrangements are in place.</li> </ul>

<b>Audit Assignment:</b>	<b>WORKFORCE PLANNING (ON CALL FIREFIGHTERS)</b>
<b>SFRS Audit Sponsor:</b>	Lyndsey Gaja, Head of People
<b>Agreed start date:</b>	3 July 2023
<b>Scope:</b>	<p>Our review will focus on the arrangements for attracting and recruiting On Call firefighters to the Service following the work undertaken on this area as part of the On Call Improvement Programme.</p> <p>This review will not cover the training of new On Call Firefighters as this was covered in the review of Training undertaken in 2022/23.</p>
<b>Control Objectives:</b>	<ul style="list-style-type: none"> <li>• The decision to recruit On Call firefighters is based on effective workforce planning taking into account matters such as the level of risk posed to the local communities and the resources required to deliver a resilient service.</li> <li>• Potential candidates for On Call firefighter posts have the opportunity to enrol on the Pre-Recruitment Engagement Programme so they are made aware of the what the role entails, the selection process and are supported to prepare effectively for selection.</li> <li>• Appropriate arrangements are in place to select candidates for the On Call firefighter role including attendance at an Assessment Day covering fitness, medical and other assessments/tests designed to evaluate a candidate's aptitude and suitability for the role. Background checks are also performed covering eligibility to work in the UK, PVG check etc.</li> <li>• Arrangements are in place to onboard successful candidates so that they are effectively introduced and integrated into their new role within the Service.</li> <li>• Appropriate management information and reporting arrangements are in place.</li> </ul>



<b>Audit Assignment:</b>	<b>EQUALITY, DIVERSITY AND INCLUSION</b>
<b>SFRS Audit Sponsor:</b>	Fiona Munro, Head of People
<b>Agreed start date:</b>	4 September 2023
<b>Scope:</b>	<p>Our review will focus on the arrangements SFRS has in place to ensure it meets its statutory obligations with regard to equalities legislation and that equality, diversity and inclusion (EDI) are actively promoted throughout SFRS and its operations.</p> <p>As part of the review, we will consider the extent to which equality, diversity and inclusion are embedded within the Service alongside compliance with statutory monitoring and reporting requirements for this area.</p>
<b>Control Objectives:</b>	<ul style="list-style-type: none"> <li>• Appropriate governance arrangements are in place in respect of EDI (including policies and procedures that are compliant with legislation and clearly defined roles and responsibilities) in order to set a clear tone from the top and foster an inclusive culture.</li> <li>• Training has been delivered to staff, management and Board members to ensure they understand both the Service's and their own responsibilities over EDI.</li> <li>• EDI is considered as part of the Service's policies and practices, with EDI actively promoted and embedded throughout the organisation's operations.</li> <li>• Equality Impact Assessments are completed where appropriate with actions taken to improve future performance, where required.</li> <li>• Monitoring and reporting arrangements are in place to ensure the Service meets its statutory and regulatory obligations in relation to EDI.</li> </ul>

# KPI status

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

## Key

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

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# Scottish Fire and Rescue Service

Internal Audit Report 2022/23

Sickness Absence Management

June 2023



# Scottish Fire and Rescue Service

## Internal Audit Report 2022/23

### Sickness Absence Management

Executive Summary	1
Management Action Plan	6
Appendix A – Definitions	17

<b>Audit Sponsor</b>	<b>Key Contacts</b>	<b>Audit team</b>
<i>Liz Barnes, Deputy Chief Officer – Corporate Services</i>	<i>Fiona Munro, Head of People Gillian Clark, People Manager – People Advice &amp; Employee Relations</i>	<i>Gary Devlin, Audit Partner Gill Callaghan, Senior Audit Manager Eleisha Ferguson, Internal Auditor</i>

# Executive Summary

## Conclusion

**Overall, we found that Scottish Fire and Rescue Service (SFRS) has a robust framework in place for the management of staff sickness absence. However, we were unable to confirm in a significant number of cases that the various stages of the policy and procedures were being adhered to as we were not always able to locate supporting documentation.**

**We found a general lack of consistency with storage arrangements for sickness absence records and a lack of clarity on who has overall responsibility for this area. As a result, the audit team had to trace documentation for sample testing via the People Advisers, local line managers and the relevant Admin Teams and often found incomplete records. This highlights the need for the Service to adopt appropriate arrangements for the storage and retention of sickness absence documentation.**

**Staff should also be reminded of the need to record the various stages of the sickness absence management process particularly Return to Work Interviews and Attendance Support Meetings to confirm that these have taken place.**

**We have made recommendations to address these issues which, if implemented, will enhance controls over this area.**

## Background and scope

The Scottish Fire and Rescue Service (SFRS) is committed to promoting a healthy working environment and to supporting staff in maximising attendance and minimising ill health. The Service recognises that most employees are able to attend work on a regular basis, but some may require additional support from management should they experience periods of sickness. The Service also acknowledges the demoralising and mental health effects sickness absence can have on staff who are either absent or required to take on extra work covering for their absent colleagues. This is notwithstanding the effects sickness absence can have on reduced efficiency and the financial loss incurred from lost working days.

In order to combat the negative effects stated above, it is imperative that SFRS has effective sickness absence management arrangements in place to ensure staff attendance is maximised and any sickness related issues are managed appropriately.

In accordance with the 2022/23 Internal Audit Plan, this review sought to ensure that sickness absence levels are regularly monitored, kept to a minimum and that appropriate action is taken in the event of repeated and/or prolonged absence. As part of this audit, we have reviewed the arrangements to ensure that appropriate levels of staffing are maintained in order to meet service delivery requirements where this is affected by sickness absence. This includes consideration of sickness levels on a local and national basis in order to ensure sickness absence does not compromise SFRS's ability to meet Service staffing needs.

For Quarter 2 of 2022/23, the levels of sickness absence reported were as follows:

	Work days lost versus work days available	Direction	Increase/decrease on previous Quarter
Short-Term Absence	1.61%	↓	0.72%
Long-Term Absence	3.05%	↑	0.12%
Total Absence	4.67%	↓	0.59%

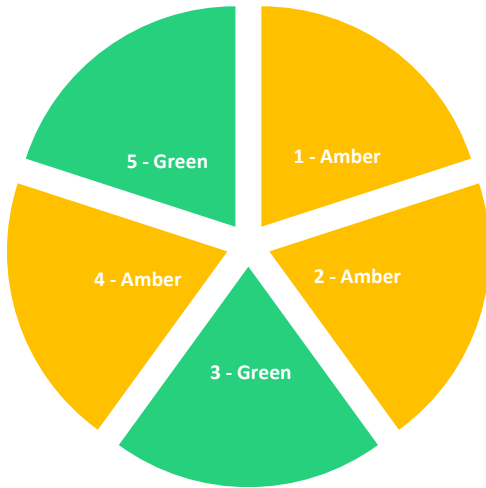
For the same period, the top 3 reasons for sickness absence were as follows:

	Short-term absence	Long-term absence
1	Respiratory (including COVID)	Musculoskeletal
2	Musculoskeletal	Psychological
3	Stomach/bowel	Respiratory (including COVID)

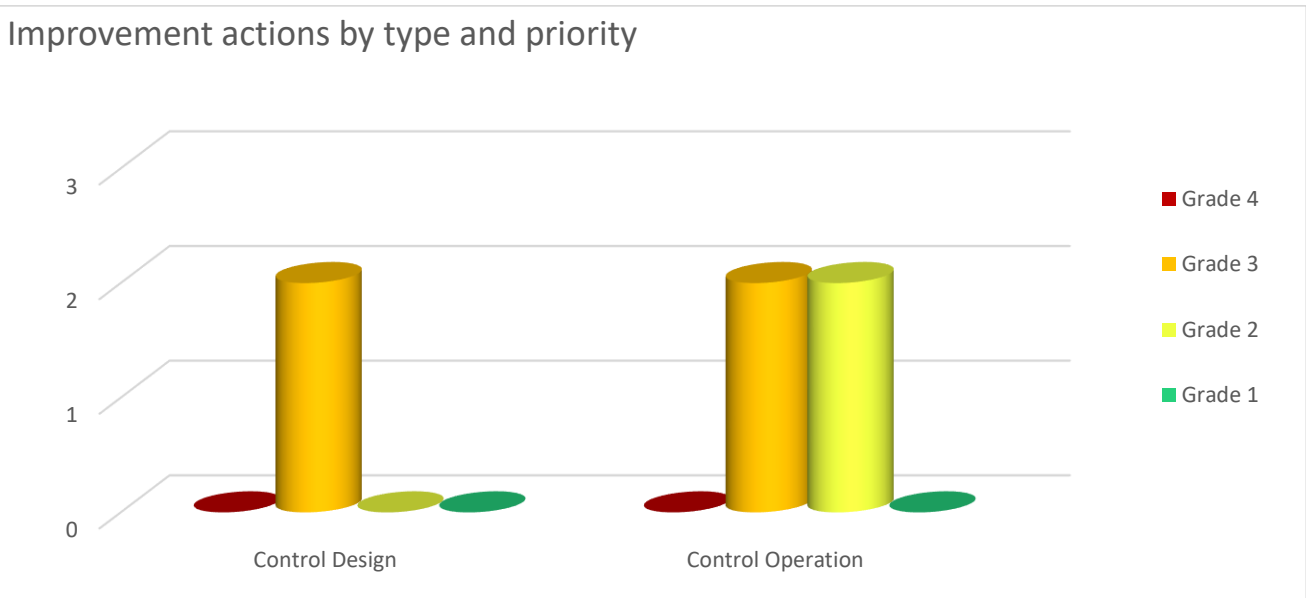
Top 3 reasons for New Management Referrals to Health and Wellbeing:

	Reason	% of New Management Referrals
1	Stress and mental health	40%
2	Musculoskeletal	37%
3	Circulatory	3%

# Control assessment



- 1. A sickness absence management policy and procedures are in place to guide management and staff through sickness absence management processes including the need to record sickness absence and retain appropriate documentation.
- 2. Return to work interviews are conducted with staff to ensure that any issues arising from sickness absence are addressed and appropriate support is provided to staff, where needed.
- 3. Appropriate arrangements are in place to ensure that periods of sickness absence are covered by alternative means in order to maintain adequate resource levels and operational continuity.
- 4. Data in respect of sickness absence is monitored at local and national levels with triggers being in place to identify periods of absence which exceed a given number of days and/or patterns of sickness absence so that appropriate action can be taken.
- 5. Reporting arrangements are in place to ensure SLT and the Board are kept informed of sickness absence levels.



Six improvement actions have been identified from this review, four of which relate to compliance with existing procedures, and two of which relates to the design of a control. See Appendix A for definitions of colour coding.



# Key findings

## Good practice

- SFRS has robust policies and procedures in place which clearly detail how sickness absence should be dealt with by management. These are up to date, and in line with review dates. These have been developed to assist all employees to understand the complete attendance management process through from notification of absence, the support SFRS can provide at each stage and the approach which managers will take to manage employee absence.
- There are effective procedures in place within Central Staffing which ensure staffing levels are maintained and sufficient cover is provided when levels decrease as a result of sickness.
- SFRS produce People Management reports quarterly which are presented to the People Committee and to the Board to ensure they are kept updated on data in relation to sickness absence and other HR related issues.

## Areas for improvement

We have identified a number of areas for improvement which, if addressed, will strengthen SFRS's controls over sickness absence management. These include:

- Improving consistency in the way sickness absence is managed within SFRS.
- Clarity on the storage and retention of sickness absence files, specifically return to work interviews.
- A more efficient way to detect when sickness absence triggers have been met.

These are further discussed in the Management Action Plan below.

## Impact on risk register

The Scottish Fire and Rescue Service's corporate risk register includes the following risk area relevant to this review:

- Ability to have in place a suitably skilled, trained and motivated workforce that is well supported both physically and mentally.

Whilst the framework for managing sickness absence was found to be sound, issues with non-compliance and the lack of clarity over the storage and retention of sickness records and supporting documentation has reduced the degree of assurance we can provide over the effectiveness of the arrangements in place.

## Acknowledgements

We would like to thank the following staff who were consulted during this review for their assistance and co-operation.

- Fiona Munro, Head of People
- Gillian Clark, People Manager – People Advice & Employee Relations
- Sandra Haig, People Manager – Health & Wellbeing

- Fiona Nolan, People Adviser
- Orla Thomson, People Adviser
- Justin Smithson, Clinical Lead
- Stephen Wright, Head of Service Delivery for the West of Scotland –
- Jenny Crangle, Central Staffing Team Leader
- Heather Watson, Central Staffing Officer
- Marion Lang, Corporate Business and Administration Manager
- Craig Dundas, ICT Team Manager
- Marion Bell, SDA Business Support Manager
- Sandra Stewart, West SDA Business Support Manager
- Lorraine Drennan, People Services Assistant Team Leader
- Mark Johnstone, Watch Commander – Stirling, Clackmannanshire and Fife LSO Stations
- Gary Hay, Watch Commander – Stirling, Clackmannanshire, and Fife LSO Stations
- James Traynor, Watch Commander – Stirling, Clackmannanshire and Fife LSO Stations
- Mark Bryce, Area Commander - Stirling, Clackmannanshire and Fife LSO Stations
- Scott Irving, Group Commander – Dumfries and Galloway Local Area
- David Boyd, Watch Commander – Dumfries and Galloway LSO Stations
- John McLaughlin, Watch Commander – Glasgow City LSO Stations
- Graeme Hood, Watch Commander – Glasgow City LSO Stations
- Ian Gardner, Watch Commander – National Training Centre
- Derek Heaton, Group Commander – East, North and South Ayrshire Local Area
- Craig Murphy, Watch Commander – East, North and South Ayrshire LSO Stations

# Management Action Plan

Control Objective 1: A sickness absence management policy and procedures are in place to guide management and staff through sickness absence management processes including the need to record sickness absence and retain appropriate documentation to support periods of sickness absence

A yellow circle containing the word "Amber" in black text, indicating the risk level of the control objective.

Amber

## 1.1 Compliance with policies and procedures

SFRS has developed an Attendance Management Policy, Attendance Management Procedures and a Manager's Handbook to guide management and staff through the sickness absence process. The policy, together with the associated Procedure and Handbook is designed to provide a focus on employee wellbeing, early intervention and support mechanisms.

The Attendance Management Procedure states employees must notify their line manager of any absence at least one hour prior to the beginning of their shift. At this stage, the line manager must complete the E-Self Cert Form. We reviewed a sample of 36 absences between October 2021 and October 2022 to confirm these forms had been completed. We found that E-Self Cert forms were completed at the beginning of the periods of absence in only five of the cases, with 86% of our sample not complying with the procedures.

Any absences extending beyond 7 days require a 'Statement of Fitness for Work Note' (Fit Note) from the employee's GP or a hospital certificate to be provided to cover the extended period of absence. From our sample of 36 cases, 10 absence periods comprised more than 7 days. Of these 10 absences, we found that:

- Six employee absences (60%) had no record of fit notes within their employee files as evidence of absence.
- Two employees (20%) had provided fit notes, however these notes did not cover the full length of the period of absence.
- The remaining two employees (20%) provided fit notes which covered the full length of absence.

SFRS has implemented absence triggers, which if they are met/exceeded will create the need for an Attendance Support Meeting to be held with the employee. The absence triggers are activated when an employee:

- Has been absent on 3 separate occasions; or
- Has a cumulative absence of 6 days within a 6 month rolling period;
- Has been absent on 5 separate occasions; or
- Has a cumulative absence of 8 days within a 12 month rolling period.

If an absence trigger is met or exceeded, the employee and line manager must hold an Attendance Support Meeting (ASM) in order to establish any additional support needs for the employee and ultimately to efficiently manage sickness absence. From our sample of 36 absences, we identified 13 employees whose periods of absence had either met or exceeded the absence triggers. However, in only five cases (38% of our sample) was there evidence that a subsequent Attendance Support Meeting had been held in accordance with procedure. For the remaining eight cases, there was no evidence to suggest that these meetings had been organised and had taken place, as required.

From our testing, it is clear that sickness absence management policies and procedures are in place. However, compliance with these needs to be improved.

### **Risk**

There is a risk of incomplete employee files with incorrect or omitted evidence relating to their sickness periods. Furthermore, this increases the risk of increased absences as sickness absence is not being managed effectively and employees may be feeling unsupported within their job roles.

### **Recommendation**

Line managers should be given reminders or a refresher course on the requirements of the sickness absence policies and procedures and the role they play in managing sickness absence, with particular emphasis on the issues identified relating to E-Self Cert forms, Fit Notes and Attendance Support Meetings. In addition to this, sickness absence files should be checked over by another member of the management team after a period of absence to ensure all documentation is up to date and stored correctly to enforce consistency in relation to record keeping within the Service.

#### **Management Action**

Grade 3  
(Operation)

Review current guidance for managers and update to include requirements for absence recording, monitoring of absence and management of data. Incorporate into new supervisory management development course and Middle manager development sessions.

**Action owner:** Gillian Clark / Danielle Milligan

**Due date:** 31 October 2023

## **1.2 Storage of sickness absence documentation**

In order to assess the extent to which line managers comply with sickness absence arrangements in place, we reviewed a range of sickness absence supporting documentation in relation to our sample of 36 employees – for example, evidence of Return to Work Interviews, notification of sickness forms, fit notes, and records of Attendance Support Meetings. However, we noted that the details of where sickness absence supporting documentation should be stored/filed once received or prepared are not explicitly defined within the policy and procedural guidance provided to staff.

We were advised by the People Advisers that line managers should retain all supporting documentation for each employee they manage. However, upon speaking with 14 managers, we were advised this was not the

case and that documentation is passed to and held within either the East, West, or People Services departments. After scheduled meetings with each admin department, we were only able to locate limited documentation and found that documentation was not held within the admin departments in a consistent manner. As a result, we were unable to complete testing for all sampled employees.

### **Risk**

There is a risk that supporting documentation in relation to employees' sickness absence is lost due to failure to adopt a consistent approach to the storage and retention of documentation.

Furthermore, there is a risk that documentation is incomplete as there is no evidence to determine if policies and procedures have been followed as required.

### **Recommendation**

Management should determine where and how sickness absence records and supporting documentation are stored and retained and who has responsibility for this. Once agreed, the Attendance Management Handbook should be updated to include clear guidance on this for staff in order to avoid any confusion and prevent evidence being lost and/or misplaced.

#### **Management Action**

Grade 3  
(Design)

Review current process for recording absence information and revise to ensure it is clear and efficient in the handling and storing of employee information. Update Attendance Management Handbook to reflect this and communicate any changes to managers.

**Action owner:** Gillian Clark

**Due date:** 31 December 2023

**Control Objective 2: Return to work interviews are conducted with staff to ensure that any issues arising from sickness absence are addressed and appropriate support is provided to staff, where needed.**



Amber

## 2.1 Return to Work Interviews

The Attendance Management Handbook provides detailed guidance on Return to Work Interviews. The Handbook clearly articulates when the meeting should take place, what the manager should review prior to the meeting and useful tips on discussion points during the meeting to ensure the employee is fully supported.

For the sample of 36 employee absences examined, we found the following:

- Only five employees (18.5% of sample) had evidence held on file of their Return to Work Interviews being carried out.  
  
Nine absences related to Covid-19 and we were advised that as a result of this, no Return to Work Interviews were required. However, we have subsequently been informed by management that this is incorrect and that Return to Work Interviews should have been carried out with these employees.
- For the remaining 22 employees we were unable to confirm whether Return to Work Interviews had been carried out following the employees' absence as we were unable to locate any evidence of these within the employees' records.

Upon requesting evidence of Return to Work Interviews, it became clear that there was no consistency over how these records are stored. Some managers had kept physical copies within filing cabinets at the station or had stored them electronically in online folders. Other line managers stated that they had emailed them either to People Services, East Admin or West Admin depending on their location. However, when each admin department was contacted for the missing records, only a few files were retrievable.

### Risk

There is a risk that employees are not fully supported following their absence and any recurring issues are not addressed causing absence to occur more frequently as a result of Return to Work Interviews not being carried out. Furthermore, there is a risk employee records are incomplete due to documentation supporting an employee's absence not being stored consistently.

### Recommendation

Line managers should be reminded of the need to ensure that Return to Work Interviews are conducted and recorded to ensure employees are adequately supported on their return to the workplace and any necessary adjustments to their role are made, if required.

We have already raised a recommendation above at MAP 1.2 to address the storage and retention of documentation.

Grade 3  
(Operation)

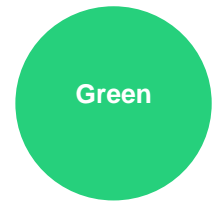
**Management Action**

Incorporate guidance on conducting and recording return to work interviews and attendance support meetings within the new supervisory management development training.

**Action owner:** Gillian Clark / Danielle Milligan

**Due date:** 31 October 2023

Control Objective 3: Appropriate arrangements are in place to ensure that periods of sickness absence are covered by alternative means in order to maintain adequate resource levels and operational continuity.



### **No reportable weaknesses identified**

We confirmed that the Central Staffing team are responsible for arranging cover in the event of operational staff absence thereby ensuring fire stations have adequate staff resources to maintain appropriate levels of service and operational resilience. We reviewed the Availability Guidance Notes which provide instructions to staff on the minimum staffing requirements for each area, specifying the number of competent and specialist staff needed to maintain an appropriate level of service. This document was also found to provide hourly instructions from 7am – 7pm thereby assisting in ensuring that there are sufficient staff available to carry out day-to-day tasks.

As stated above, when a staff member calls in sick, an E-Notification of Sickness form is completed which is then uploaded to sharefile. We were advised that staff from the Central Staffing team constantly access and check the sharefile for any new sickness absence notifications and take action, where required, following a notification of sickness absence to ensure appropriate cover is provided.



**Control Objective 4: Data in respect of sickness absence is monitored at local and national levels with triggers being in place to identify periods of absence which exceed a given number of days and/or patterns of sickness absence so that appropriate action can be taken to address these. Staff with long-term sickness issues are referred to Occupational Health and/or considered for redeployment or early retirement.**



## 4.1 iTrent System

As discussed at MAP 1.1, absence triggers are defined within the Attendance Management Procedure and the Handbook. To ensure support can be provided at the earliest opportunity, the absence triggers identified are relevant when dealing with both long-term and short-term intermittent absence. Absence triggers are monitored over a 12-month rolling period by line management. Attendance Support Meetings are organised when the following absence triggers are reached:

<b>Within a 6 Month Rolling Period:</b>	<b>Within a 12 Month Rolling Period:</b>
- 3 separate instances or	- 5 separate instances or
- A total of 6 working days or over	- A total of 8 working days or over

The role of the People Advisers is to provide support and advice to line managers on managing sickness absence and the action to take once the triggers are met.

During discussions with Watch and Station Commanders, we were advised that upon an employee's return to work, their line manager ascertains the employee's previous periods of absence from their calendar on iTrent, SFRS's HR system, to calculate the cumulative number of days they have been absent through sickness and to establish if an employee has breached a trigger with their latest absence.

We understand that iTrent is not currently capable of automatically calculating when an employee has met an absence trigger and alerting line managers to this. Line managers are, therefore, responsible for monitoring this by manually calculating cumulative sick leave figures and identifying if sickness absence triggers have been met.

We were advised by the People Manager that SFRS is intending to replace i-Trent with another HR system and it is envisaged that implementation will take place from late 2024. However, plans to replace the HR system were very much at the early stages of development at the time of our audit fieldwork.

### Risk

There is a risk that absence triggers are not monitored effectively due to human error whilst calculating previous absence periods or line managers potentially omitting previous absences leading to staff being unsupported due to a lack of Attendance Support Meetings.

## Recommendation

When considering the new HR system to replace iTrent, management should ensure that the system has the capability to monitor and automatically issue alerts to line managers once an absence trigger has been met.

### Management Action

Grade 3  
(Design)

Incorporate improved absence management capability, including monitoring and management notifications within the requirements for the new SFRS People system.

**Action owner:** Lyndsey Gaja

**Due date:** March 2024

## 4.2 Absence Triggers

As stated at 1.1 above, from our sample of 36 employees, we identified 13 cases where absence triggers had been met. However, we found that only five of these employees had been invited to an Attendance Support Meeting to discuss their periods of absence.

As per policy and procedure, all employees whose absence has met or exceeded one of the prescribed absence triggers should be invited to an Attendance Support Meeting to establish if there are any additional support requirements for the employee upon their return to work. This ensures employees are feeling supported with the aim of reducing their level of sickness absence.

### Risk

Failure to hold Attendance Support Meetings means that the underlying reasons for repeated periods of sickness may remain undetected and appropriate support may not be offered to help the employee reduce their periods of absence due to sickness.

### Recommendation

Checks should be performed by a senior staff member on a frequent basis to ensure Attendance Support Meetings have been carried out and appropriately documented with any outstanding meetings being completed at the next available opportunity.

### Management Action

Grade 2  
(Operation)

Attendance Management Guidance to be updated to ensure managers responsibility to review absences within their area and ensure appropriate action and documentation is clear. Management development sessions to incorporate this.

**Action owner:** Gillian Clark / Danielle Milligan

**Due date:** 31 October 2023

### 4.3 Long-term sickness considerations

As per policy and procedures, once staff are absent from work for 28 days, their absence is categorised as long-term. Once this period is reached, line managers should make a referral for an appointment to a qualified Health and Wellbeing Practitioner/Occupational Health Physician who have extensive knowledge of job roles within SFRS. The aim of the appointment is to establish any additional support requirements. If appropriate when all factors are considered, if unable to return to role, management should look into the possibility of redeployment or early retirement.

We selected a sample of three staff members with long-term sickness to confirm they had an occupational health referral completed. We found two of our sampled employees with long-term sickness had been referred to occupational health with considerations made about their role. However, between the line manager and the admin departments, we were unable to locate files for the remaining sampled employee to confirm referral to occupational health, although they had returned to work on assisted duties.

#### Risk

There is a risk employees are not fully supported if they are not referred to Occupational Health leading to increased employee absence.

Furthermore, there is a risk that appropriate records in relation to an employee's absence are not held on file to demonstrate the support provided and/or additional measures taken by the Service to assist the employee which could have an impact on the Service's reputation.

#### Recommendation

Recommendation raised within MAP 1.2 regarding storage and retention of documentation also relates to this finding. Additionally, line managers should be reminded of their responsibility to refer employees with long-term sickness to Occupational Health to ensure employees are appropriately supported, in line with policy and procedures.

#### Management Action

Grade 2  
(Operation)

Review Attendance Management Policy and update to provide clarification if required. Incorporate into the supervisory and middle management development sessions, to ensure awareness of policy, management referrals and role of Health and Wellbeing.

**Action owner:** Gillian Clark / Danielle Milligan

**Due date:** 31 October 2023

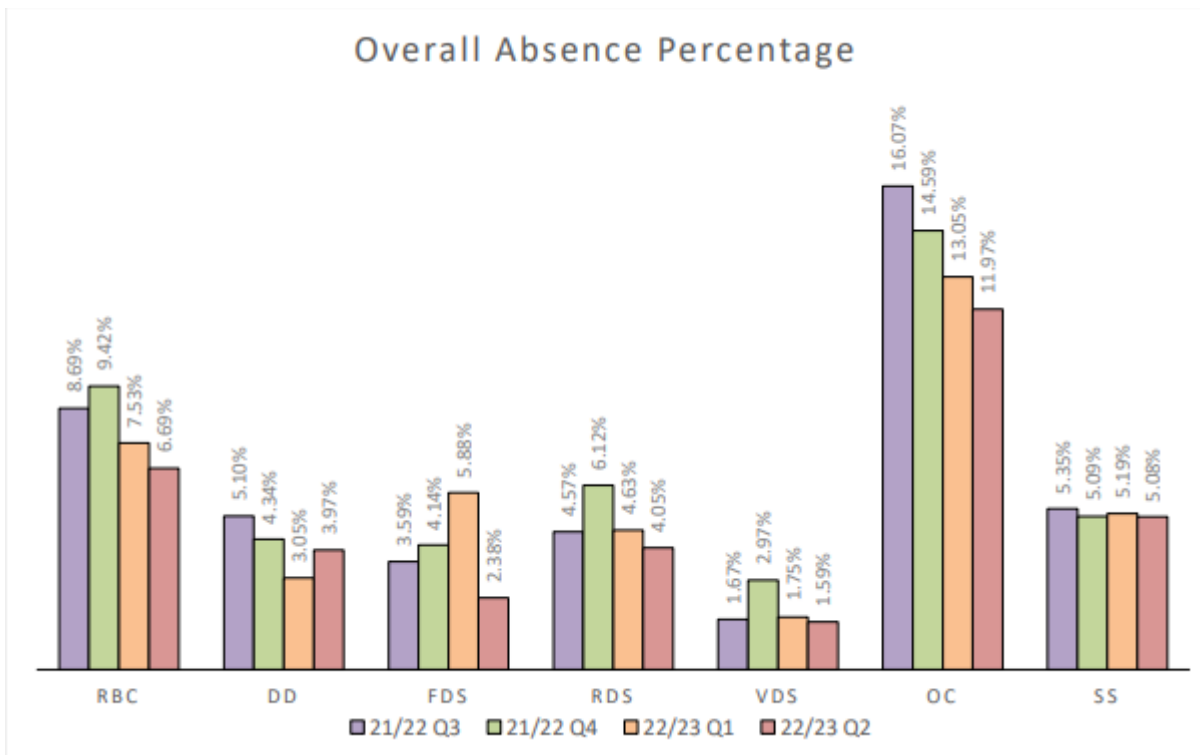
# Control Objective 5: Reporting arrangements are in place to ensure SLT and the Board are kept informed of sickness absence levels.



## No reportable weaknesses identified

We confirmed and obtained evidence of quarterly POD Management reports which are presented to the People Committee for oversight and scrutiny prior to the SFRS Board receiving a verbal update on these. The POD Management reports include details of:

- The top three reasons for management referrals to the Health and Wellbeing team;
- Overall absence percentage;
- Percentage of working days lost against days available - short term absence;
- Percentage of working days lost against days available - long-term absence;
- Short-term absence by top three absence reasons;
- Long-term absence by top three absence reasons; and
- COVID-19 Absences.



**Key:**

**RBC – Resource Based Crewing**      **VDS – Voluntary Duty System**

**DD – Day Duty**                              **OC – Operations Control**

**FDS – Flexi Duty System**

**SS – Support Staff**

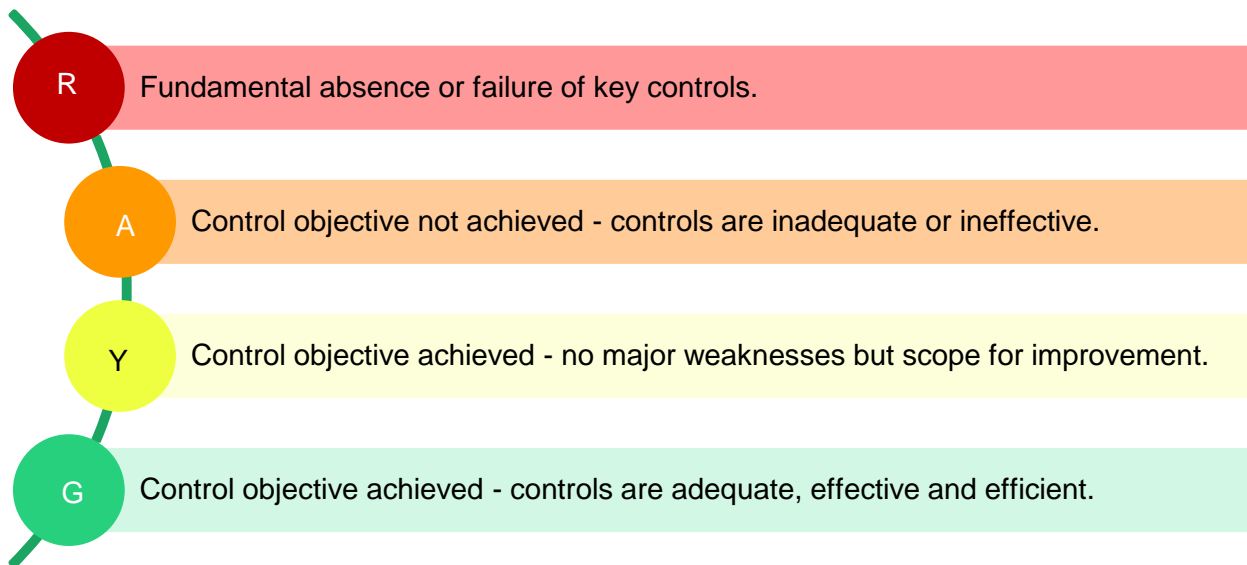
**RDS – Retained Duty System**

This graph reflects the overall absence percentage throughout SFRS for the quarters displayed. This ensures that the People Committee and SFRS board are able to establish trends with absences and determine whether this is improving or deteriorating.

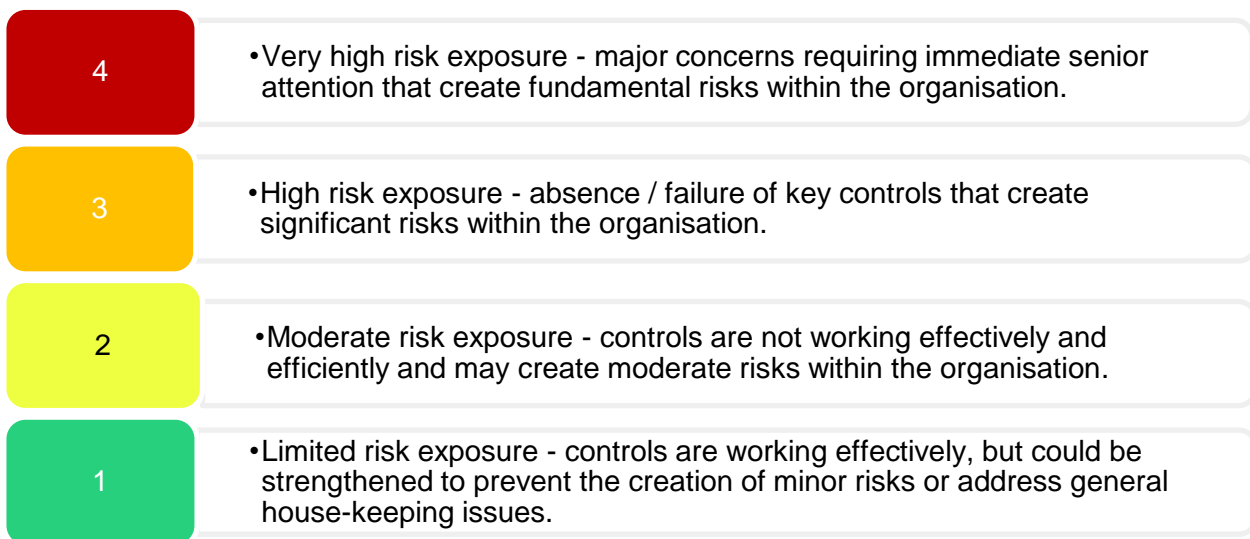
The People Committee meet each quarter where the POD Management reports are discussed in detail. We were able to determine by review of meeting minutes that the reports were subjected to scrutiny and signed off by the People Committee. The SFRS Board are given a verbal update on the reports and a summary of the discussions which took place at the People Committee to gain insight into absence factors and discuss key areas for concern.

# Appendix A – Definitions

## Control assessments



## Management action grades



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# Scottish Fire and Rescue Service

## Arrangements for the Internal Assessment and Verification of Scottish Vocational Qualifications

June 2023





# Scottish Fire and Rescue Service

## Arrangements for the Internal Assessment and Verification of Scottish Vocational Qualifications

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Detailed Findings	4
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<b>Audit Sponsor</b>	<b>Key Contacts</b>	<b>Audit team</b>
<i>Liz Barnes – Director of People</i>	<i>Lyndsey Gaja – Head of People</i> <i>Ceri Dodd – Deputy Head of People</i>	<i>Gary Devlin, Audit Partner</i> <i>Gill Callaghan, Senior Audit Manager</i> <i>Cameron Laurie, Internal Auditor</i>

# Executive Summary

## Conclusion

**SFRS is accredited by the Scottish Qualifications Authority (SQA) for the assessment and award of Scottish Vocational Qualifications (SVQs) provided to trainee firefighters. An SQA External Verification visit in August 2022 resulted in a 'hold' being placed on the ability of SFRS to award SVQs. The SQA visit highlighted a number of concerns including a lack of qualified Internal Assessors and Verifiers being in post due to the retirement of experienced officers and the failure to plan for their replacement as well as other key staff leaving the Service without their knowledge being captured. In addition, the arrangements for recording and retaining evidence of work-based learning were inadequate and did not meet the SQA's requirements.**

**Our audit has confirmed that SFRS has taken appropriate steps to address the issues raised by the SQA. This has been recognised in a positive outcome from the SQA's follow up External Verification visit 6 months after the original assessment. Moreover, the Service has been commended by the SQA for the work carried out to rectify matters and ensure compliance with the SQA's requirements.**

**We have made three recommendations relating to monitoring and maintaining appropriate levels of qualified Internal Assessors and Verifiers, governance arrangements over the SVQ award and implementing an appropriate plan to ensure the remaining trainee firefighters receive their SVQ award.**

## Background and scope

At the end of February 2023, we were advised of an issue which had arisen in relation to the Internal Assessment and Verification of Scottish Vocational Qualifications (SVQs) provided to trainee firefighters by the Service. This had arisen following an external verification visit carried out by the Scottish Qualifications Authority (SQA) which was critical of the processes followed by the Service and resulted in a 'hold' being placed on the award of the qualification and funding being withheld from the Service.

As part of the Trainee Wholetime Firefighters' 3 year development programme, they are required to achieve the Emergency Fire Service: Operations in the Community Level 3 SVQ Award. In this respect, SFRS is an SQA accredited centre delivering the SVQ which includes having trained Internal Assessors (IAs) and Verifiers (IVs) in place to guide and monitor trainees working towards the qualification. The IAs and IVs are responsible for ensuring that evidence presented by the trainee to support their achievements is in line with the SQA's requirements.

We understand that for 2022/23, the contract value for the SVQ/Modern Apprenticeship was £388,535 with the actual drawdown being the sum of £381,071. For 2023/24 we were advised that the contract value amounts to £1,036,741 which includes all rolled forward unclaimed balances.

Azets were requested by SFRS management to carry out an audit into the arrangements for internal assessment and verification related to the SVQ and into how the issues identified by the SQA's External Verifier had come to light.

A fact-finding exercise was carried out to try and ascertain the circumstances surrounding the above issues. As part of our investigation we carried out the following:

- Ascertained the outcome of the SQA's external verification visits, the issues identified and the actions recommended to address any shortcomings
- Interviewed relevant staff and reviewed records and documentation to identify what had happened;
- Identified any weaknesses in control and the processes related to the SVQ;
- Ascertained the action taken by management to address the issues reported by the SQA and to prevent this situation from recurring; and
- Where necessary, made further recommendations to address any outstanding risks associated with the SVQ.

The following SFRS staff were interviewed in order to ascertain the processes in operation and, where appropriate, to determine their understanding of the circumstances surrounding the SVQ:

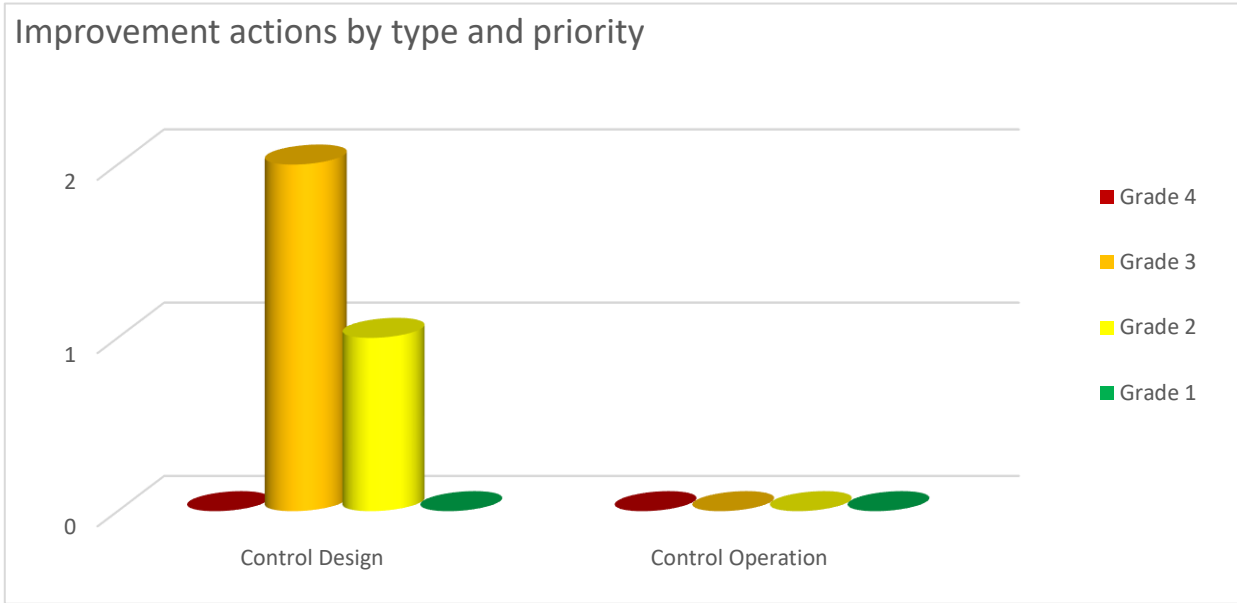
- Fiona Munro - Head of People
- Ceri Dodd - Deputy Head of People
- Fiona McOmish - Leadership and Skills Development Manager
- Susan Gillan - Head of Centre
- Gary Harkins – Watch Commander, Training, Safety and Assurance Directorate

We also performed the following testing:

- Walkthrough of online systems detailing the updated means of logging relevant training for the Operations in the Community SVQ

We would like to extend our gratitude to the above officers for their assistance in carrying out the investigation.

### Improvement actions by type and priority



Three improvement actions were identified during this investigation, all of which relate to the design of controls. See Appendix A for definitions of colour coding.

# Detailed Findings

## 1. General – Emergency Fire Service: Operations in the Community SVQ

- 1.1. As part of the Trainee Wholetime Firefighters' 3-year development programme, trainee firefighters are required to complete the SQA's 'Emergency Fire Service: Operations in the Community' Level 3 Award, which is undertaken in tandem with the Modern Apprenticeship in Firefighting offered by Skills Development Scotland (SDS). This is a structured training programme containing training periods and on-the-job training where trainee firefighters obtain real-life experience of operations and incidents whilst deployed at stations.
- 1.2. During the 3-year period, there are numerous touchpoints where trainees are required to pass assessments and to support this, they must record and collect evidence for their SVQ and Modern Apprenticeship which meets the awarding body's (SQA) requirements. A log book has been designed by SFRS for use when recording experiences and training.
- 1.3. Over the course of 33-36 months, trainees work through training phases and elements of the SVQ and Modern Apprenticeship on a red-amber-green scale. When all green phases are completed and attained, trainee firefighters are considered to have provided sufficient evidence to demonstrate that they have achieved the necessary competencies as firefighter.
- 1.4. Service Delivery Areas are required to have in place trained Internal Assessors and Verifiers to support the delivery of the SVQ. Internal Assessors are required to:

*“guide and monitor trainees working towards the SVQ.....(ensuring) that the evidence presented by the trainee (SVQ candidate) meets the national standards and that the evidence supports the trainee's claim to competence. This evidence should be assessed on a regular basis and the trainee be given regular feedback, support and guidance throughout the award.”*

Internal Verifiers are required to:

*“carry out internal assessment and quality assurance systems, in line with the Awarding Body (SQA) policies and procedures.....(ensuring) assessment decisions and materials are valid, accurate, reliable and current. Internal Verifiers will monitor the assessors' performance to ensure that assessment decisions are consistent and to the national standards. Both assessor and trainee will be given feedback, support and guidance throughout this process in the award.”*

- 1.5. Periodically, the SQA undertake External Verification (EV) of SFRS's internal processes to ensure they meet the SQA's requirements. The frequency of these visits is determined by the SQA.

## 2. External Verification

- 2.1 We understand that regular EV assessments were undertaken of SFRS's SVQ processes until 2019, when they were paused as a result of restrictions imposed by the COVID pandemic. When EV visits resumed in 2022, a 'hold' was placed on the Service's ability to award the SVQ.

The SQA's EV report dated August 2022 stated the following:

*“Sanctions: Suspension of specific qualification certification by qualification*

*The Centre will immediately apply a self-imposed hold on candidate certification until a full analysis of the recording and assessment of evidence of candidate actual workplace performance has been carried out and any gaps in the evidence requirements (unit by unit) have been identified and action taken to support candidates to complete the award in a reasonable timeframe. The Centre has recognised the ongoing shortage of qualified assessors and verifiers and is taking positive action to remedy the situation but the planned and necessary recruitment of very large numbers of trainees now and in the near future will require a concentrated effort by the organisation to maintain the standards previously achieved by the Centre in order to satisfy the SQA requirements.”*

2.2 Guidance was provided by the SQA on how to improve and a number of actions were agreed to be implemented which covered the need to:

- identify sufficient numbers of qualified assessors and verifiers to support assessor and verifier candidates, who can review and countersign their judgements regarding the SVQ candidates.
- ensure that sufficient assessors are available with priority given to the assessor candidate development pathway to ensure that they are supported, mentored and assessed throughout the process to achieve their awards as soon as practicable.
- update incorrect guidance relating to what evidence is required, especially the definition of 'assessment environment' being the actual workplace (except where stated as being permitted otherwise in the assessment strategy).
- implement internal assessment and verification procedures to ensure standardisation of assessment.
- agree the use of simulation with internal verifiers.
- ensure that evidence must be the candidate's own work generated under SQA's required conditions and that collusion between candidates and/or other is not permitted.

2.3 An EV assessment was also undertaken on the SVQ completed by the Service's Internal Assessors and Verifiers. A 'hold' was also placed on this qualification and pathway, as it was assessed as being insufficient. The 'hold' on this qualification was placed by SQA, and SFRS was recommended to build and improve the pipeline of internal assessors/verifiers. The EV report dated May 2022 stated the following:

*“Sanctions: Suspension of specific qualification certification by qualification.*

*Essentially the centre has a lack of staff to meet the number of candidates registered. There have been staff changes and portfolios are disorganised. An e-portfolio or similar is needed and a clear assessment and IV process put in place.”*

### **3. Evidence requirements**

3.1 As part of our audit, we sought to understand the events leading up to the 'hold' being placed on the SFRS, and what occurred within the organisation to result in the SQA ruling SFRS to be non-compliant with SQA requirements. We interviewed the Head of People, the Leadership and Skills Development manager, the Head of Centre, and the Watch Commander - Training, Safety and Assurance Directorate.

Through these conversations, consistent themes emerged making the root cause of the sanction placed on SFRS apparent.

- 3.2 Firstly, as highlighted by the SQA's EV, the logbook that had been developed by SFRS to gather evidence for the SVQ had been designed in error, incorrectly directing trainees to collect evidence that was not wholly relevant to the SQA's requirements. The logbook was designed primarily with an interest on training requirements and assessment. However, the SVQ is concerned with on-the-job, field experience and the learnings taken from it as opposed to simulated learning. On-the-job training had not been consistently recorded by the trainee firefighters. It was found that the experience recorded in the logbooks was primarily from scenario-based training rather than live operational events and the learnings taken from them as required by the SQA.
- 3.3 We understand that the SQA assessment strategy changed in May 2019, and the SFRS logbook also changed, however these changes were not suitably aligned, and it was at this point that the disconnect began. It would appear that there started to be a lack of records demonstrating live incident-based evidence of training and an overreliance on simulated evidence. We were advised that trainee firefighters did have on-the-job training, albeit the experience recorded in their logbooks did not reflect this as it was not designed to capture this information. However, the log book was widely used by trainees and mistakenly considered to be acceptable by Internal Assessors and Verifiers in supporting the SQA's requirements.

## 4. Resourcing

- 4.1 Other problems were noted in the area of staffing (i.e. the Service's Internal Assessors and Verifiers), which exacerbated the issues outlined in the EV assessment. The Leadership and Skills Development Manager stated that historically there was a general lack of knowledge of the SVQ and the SQA's requirements within the wider organisation. We were advised that a significant number of experienced Internal Assessors and Verifiers retired from the Service in quick succession without appropriate management of the knowledge they held or plans being in place to replace them with appropriately trained and qualified staff.
- 4.2 The Head of Centre advised that most Internal Assessors and Verifiers already have a full-time job within SFRS and are doing assessment and verification on top of that. She added that, ideally Internal Assessors should have around five candidates to assess, whereas if their full time role were to be an Internal Assessor, it was stipulated that they would expect to have around 25-30 candidates. However, due to the lack of qualified Internal Assessors within the organisation, she stated that SFRS had a ratio of around 1 qualified Internal Assessor to over 400 candidates.
- 4.3 The Head of Centre went on to stated that Internal Assessors need to be qualified or on the pathway to being qualified, and that if the latter applies and decisions are being made in relation to an SVQ candidate, they have to be countersigned by qualified Internal Assessor. However, the EV assessment identified cases of SVQ's being signed off by people not on the pathway or qualified.

### Risk

Failure to have appropriate arrangements in place for monitoring and succession planning in respect of Internal Assessors and Verifiers thereby ensuring that an appropriate number of qualified and experienced staff are retained to perform IA and IV duties, could result in failing to replace staff key to the award of the SVQ leading to the organisation's ability to award the qualification being withdrawn once again.

## Recommendation

Management must ensure that the quota of qualified and experienced Internal Assessors and Verifiers is continuously monitored to ensure that sufficient numbers are retained to aid the SVQ award. Appropriate succession planning arrangements should be put in place to ensure that Internal Assessors and Verifiers leaving the Service are suitably replaced.

### Management Action

Grade 3  
(Design)

Deliver training to increase the number of assessors and verifiers, across the SFRS to an appropriate level. Establish a process with Workforce Planning to ensure that the retirement profile is monitored and planning arrangements in place to replace those who exit SFRS.

**Action owner:** Ceri Dodd, Deputy Head of People

**Due date:** 31 March 2024

- 4.4 The Leadership and Skills Development Manager also stated that two members of staff, the former Corporate Skills Development Advisor and the former Vocational and Apprenticeship Co-ordinator who were key to the administration of the SVQ award also left the Service in March 2021 and October 2022 respectively. Her view was that there was lack of dedicated resource aligned to the management of the SVQ/Modern Apprenticeship, as well as a lack of clear ownership and strategic oversight. These staffing changes led to the ownership of verification and training delivery falling to the Service Delivery Areas, without a full understanding of what the SQA and SDS were asking them to do and all that was required, which inevitably contributed to the issues identified by the EV assessment.

## 5. Actions taken in response to External Verification assessment

### *Internal Assessors and Verifiers*

- 5.1 Following the SQA's critical EV report in August 2022, SFRS sought to rectify the situation. We understand that significant work has been undertaken to identify the number of qualified Internal Assessors and Verifiers. This included checks being undertaken between the names of the Internal Assessors' and Verifiers' held by the SFRS Modern Apprenticeship/SVQ Admin Team and the SQA connect system to confirm the qualifications held by them or if not yet certificated, confirmation that they are on the relevant pathway. Management have reported that they are now confident that they have an accurate position regarding the numbers of Internal Assessors and Verifiers and that there are more qualified Internal Assessors and Verifiers in place as well as those on the pathway than previously thought.
- 5.2 A standardisation event was undertaken by SFRS in December 2022 for all training and development staff. This included coverage of the following areas:
- The background of the EV visit and issues identified;
  - The conclusions of EV report;



- The requirements of the Emergency Fire Services: Operations in the Community SVQ and mandatory/optional units; and
- The TFOC / TFFADL / e-portfolio update, and next steps.

The event also contained linkage to the SFRS CPD toolkit.

5.3 A working group has also been launched which discusses the SVQ and other training issues.

#### **Governance – ownership and oversight**

5.4 The Watch Commander from the Training, Safety and Assurance Directorate stated that the organisation should be and has been making an effort towards placing importance in the qualification. He added that there was previously a disconnect in responsibility and this allowed the importance in the qualification to wane and for issues to come to light, so an effort is now being made to put the SVQ training and award at the forefront.

#### **Risk**

Inadequate governance arrangements including the lack of oversight and ownership of the SVQ has no doubt been an issue which has contributed to the failures associated with the SVQ award.

#### **Recommendation**

Going forward it is essential that ownership of the Internal Assessment and Verification functions as well as oversight of the operation of the SVQ award in general is assigned with responsibilities for monitoring compliance and scrutiny clearly defined. This will ensure SFRS is well positioned to stay compliant with SQA guidance and will assist in mitigating the likelihood of similar issues occurring again. To achieve this SFRS should require an annual review of SVQ award arrangements to confirm alignments with SQA requirements. This review should be undertaken at a sufficiently senior level jointly within the People and Service Delivery Areas.

#### **Management Action**

Grade 2  
(Design)

Establish a review panel, comprising of Strategic Managers from People, Service Delivery and Training to provide an annual review and assurance of the SVQ process.

**Action owner:** TBC

**Due date:** 31 December 2023

#### **Evidence**

5.5 The method for collating evidence has also been amended. In December 2021, the organisation moved to a light touch e-logbook e-portfolio on a system called PDR pro and are still in the process of developing the full electronic portfolio. As part of this, the number of modules has reduced from 36 to 22. In addition, the Training, Safety and Assurance Directorate has designed a new template for recording experience of work-based learning. This was created following a mapping exercise of the required SVQ

evidence against the professional standards (TFOC) in order to ensure compliance with SQA requirements.

5.6 At the time of the investigation, the Service was waiting on confirmation that PDR pro has implemented the e-portfolio template and subsequent launch of the system. The software currently used is a pathway system where candidates can store evidence, however there are no means of aligning this to professional standards and requirements set out by the SQA, these are still in paper records kept by the Internal Assessors.

5.7 This has left the Service in a hybrid state with regards to the methods of evidence recording used by trainees:

- For trainees that started training prior to the negative EV visit, they have adopted a hybrid system. The Service needs to pay close attention to these candidates, as they are completing the old logbook which they started, and are supplementing it with the new evidence gathering template.
- For new trainees since the EV assessment and onwards, they are required to record their work-based learning on the e-portfolio system. However, as stated above, this does not link to the requirements of the SVQ award as this function is not yet operational, but it is envisaged that it will be once the new system is launched.

5.8 The Watch Commander from the Training, Safety and Assurance Directorate demonstrated the existing e-portfolio. In addition, we viewed the proposed new e-portfolio with linkages to SVQ requirements. We also reviewed the evidence gathering templates which were found to contain sufficient information and links to ensure compliance with SQA requirements.

### **Current Position**

5.9 At the end of March 2023, we were advised by the Deputy Head of People, that the breakdown of trainee firefighters who had and had yet to be awarded the SVQ was as follows:

Group	Status	Number
1	In their 3-year development programme i.e. not yet completed green phase assessment (GPA) nor SVQ	490
2	Successfully completed GPA, not yet SVQ certificated and on Competent Rate of Pay	93
3	Successfully completed GPA, not yet SVQ certificated and on Development Rate of Pay	49
4	<ul style="list-style-type: none"> <li>• On-Call to Wholetime in Development</li> <li>• Dual Contract On-Call Wholetime in Development</li> </ul>	35 65
5	Colleagues who have already updated SVQ portfolio using new evidence requirements and have been externally verified, to be SVQ certificated	15

5.10 As can be seen from the chart above, there are still a large number of trainee firefighters who are yet to be SVQ certificated. It is imperative that these trainees have the appropriate records and evidence in place to support their award of the qualification. For this reason, SFRS should devise a project plan for rolling out the new arrangements for recording and retaining evidence to ensure trainees are adopting the correct methods throughout the Service which meet the SQA's requirements.

### **Risk**

There is a risk that due to the absence of a formalised project plan for implementing the updated methods of recording and retaining evidence to support the SVQ award and the Internal Assessment and Verification of the new arrangements, the evidence provided may not meet SQA requirements which could lead to the qualification not being awarded and subsequent reputational damage to the Service.

### **Recommendation**

SFRS should document a project plan for implementing the updated means of recording and retaining evidence to support the SVQ award and for internally assessing and verifying these arrangements. This will ensure that the remaining trainee firefighters receive their SVQ award in a controlled and timely manner.

#### **Management Action**

Grade 3  
(Design)

Develop a project plan, detailing process and timescales for reviewing the current outstanding SVQ folders.

**Action owner:** Ceri Dodd, Deputy Head of People

**Due date:** 31 July 2023

5.11 At the beginning of June 2023, the Deputy Head of People advised that there has not been any “notable change” in the figures reported at the end of March 2023 (see 5.9 above). However, she added that since March, People, Training and Service Delivery have worked together to progress the following areas:

- Delivering SVQ engagement sessions;
- Supporting new trainee firefighters with regard to SVQ induction and registration;
- Progressing claims in respect of the Modern Apprenticeship;
- Establishing 55 additional Internal Assessor and Verifier candidate places; and
- Supporting the arrangements to align Internal Assessor and Verifier resources to support the groups below (prioritising groups 2 to 4 at 5.9 above).

## 6. Follow up External Verification visit

- 6.1 We confirmed that a follow up visit from the SQA EV took place in February 2023. We obtained the report from this EV visit and the feedback given is as follows:

*“Since a hold was placed on the Centre following the EV visit carried out in August 2022 where there was little or no evidence of candidate performance in the workplace which may have been the case since the last successful visit in June 2019, the Centre has successfully completed a comprehensive review and revision of its processes and procedures and has been able to address the requirements of an action plan devised with overview from the SQA. The Centre employed internal and external resources to return to the compliant status that was previously in place prior to the 2019 EV visit. The Centre has worked with candidates, assessors, internal verifiers and senior management teams to produce detailed portfolios of candidate performance and associated evidence that shows that the candidates who were due for certification in September 2022 have demonstrated the competence standards required by the award. The Centre is to be commended for the volume and quality of work carried out to address the previous non-compliant status and for the determination to support candidates to be able to complete their portfolios to a high standard.”*

The report confirmed that the SQA has a high level of confidence in SFRS maintaining SQA standards within the verification groups of resources, candidate support, and internal assessment and verification.

Management has assured us that the Service has addressed all the issues previously raised by the SQA and this is borne out by the above report. In addition, we have viewed evidence to confirm that the SQA 'hold' has since been lifted and Skills Development Scotland has advised SFRS that the 'hold' they had placed on the contract has also been removed, and consequently the Service can resume inputting claims and processing new SVQ candidates.

# Appendix A

## 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



SCOTTISH  
FIRE AND RESCUE SERVICE  
Working together for a safer Scotland

Report No: C/ARAC/35-23

Agenda Item: 9.2

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE							
Meeting Date:	27 JUNE 2023							
Report Title:	SFRS INTERNAL AUDIT ANNUAL REPORT 2022/23							
Report Classification:	For Scrutiny	<b>Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u></b>						
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>
<b>1</b>	<b>Purpose</b>							
1.1	To provide an overview of the work undertaken in respect of the 2022/23 internal audit programme and to provide our overall annual opinion.							
<b>2</b>	<b>Background</b>							
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.							
<b>3</b>	<b>Main Report/Detail</b>							
3.1	The report summarises our conclusions and key findings from the internal audit work undertaken at SFRS during the year ended 31 March 2023 and provides our overall opinion on SFRS's governance, risk management and internal control frameworks.							
<b>4</b>	<b>Recommendation</b>							
4.1	To note the contents of the annual report.							
<b>5</b>	<b>Key Strategic Implications</b>							
5.1	<b>Risk</b>							
5.1.1	The internal audit programme forms part of the Service's Assurance Framework.							
5.2	<b>Financial</b>							
5.2.1	There are no direct implications associated with the report.							
5.3	<b>Environmental &amp; Sustainability</b>							
5.3.1	There are no direct implications associated with the report.							
5.4	<b>Workforce</b>							
5.4.1	There are no direct implications associated with the report.							
5.5	<b>Health &amp; Safety</b>							
5.5.1	There are no direct implications associated with the report.							

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5.6 5.6.1	<b>Health &amp; Wellbeing</b> There are no direct implications associated with the report.	
5.7 5.7.1	<b>Training</b> There are no direct implications associated with the report.	
5.8 5.8.1	<b>Timing</b> The report provides a summary of the work undertaken during the 2022/23 financial year.	
5.9 5.9.1	<b>Performance</b> Internal audit is intended to support the service and where relevant identify areas where performance can be enhanced.	
5.10 5.10.1	<b>Communications &amp; Engagement</b> Individual reports have been issued and agreed with management for each of the audit assignments contained within the annual report and have been presented separately to the Audit and Risk Assurance Committee throughout the year.	
5.11 5.11.1	<b>Legal</b> There are no direct implications associated with the report.	
5.12 5.12.1	<b>Information Governance</b> Collection or use of personal data has not been required in the preparation of the Follow Up Progress Report. For this reason, a Data Protection Impact Assessment has not been required.	
5.13 5.13.1	<b>Equalities</b> For each audit assignment, relevant directors need to consider whether an Equality and Human Rights Impact Assessment is applicable in respect of any recommendations made.	
5.14 5.14.1	<b>Service Delivery</b> There are no direct implications associated with the report.	
<b>6</b>	<b>Core Brief</b>	
6.1	Not applicable	
<b>7</b>	<b>Assurance (Board/Committee Meetings ONLY)</b>	
7.1	<b>Director:</b>	John Thomson, Acting Director of Finance and Procurement
7.2	<b>Level of Assurance: (Mark as appropriate)</b>	Substantial/Reasonable/Limited/Insufficient
7.2	<b>Rationale:</b>	Azets are providing ARAC with their audit opinion based on 2022/2023 audit assignments and their findings within these assignments.
<b>8</b>	<b>Appendices/Further Reading</b>	
8.1	Appendix A – Internal Audit Annual Report 2022/23	
<b>Prepared by:</b>		Gill Callaghan, Senior Manager - Azets
<b>Sponsored by:</b>		John Thomson, Acting Director of Finance and Procurement
<b>Presented by:</b>		Gary Devlin, Partner - Azets
<b>Links to Strategy and Corporate Values</b>		
Working Together for a Safer Scotland		



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<b>Governance Route for Report</b>	<b>Meeting Date</b>	<b>Report Classification/ Comments</b>
<i>Audit and Risk Assurance Committee</i>	<i>27 June 2023</i>	<i>For scrutiny</i>

# Scottish Fire and Rescue Service

## Internal Audit Annual Report 2022/23

June 2023





# Scottish Fire and Rescue Service

## Internal Audit Annual Report 2022/23

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Appendix 2 – Summary of Internal Quality Assurance Assessment	11
Appendix 3 – Progress against KPIs	13

# 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 Scottish Fire and Rescue Service (SFRS) during the year ended 31<sup>st</sup> March 2023, 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 2022/23 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. In this context, our audit of Training found one high risk rated finding in relation to non-compliance with completion rates for mandatory refresher training.

**Azets**

**June 2023**

# 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. In 2022/23, the review of Workforce Planning (On-Call Firefighters) was deferred to 2023/24. This was replaced with a review of the Service's arrangements for the internal assessment and verification of the SVQ qualification it provides to trainee firefighters.

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 revised 2022/23 Internal Audit Plan comprised 147 days of audit work and we completed the full programme. A comparison of actual coverage against the 2022/23 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.

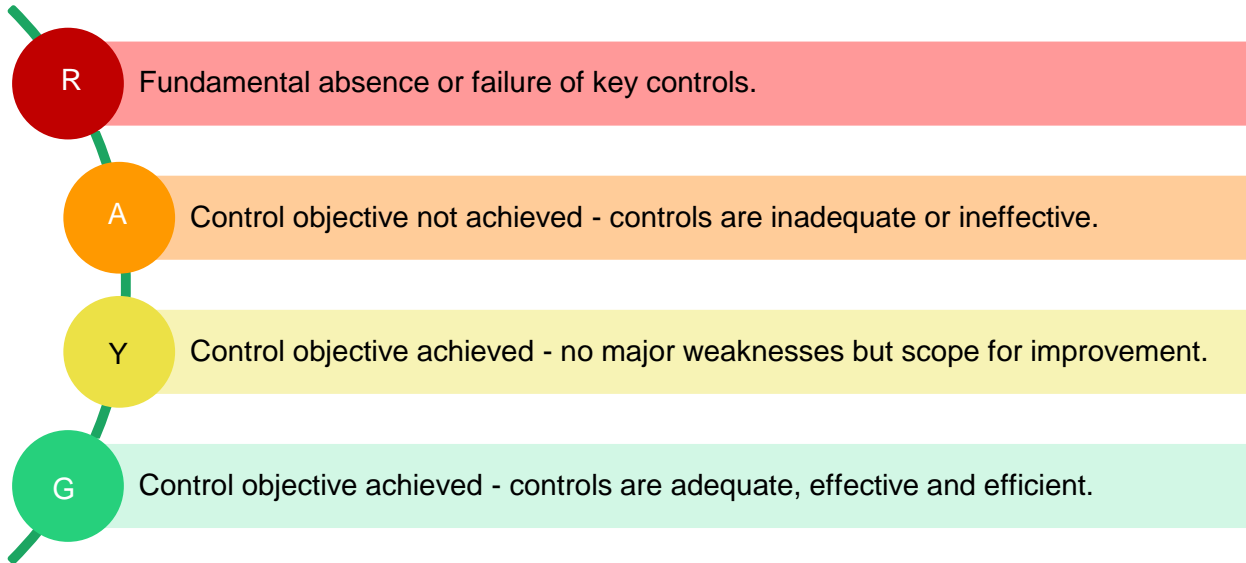
Where relevant, all reports contained action plans detailing responsible officers and implementation dates. The reports were fully discussed and agreed with management prior to submission to the Audit and Risk Assurance Committee. We made no significant recommendations that were not accepted by management.

### Summary of reports by control assessment and action grade

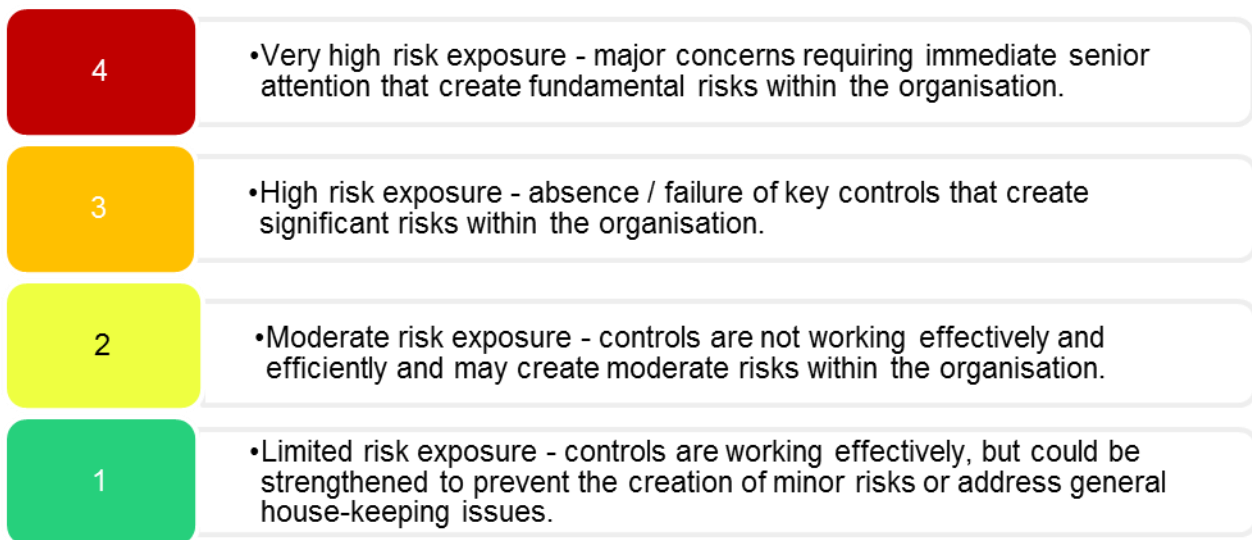
Review	Control objective assessment	No. of issues per grading			
		4	3	2	1
A.4 Revenue Maximisation		-	3	5	-
A.5 Capital Investment Strategy		-	-	2	-
B.2 Sickness Absence Management		-	4	2	-
B.3 Training		1	2	3	-
C.6 Corporate Performance Management		-	1	3	-
C.7 Post Pandemic Review		-	3	-	-
D.5 Personal Protection Equipment		-	1	3	2



## Control objective assessment definitions



## Management action prioritisation definitions



## 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 was as follows:

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
No. of actions classed as closed	11	6	2	10
No. of actions to be completed	19	28	38	32

The following charts set out the position at the end of the year in relation to the 32 outstanding actions:

Chart 1 – number of actions within their original timescale for their implementation or overdue

Chart 2 – outstanding actions by grade

Chart 1: Outstanding actions – implementation timescales

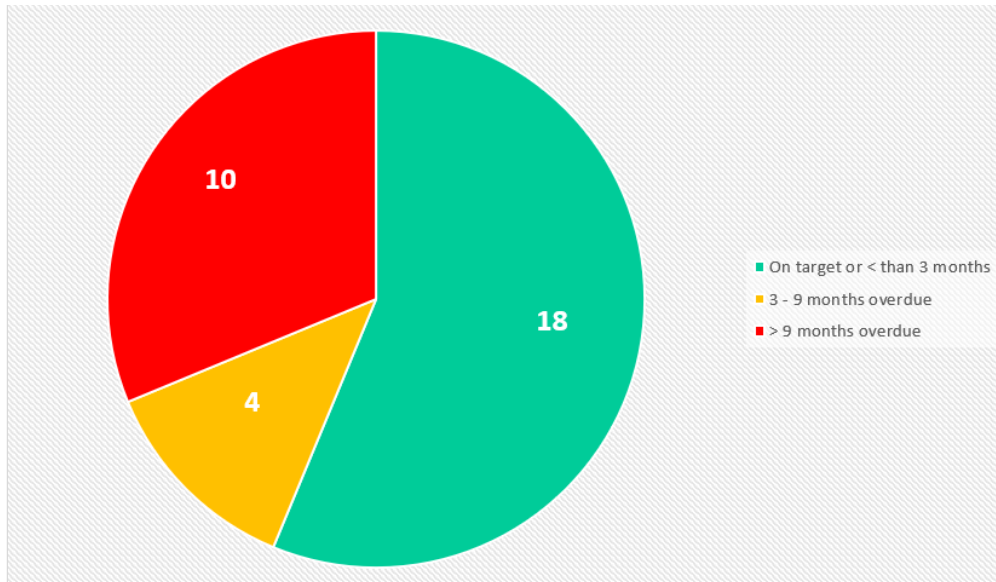
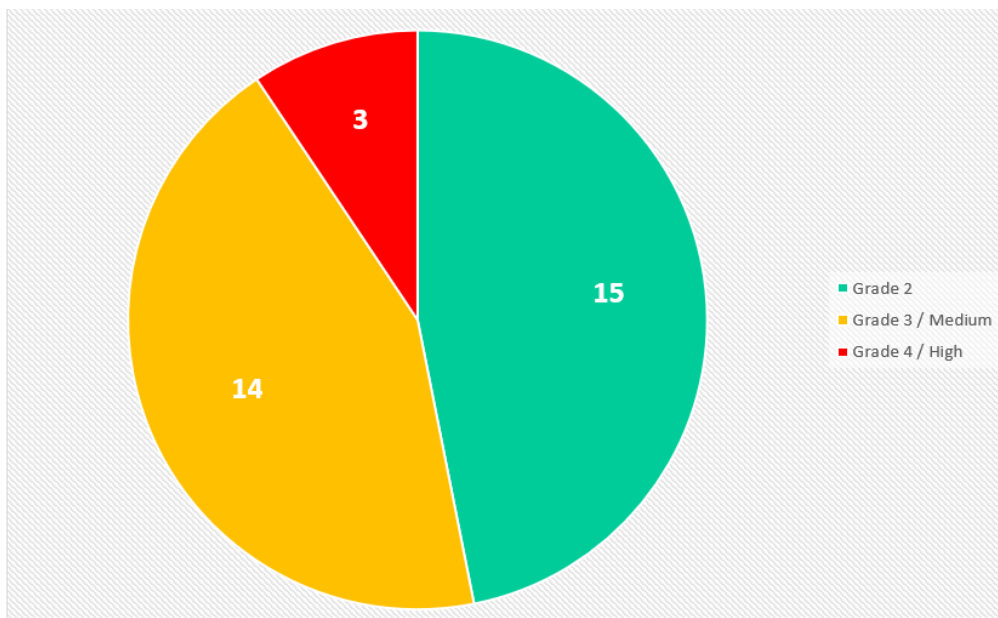


Chart 2: Outstanding actions by grade



Management have made reasonable progress in implementing agreed actions. Fourteen actions were beyond their agreed completion date at the year end with three actions rated as being higher risk.

# Additional work

## SVQ Review

In addition to the above reviews, we carried out a review of the arrangements for the internal assessment and verification of the Emergency Fire Service: Operations in the Community Level 3 SVQ which forms part of the trainee firefighters' 3-year development programme and for which SFRS is accredited as an approved centre. This was as a result of issues raised by the Scottish Qualification Authority's (SQA's) External Verifier, which resulted in a 'hold' being placed on the Service's ability to award the qualification and funding being withheld.

We found that, following receipt of the External Verifier's report, the Service has taken appropriate steps to improve the processes related to the internal assessment and verification of the SVQ award. The revised processes were subsequently re-assessed by the SQA's External Verifier during follow up visits and were found to be compliant with the SQA's requirements. Our audit has made three recommendations to improve controls over this area in relation to governance and oversight including continued monitoring of compliance with SQA requirements, succession planning arrangements for internal assessors and verifiers and devising an action plan for the roll-out of the revised processes throughout the cohort of trainees undertaking the SVQ, all of which will assist in ensuring that this situation will not recur in the future.

## Key themes from audit work in 2022/23

- One grade 4 recommendation was raised within the Training review. Our review highlighted that whilst mandatory training requirements are well established, compliance with completion rate targets requires further improvement.
- Three grade 3 recommendations, and five grade 2 recommendations were raised within the Revenue and Funding Maximisation review. The review highlighted gaps within the policies and process documentation and also areas of non-compliance with agreed procedures.
- The Post Pandemic Review highlighted three grade 3 recommendations, which are in relation to improvements around updating business continuity plans taking into account lessons learned from the pandemic, and establishing a clear decision on future working arrangements.
- The Corporate Performance Management audit identified a grade 3 recommendation in relation to the need to ensure the accuracy and quality of data as this impacts the integrity of reporting and the decision making process.
- The Personal Protective Equipment audit highlighted the need to have appropriate arrangements in place for the return of PPE when staff leave the Service and a grade 3 recommendation was raised to address this.
- The review of Sickness Absence Management highlighted the need to improve consistency in the way sickness absence is managed within SFRS, to ensure that the storage and retention of sickness absence records and documentation is clear and consistent, and to develop a more efficient way to detect when sickness absence triggers have been met.

# 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 2022/23 internal audit review were independent of SFRS and their objectivity was not compromised in any way.

# Conformance with Public Sector Internal Audit Standards

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 external 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 2022/23

Ref and Name of report	Planned Days	Actual Days
A.4 Revenue and Funding Maximisation	12	16.75
A.5 Capital Investment Strategy	15	15
B.2 Sickness Absence Management	12	12
B.3 Training	12	14
C.6 Corporate Performance Management	12	12
C.7 Post Pandemic Review	18	19.5
D.3 Workforce Planning – RDS Firefighters	0	4.5
D.5 Personal Protective Equipment	15	15
F.1 Follow Up	10	10
G.1 Audit needs assessment/annual plan preparation	5	5
G.2 Audit & Risk Assurance Committee planning and attendance	8	8
G.3 Annual and internal audit progress reports, meetings with management	8	8
G.4 Contingency	5	0
G.5 SVQ Investigation	15	15
<b>Total</b>	<b>147</b>	<b>154.75</b>

**Revenue and Funding Maximisation** – additional 4.75 days agreed due to delays in information being received and number of employees required to be interviewed for the review.

**Training** – additional 2 days taken due to delays in review commencing and extra meetings held between Audit Partner, Senior Manager and Audit Sponsor to discuss issues raised by the review, to agree actions to address these and to update the report to reflect these discussions.

**Post Pandemic Review** – additional 1.5 days agreed due to delays in information initially being received and number of employees required to be interviewed for the review.

# Appendix 2 – Summary of Quality Assurance Assessment

As part of our regular quality assessment procedures, we commissioned an external quality assessment (EQA) against the Institute of Internal Auditors (IIAs) International Professional Practices framework (IPPF) and, where appropriate, the Public Sector Internal Audit Standards (PSIAS).

We are pleased to disclose the outcome of this assessment as we believe it is important to provide you with assurance that the service you receive is of a high quality and fully compliant with internal audit standards. Outlined below are extracts from our most recent external quality assessment undertaken in February 2023.

## External Quality Assessment summary

### *Executive Summary*

*I am pleased to report that there are no material governance, methodology or practical issues that are impacting Azets Risk Assurance's overall conformance with the Institute of Internal Auditors (IIAs) International Professional Practices framework (IPPF).*

*Internal Audit have achieved the highest level of conformance with the Standards, as well as the Definition, Core Principles, and the Code of Ethics, which form the mandatory elements of the IPPF, the global standard for quality in Internal Auditing. The Institute describe this as "Generally Conforms".*

*This is an excellent result and is based on an extensive EQA covering the team's approach, methodology, processes, and an extensive sample of engagement files. The EQA assessor is an experienced, former Chief Assurance Officer and current Audit Committee Chair.*

### *Conformance Opinion*

*The IPPF/PSIAS includes the Mission and Definition of Internal Auditing, the Core Principles, Code of Ethics, and International Standards. There are 64 fundamental principles to achieve, with 118 points of recommended practice.*

*I am delighted to confirm that Azets Risk Assurance generally conform with 62 of these 64 fundamental principles. This is an excellent result. Furthermore, there are no areas of 'partial' or 'non-conformance' with any of the remaining fundamental principles.*

***The overall assessment resulting from the EQA is that Azets Risk Assurance "generally conforms to the International Professional Practices Framework". The term "generally conforms" is used by the IIA to represent the highest level of achievement and performance.***

*I include a summary of Azets Risk Assurance's conformance to these fundamental principles below. Overall, I believe that Azets Risk Assurance has achieved an excellent performance given the breadth of the IPPF, and the diverse work and activity the team undertakes.*

Summary of IIA Conformance	Standards	N/A	Does not Conform	Partially Conforms	Generally Conforms	Total
Definition of IA and Code of Ethics	Rules of conduct				12	12
Purpose	1000 - 1130				8	8
Proficiency and Due Professional Care	1200 - 1230				4	4
Quality Assurance and Improvement Programme	1300 - 1322	1			6	7
Managing the Internal Audit Activity	2000 - 2130				12	12
Engagement Planning and Delivery	2200 - 2600	1			20	21
Total		2	0	0	62	64

## Our response

The review identified a number of areas for future consideration to further enhance our internal audit practices. We welcome these findings and as such, a detailed action plan will be put into place to address the areas for further development.

# 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 vs planned hours per audit	Audits completed within days approved by ARAC	AMBER
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	Cost 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	AMBER *

\* Based on feedback received for the following audits:

- Corporate Performance Management
- Post Pandemic Review
- Revenue and Funding Maximisation
- Personal Protective Equipment
- Capital Investment Strategy

Awaiting further feedback on other audits from Risk Manager

## Key

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





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## SCOTTISH FIRE AND RESCUE SERVICE

## Audit and Risk Assurance Committee



Report No: C/ARAC/25-23

Agenda Item: 9.3

Report to:		AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:		27 JUNE 2023						
Report Title:		SFRS INTERNAL AUDIT FEEDBACK REPORT 2022/23						
Report Classification:		For Scrutiny	<b>Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u></b>					
			<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
<b>1</b>		<b>Purpose</b>						
1.1		To provide a summary of the feedback received from Scottish Fire and Rescue Service (SFRS) in relation to the audit assignments undertaken as part of the 2022/23 Internal Audit plan.						
<b>2</b>		<b>Background</b>						
2.1		This report is intended to enable the Audit and Risk Assurance Committee (ARAC) to consider the feedback received from SFRS in relation to Azets' delivery of the 2022/23 audit programme.						
<b>3</b>		<b>Main Report/Detail</b>						
3.1		To provide a summary of the scores received from SFRS in relation to the scope of the audit/initial engagement, the audit review process and the exit meeting and report. To incorporate comments on the audits and action being taken in relation to the areas identified for improvement.						
<b>4</b>		<b>Recommendation</b>						
4.1		ARAC is asked to note the content of the report.						
<b>5</b>		<b>Key Strategic Implications</b>						
5.1		<b>Risk</b>						
5.1.1		The internal audit programme forms part of the Service's Assurance Framework.						
5.2		<b>Financial</b>						
5.2.1		There are no direct implications associated with the report.						
5.3		<b>Environmental &amp; Sustainability</b>						
5.3.1		There are no direct implications associated with the report.						
5.4		<b>Workforce</b>						
5.4.1		There are no direct implications associated with the report.						
5.5		<b>Health &amp; Safety</b>						
5.5.1		There are no direct implications associated with the report.						

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5.6 5.6.1	<b>Health &amp; Wellbeing</b> There are no direct implications associated with the report.	
5.7 5.7.1	<b>Training</b> There are no direct implications associated with the report.	
5.8 5.8.1	<b>Timing</b> The report notes SFRS feedback in relation to audits undertaken in the 2022/23 financial year.	
5.9 5.9.1	<b>Performance</b> Internal audit is intended to support the service and where relevant identify areas where performance can be enhanced.	
5.10 5.10.1	<b>Communications &amp; Engagement</b> Individual reports are issued and agreed with management for each of the audit assignments contained within the annual plan and are presented separately to the Audit and Risk Assurance Committee throughout the year.	
5.11 5.11.1	<b>Legal</b> There are no direct implications associated with the report.	
5.12 5.12.1	<b>Information Governance</b> Collection or use of personal data has not been required in the preparation of the Progress Report. For this reason, a Data Protection Impact Assessment has not been required.	
5.13 5.13.1	<b>Equalities</b> For each audit assignment, relevant directors need to consider whether an Equality and Human Rights Impact Assessment is applicable.	
5.14 5.14.1	<b>Service Delivery</b> There are no direct implications associated with the report.	
<b>6</b>	<b>Core Brief</b>	
6.1	The purpose of the report is to update the Audit and Risk Assurance Committee on SFRS's feedback in relation to the audit assignments undertaken during 2022/23.	
<b>7</b>	<b>Assurance (Board/Committee Meetings ONLY)</b>	
7.1	<b>Director:</b>	John Thomson, Acting Director of Finance and Procurement
7.2	<b>Level of Assurance: (Mark as appropriate)</b>	Substantial/Reasonable/Limited/Insufficient
7.2	<b>Rationale:</b>	Azets aim to improve on the feedback given from each audit stakeholder. This report provides reasonable assurance that all comments are considered and actions taken to ensure continual improvement in each audit assignment.
<b>8</b>	<b>Appendices/Further Reading</b>	
8.1	Appendix A: Internal Audit Feedback 2022/23.	
<b>Prepared by:</b>		Gill Callaghan, Senior Manager - Azets
<b>Sponsored by:</b>		John Thomson, Acting Director of Finance and Procurement
<b>Presented by:</b>		Gary Devlin, Partner - Azets

<b>Links to Strategy and Corporate Values</b>		
Working Together for a Safer Scotland		
<b>Governance Route for Report</b>	<b>Meeting Date</b>	<b>Report Classification/ Comments</b>
<i>Audit and Risk Assurance Committee</i>	<i>27 June 2023</i>	<i>For scrutiny</i>

# Scottish Fire and Rescue Service

## Report on Internal Audit Feedback 2022/23

June 2023



# Scottish Fire and Rescue Service

## Report on Internal Audit Feedback 2022/23

Introduction	1
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***Report produced by:***

***Gary Devlin, Audit Partner***

***Gill Callaghan, Senior Audit Manager***

# Introduction

As the Scottish Fire and Rescue Service's (SFRS) internal auditors, we are continuously looking at ways in which we can improve our service. In order to facilitate this, on the completion of each internal audit assignment, feedback is sought from audit sponsors and other key contacts involved in the audit review. We welcome all feedback, positive as well as negative, and see this as an opportunity to ensure that you receive a high quality internal audit service which complies with professional standards and best meets SFRS's needs.

The feedback form asks a series of questions under the following headings:

- Scope of Audit Initial Engagement;
- Audit Review Process; and
- Exit Meeting and Report.

The questions are scored 1 to 5 as follows:

- 5 = Very good;
- 4 = Good;
- 3 = Satisfactory;
- 2 = Just adequate; and
- 1 = Poor.

In addition, audit sponsors and key contacts are asked to comment on what they liked/disliked about the audit review and how the internal audit activity could better add value to the Service. A copy of the form's questions is included at Appendix 1 for information.

Feedback forms are collated by SFRS's Risk Manager and then forwarded to Azets. The Service's Risk Manager and Azets Senior Manager liaise regularly throughout the year regarding the quality of the internal audit service, feedback received and improvements made to the service to address any issues raised.

At the time of writing, feedback forms had been received in respect of the following reviews:

- Capital Investment Strategy;
- Corporate Performance Management;
- Personal Protective Equipment;
- Post Pandemic Review;
- Revenue and Funding Maximisation; and
- Training.

On the following pages, we have provided an analysis of the feedback received from audit sponsors and key contacts including average scores and comments.



# Analysis of Feedback 2022/23

Audit	No. of forms received	Scope of Audit Initial Eng't	Audit Review Process	Exit Meeting & Report	Liked?	Disliked?	Suggested Improvements	Score out of 15
Capital Investment Strategy	1	5	5	5	Very efficiently scoped and considered all aspects of the areas requiring auditing. Carried out on time and with little disruption to our daily workloads.	No	N/A	15
Corporate Performance Management	2	4	4	4	N/A	N/A	N/A	
		3.5	4.25	4.67	Good focus and helpful clear improvements identified. Auditor and senior auditor very helpful, professional and worked well with my team.	Nothing	Perhaps some more benchmarking or highlighting of practice from other organisations that would highlight good practice against the improvements.	
		<b>3.75</b>	<b>4.12</b>	<b>4.33</b>				<b>12.2</b>
Personal Protective Equipment	1	5	4.5	4.33	It was a good approach and very friendly constructive relationship.	No	N/A	13.83
Post Pandemic Review	2	3.75	4	3.83	The audit was undertaken in a professional and timely manner by Azets. The final report was clear and concise as were the recommendations contained within it. It was particularly appreciated that feedback provided during the audit exit meeting was fully considered and reflected in the final audit report.		Comments are made for the purpose of maximising benefits from the audit process. While the final report and recommendations were clear and concise, I felt there were limited findings that SFRS were not aware of and were not already being actioned or had been dealt with. Greater benefit would have been gained if auditors are able to bring their personal experience, including that gained from other organisations they may work with. I also thought that more benefit could have been gained by the auditors taking a broader perspective by including reference to the additional challenges SFRS is facing, not directly related to the pandemic but that is significantly impacting on the recovery work from it (e.g. impact of firefighter pension remedy).	
		3.25	3.5	2.5	N/A	N/A	N/A	
		<b>3.5</b>	<b>3.75</b>	<b>3.17</b>				<b>10.42</b>

Audit	No. of forms received	Scope of Audit Initial Eng't	Audit Review Process	Exit Meeting & Report	Liked?	Disliked?	Suggested Improvements	Score out of 15
Revenue and Funding Maximisation	3	3.5	3	3.17	The audit highlighted there were control areas that could be improved and these will be taken forward by Service	There was a gap in expectations at time of scoping with ARAC in terms of what internal audit could add specifically on income generation. In hindsight difficult to see what internal audit could bring but ARAC expectations were not met in final audit report. The initial report did not have a full understanding of change in income streams due to covid and this was later corrected.	Data analysis was suggested in general would give SFRS new and greater insights in terms of audit output to date not seen much evidence of how this is being included in audits. Include list of people involved in the audit to make sure all relevant individuals have helped inform the audit report. General concern that audit was traditional in nature (focus on controls) and did not give fresh insight or added value beyond a traditional audit.	
		4	3	5	The consultation of between SFRS and Azets on the audit points and the opportunity for discussion in ensuring the best way forward to continually improve the processes within SFRS.	Possibly more introduction to the topic when invites for meetings are sent out to allow the recipient to prepare for the meeting. Also, an introduction to personnel during the meetings with an outline of the purpose of the meeting and what the auditor is looking to gain from the meeting. This would allow the recipient to give clear concise information when they are aware of what is expected of them.	I would like more engagement with SFRS personnel out with the main key players that attend the ARAC or internal audit meetings. This is something that I believe could be improved within SFRS and Azets and by working together in creating a more inclusive approach with all key personnel, we could provide a more productive audit experience.	
		1	3.25	N/A	Following receipt of an email asking for information which needed a discussion, I was able to phone the auditor and have a chat to clarify our processes and what he was asking for. He was very open to the call and receiving the feedback.	The auditor did not sufficiently understand our Events planning process to ask the right questions about how and when we charge. An early conversation with us would have given them a bit of insight, to help them ask more relevant questions to scrutinise the process. An email was sent to a number of Event Planning Officers from an Azets auditor asking for information. Some colleagues questioned if this was a phishing email, as we had not received notice internally that the area was being audited and we could receive requests. I think the richness of the data and insight into a process auditor receive would be enhanced if they used a mix of open and closed questions when they ask for information. The email we received was a list of closed questions and a request for documentation.	Advance notification of an audit of our service area would improve response & engagement. We've not seen a copy of the report and recommendations to comment on the accuracy or findings or the recommendations. It would be appropriate for those who engaged in the audit to have an opportunity to comment. I'm unable to provide any scoring on a number of the questions because I was not involved in this process. I think audits are an extremely helpful way of identifying improvements and monitoring completion of recommendations. I'm unclear if we've made the most of the opportunity the Revenue and Funding Maximisation audit could have had to improve event charging.	
		<b>2.83</b>	<b>3.08</b>	<b>4.09</b>				<b>10.00</b>

Audit	No. of forms received	Scope of Audit Initial Eng't	Audit Review Process	Exit Meeting & Report	Liked?	Disliked?	Suggested Improvements	Score out of 15
Training	6	4.5	5	4.33	The auditor was very professional in her approach and allowed me to outline our processes and policies in full before showing a real understanding of the topic before asking supplementary questions for clarity.	No, as above, the auditor was very professional in her approach and took time to understand the subject.	This is the first time I have participated in an internal audit, so perhaps there should be more planned, to ensure that as a Service, we are constantly looking for ways to improve our processes and procedures. I have not received a copy of the final report, although the DACO provided key outcomes verbally during our management meeting and provided us with the opportunity to comment.	
		3.25	3	2.33	N/A	N/A	I think consideration needs to be given to the number of budgeted days allocated to audits and whether that provides sufficient time to complete an audit that will add value. I also think discussions need to take place prior to agreeing Internal Audit Plan to consider what it is SFRS expects from an Audit in relation to what part of the organisation is being looked at. The Audit Reports need to be written at a strategic level that adds value.	
		2.75	3.5	3.5	N/A	N/A	N/A	
		3.5	4	N/A	Meeting utilising Teams	None.	N/A	
		3.5	4	N/A	Meeting via Teams and subsequent provision of information electronically was efficient.	No.	Value added if audit produces positive feedback with which to add credibility to the Service and systems. I had limited involvement in the process hence limited ability to feedback but my experience was largely positive.	
		2.5	2.67	1	The positivity of the interviewer and the understanding and appreciation of the information given.	I had no awareness of the audit prior to receiving a request to be interviewed. I had no understanding of the parameters of the audit, my requirement or what was expected of me. An understanding of all may have greatly assisted. I have also not received any feedback or an understanding of the outcome of the audit. This is the reasoning for my scoring.	N/A	
		<b>3.33</b>	<b>3.69</b>	<b>2.79</b>				<b>9.81</b>

# Areas for Improvement

As part a result of the feedback received and further discussion with SFRS's Risk Manager, the following improvements have been or will be made:

## Scoping/planning meetings

During 2022/23, we introduced the requirement to hold a scoping/planning meeting for each review. Prior to the commencement of each audit assignment scoping/planning meetings are held between Azets' Senior Manager and the audit sponsor and key contacts, as required. The purpose of these meetings is to:

- gain a deeper understanding of the area under review and the processes/risks involved;
- discuss the scope of the review in more detail in order to agree the coverage of the audit and also to get management's input and subsequent 'buy-in' to the review;
- agree the timing of the review;
- discuss who we will need to see within the Service and an overview of the type of testing to be performed;
- request relevant documentation e.g. strategies, policies, procedures etc. in advance of the review taking place so the auditor can familiarise themselves with processes and controls in operation before the audit commences;
- assist in informing the Audit Assignment Plan and determining the control objectives relevant to the review.

## Audit & Risk Assurance Committee Members' review of the scopes of the audits

During 2022/23, we made an addition to the Internal Audit Progress report in that the scopes of the reviews for the following quarter are now included in the report so that ARAC members have the opportunity to review and comment on the scopes prior to the reviews taking place. This ensures that any particular areas of concern or focus highlighted by members are addressed during the review, where appropriate.

## Evidence request

For 2023/24 audit reviews, we will be introducing an evidence request form. This form is prepared and issued once the Audit Assignment Plan has been agreed but prior to the review taking place. On this form, under each control objective, we set out in more detail who we need to speak to and the type of evidence we require to see as well as giving an indication of the testing we will need to carry out. This will enable audit sponsors and/or key contacts to undertake the following:

- identify the members of staff who need to be involved in the review and make sure they will be available;
- prepare relevant documentation, system reports etc prior to fieldwork;
- determine the level of input required by SFRS staff in relation to audit testing;
- agree whether fieldwork will be performed on site (and arrange to accommodate the auditor) or adopt a hybrid approach e.g. mixture of on site visits and MS Teams calls.

The introduction of this form will assist in ensuring that everyone who needs to know about the review is given sufficient notice of their involvement and what is required of them. It also allows for information to be prepared in advance of fieldwork taking place, which will save time at the beginning of the review and make the audit process more efficient.

### **Feedback to auditors**

The feedback received, positive and negative, is passed on to the relevant auditors by the Senior Manager. Any particular issues raised with regard to specific auditors will be addressed by the Senior Manager and their relevant line manager in order to ensure necessary improvements are made.

### **Communicating the outcome of internal audits within SFRS**

Azets' Senior Manager will discuss with SFRS how the outcome of internal audits is fed back to those who took part in the audit to ensure that this is appropriately communicated to them.

## Appendix 1 – Internal Audit Feedback Form

<b>Engagement Review</b>	
<b>Directorate/Function</b>	

SFRS is continuously looking at ways of improving the quality of service that is provided. Please could you complete this feedback questionnaire to help us ensure that the service is of the highest possible standard.

How would you rate the following aspects of the audit?

(5= Very good, 4 = Good, 3 = Satisfactory, 2 = Just adequate, 1 = Poor)

Scope of Audit Initial Engagement						
		5	4	3	2	1
1	The extent of notice given to arrange the audit					
2	The level of consultation on the scope and objectives of the audit					
3	Selection of important areas/topics and inclusion of your suggestions for areas/topics to audit					
4	The auditor's understanding of your systems and operational issues					

Audit Review Process						
		5	4	3	2	1
1	Efficient execution of the audit with minimum disruption					
2	The level of consultation during the audit					
3	The level of professionalism and objectivity demonstrated throughout the audit review					
4	Quality of relationship and discussion between auditors and your department					

Exit Meeting and Report						
		5	4	3	2	1
1	The draft report and/or exit interview addressed the key issues and was soundly based					
2	Your opportunity to comment on the findings made					
3	The final report in terms of its clarity and conciseness					
4	The prompt issue of the final report					

5	The benefits, in relation to improved controls and/or performance, received from the final report						
6	The audit was constructive and added value overall						

**Was there anything about the audit assurance and consulting service that you especially liked?**

**Was there anything about the audit assurance and consulting service that you especially disliked?**

**Specifically, how might the internal audit activity better add value to Scottish Fire & Rescue Service?**

**Additional Comments**

Thank you for completing this questionnaire.

**Privacy statement:**  
**The data collected on this form will be used by SFRS to improve services.**

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Report No: C/ARAC/26-23

Agenda Item: 9.4

<b>Report to:</b>	<b>AUDIT AND RISK ASSURANCE COMMITTEE</b>						
<b>Meeting Date:</b>	<b>27 JUNE 2023</b>						
<b>Report Title:</b>	<b>SFRS PROGRESS UPDATE/MANAGEMENT RESPONSE</b>						
<b>Report Classification:</b>	<b>For Scrutiny</b>	<b>Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u></b>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
<b>1</b>	<b>Purpose</b>						
1.1	To provide Audit and Risk Assurance Committee (ARAC) with the current status of recommendations raised by Internal Audit.						
<b>2</b>	<b>Background</b>						
2.1	This report maintains the previous format for updates with the addition of comments on the current status from Azets.						
<b>3</b>	<b>Main Report/Detail</b>						
3.1	41 actions remain outstanding with the oldest related to audits carried out in 2019/20. Internal Audit are working with management to assess progress and to consider the extent to which recommendations remain valid.						
<b>4</b>	<b>Recommendation</b>						
4.1	ARAC is asked to note the content of the report and consider the timelines noted for outstanding recommendations.						
<b>5</b>	<b>Key Strategic Implications</b>						
5.1	<b>Risk</b>						
5.1.1	The internal audit programme forms part of the Service's Assurance Framework.						
5.2	<b>Financial</b>						
5.2.1	There are no direct implications associated with the report.						
5.3	<b>Environmental &amp; Sustainability</b>						
5.3.1	There are no direct implications associated with the report.						
5.4	<b>Workforce</b>						
5.4.1	There are no direct implications associated with the report.						
5.5	<b>Health &amp; Safety</b>						
5.5.1	There are no direct implications associated with the report.						

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5.6 5.6.1	<b>Health &amp; Wellbeing</b> There are no direct implications associated with the report.	
5.7 5.7.1	<b>Training</b> There are no direct implications associated with the report.	
5.8 5.8.1	<b>Timing</b> The report notes progress made in implementing outstanding audit actions from 2019/20 - 2022/23.	
5.9 5.9.1	<b>Performance</b> Internal audit is intended to support the service and where relevant identify areas where performance can be enhanced.	
5.10 5.10.1	<b>Communications &amp; Engagement</b> Meetings have taken place with management to discuss the implementation of agreed audit actions and to view evidence confirming work in progress and completed actions.	
5.11 5.11.1	<b>Legal</b> There are no direct implications associated with the report.	
5.12 5.12.1	<b>Information Governance</b> Collection or use of personal data has not been required in the preparation of the Follow Up Progress Report. For this reason, a Data Protection Impact Assessment has not been required.	
5.13 5.13.1	<b>Equalities</b> For each recommendation contained within the Follow Up Progress Report, relevant directors need to consider whether an Equality and Human Rights Impact Assessment is applicable.	
5.14 5.14.1	<b>Service Delivery</b> There are no direct implications associated with the report.	
<b>6</b>	<b>Core Brief</b>	
6.1	Not applicable	
<b>7</b>	<b>Assurance (Board/Committee Meetings ONLY)</b>	
7.1	<b>Director:</b>	John Thomson, Acting Director of Finance and Procurement
7.2	<b>Level of Assurance: (Mark as appropriate)</b>	Substantial/Reasonable/Limited/Insufficient
7.2	<b>Rationale:</b>	Azets have reviewed the follow up work completed by audit action owners and are providing their view on the work done to date and evidence provided to support closure of any actions.
<b>8</b>	<b>Appendices/Further Reading</b>	
8.1	Appendix A: Progress update on Internal Audit Recommendations (Quarter 1 2023/24).	
<b>Prepared by:</b>		Gill Callaghan, Senior Manager - Azets
<b>Sponsored by:</b>		John Thomson, Acting Director of Finance and Procurement
<b>Presented by:</b>		Gary Devlin, Partner - Azets
<b>Links to Strategy and Corporate Values</b>		
Working Together for a Safer Scotland		

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<b>Governance Route for Report</b>	<b>Meeting Date</b>	<b>Report Classification/ Comments</b>
<i>Audit and Risk Assurance Committee</i>	<i>27 June 2023</i>	<i>For scrutiny</i>

## Progress update on Internal Audit Recommendations (Quarter 1 2023/24).

### 1. Background

In accordance with the Internal Audit Plan 2023/24, 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

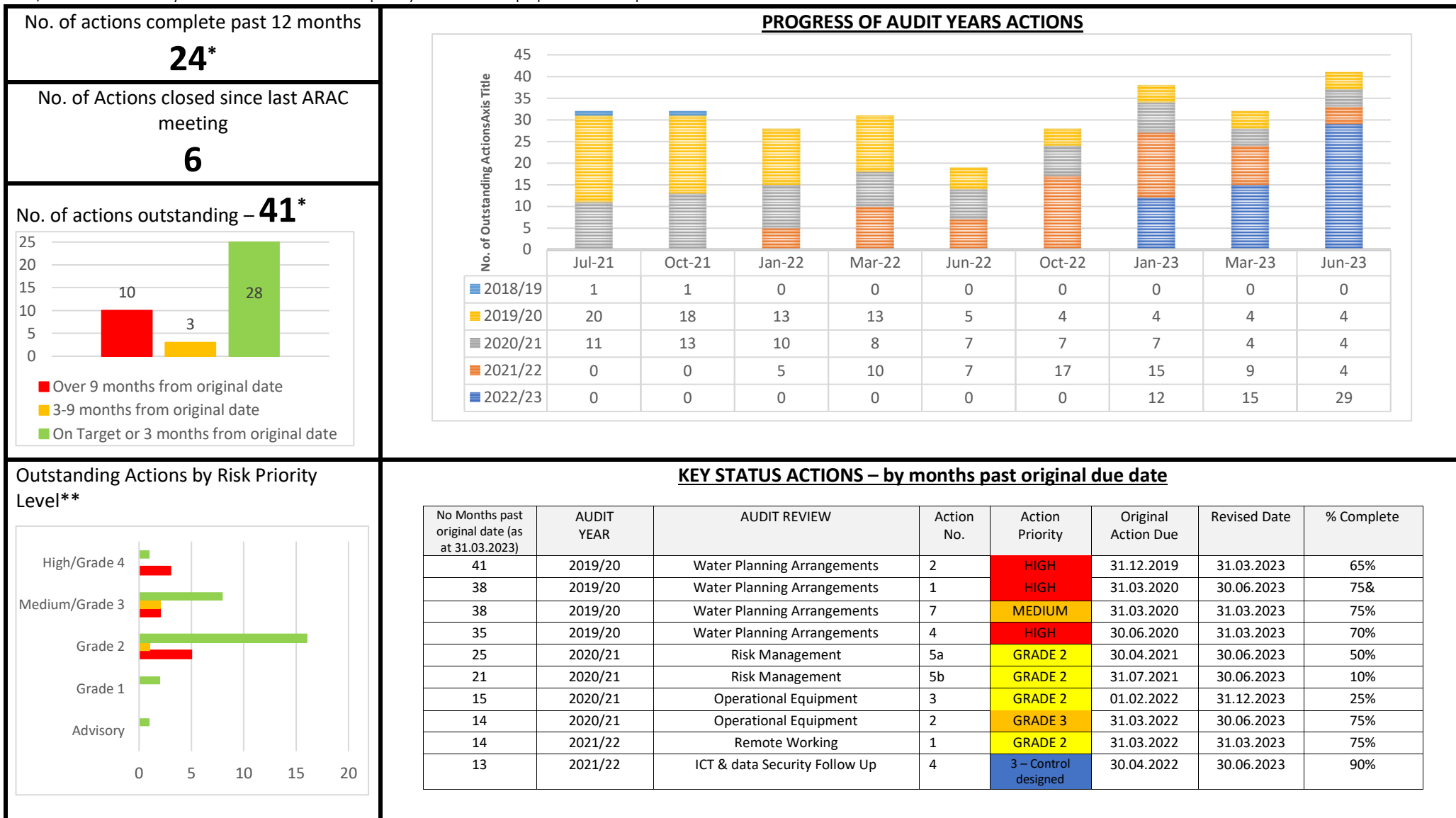
We have made the following observations regarding the Quarter 1 Follow Up review:

- During Quarter 1, 6 actions have been closed.
- Of the 41 actions outstanding, 21 are not yet due for completion.
- With regard to the Portfolio Office review, a meeting took place between the Head of the Portfolio Office and Azets' Head of Cyber Services where progress was discussed and evidence viewed. As a result, only one action is now outstanding in respect of this review.
- In line with discussion at previous meetings of the Audit and Risk Assurance Committee, IT actions are subject to detailed validation prior to being classed as closed and, where appropriate, our Head of Cyber Services has provided detail of any further actions required to close off outstanding recommendations.

## Dashboard – data as at 8<sup>th</sup> June 2023

\*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.



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 of Actions	% Complete Actions	Fully Implemented			Part/In Progress			Not Implemented			
				H	M	L	H	M	L	H	M	L	
		7	43%	1	2	0	3	1	0	0	0	0	
Rec No. <b>1</b>	<b>RISK</b>	<b>Inability to meet legal statutory duty to ensure an adequate supply of water for operational firefighting activities resulting from failure to appropriately engage with Scottish Water</b>											
		We recommend that the Service Level Agreement (SLA) with Scottish Water is established and agreed addressed issues around liability and costs.	Report Agreed Date	8 <sup>th</sup> Agreed Revised Date	Priority	% Complete	Status						
	Responsible Owner Agreed Response <b>Response &amp; Resilience DACO</b>	<i>Agreement with Scottish Water and SFRS on terms and items to be carried forward for inclusion in future MOU and SLA. Draft, finalise &amp; Sign MOU &amp; SLA between Scottish Water &amp; SFRS.</i>	31 March 2020	30 June 2023	HIGH	75%	RED						
Progress to Update	Options paper has progressed through the SFRS Governance route, and has been approved at all levels, including SLT on 3 <sup>rd</sup> May. Prior to contacting the Scottish Government to arbitrate the discussions with SFRS/Scottish Water to agree a new SLA.												
Outstanding actions to close the recommendation	A final correspondence will be sent to the Scottish Water Chief Executive on behalf of the SFSR Chief Officer requesting a resolution to the SLA without SG Arbitration.												
Azets Comments	We note management’s comments above regarding the governance arrangements.												
Rec No. <b>2</b>	<b>RISK</b>	<b>Failure of hydrants resulting in water shortage and preventing implementation of effective firefighting tactics leading to the risk of substantial fire losses.</b>											
		It is recommended that SFRS ensures that the requirements as detailed within the GIN are implemented consistently with the support of the Deputy Chief Officer.	Report Agreed Date	8 <sup>th</sup> Agreed Revised Date	Priority	% Complete	Status						
	Responsible Owner Agreed Response <b>Response &amp; Resilience DACO/ SM for Water Planning</b>	<i>Consider revision of GIN to include a standardised recording document. Discussions with DCO and SDA DACOs regarding inclusion of performance monitoring within SDC quarterly reports and HMS high end user requirements to cater for LSO reporting.</i>	31 December 2019	31st July 2023	HIGH	65%	RED						
Progress to Update	In line with Azets recommendation. Draft GIN is currently being developed and will be reviewed by department management prior to going live. This will be an interim GIN while the H&WP department awaits the role out of the HMS add on app. See Action 4 update.												
Outstanding actions to close the recommendation	Awaiting completion of Rec 4 before publication.												
Azets Comments	No further update received in respect of this action.												

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Rec No. <b>4</b>	<b>RISK</b>	<b>Failure of hydrants resulting in water shortage and preventing implementation of effective firefighting tactics leading to risk of substantial fire losses.</b>						
	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.			Report Agreed Date	8 <sup>th</sup> Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>SM for Water Planning/ Water Planning Team</b>	<i>Work with ICT to address system issues and develop system for SFRS to be rolled out across SDAs</i>		30 June 2020	31st July 2023	HIGH	70%	RED
<b>Progress to Update</b>		ICT department have provided an update confirming that work on the GIS upgrade is due to commence on the 7th June with an estimated completion by the end of June. Once completed the H&WP Dept. will be invited to test the new hydrant inspection app, with a roll out date to be confirmed. Roll out date of the Inspection app will dictate the timeline for the Hydrant Inspection GIN release date.						
<b>Outstanding actions to close the recommendation</b>		Due to the limitations of HMS, H&WP department have been working with ICT, who have created a QlikView dashboard for HMS data, enabling the department to record and deliver accurate data on inspections. A new business case will be submitted in 2023/24 for the development of a new HMS app.						
<b>Azets Comments</b>		No further update received in respect of this action.						
Rec No. <b>7</b>	<b>RISK</b>	<b>Failure of hydrants resulting in water shortage and preventing implementation of effective firefighting tactics to risk substantial fire losses.</b>						
	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.			Report Agreed Date	8 <sup>TH</sup> Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Response &amp; Resilience DACO</b>	<i>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.</i>		31 March 2020	31 <sup>st</sup> July 2023	MEDIUM	75%	RED
<b>Progress to Update</b>		Current completed hydrant inspection data is provided on a quarterly basis for the Service Delivery Committee. See action 4 update.						
<b>Outstanding actions to close the recommendation</b>		With the introduction of the new recording app and Qlikview to the department, there is the potential to report on more details and welcome further discussions on what relevant data can be reported on. The new inspection app will require the GIN to be update, but at this time H&WP team are unable to determine a timescale for the apps go live date.						
<b>Azets Comments</b>		No further update received in respect of this action.						

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2020-21	Risk Management		Total No of Actions	% Complete Actions	Fully Implemented				Part/In Progress				Not Implemented			
					4	3	2	1	4	3	2	1	4	3	2	1
			9	78%	0	0	6	0	0	0	3	0	0	0	0	0
Rec No. <b>5a</b>	<b>RISK</b>	The concept of risk appetite is not widely understood, leading to possible tolerance of risks outside SFRS risk appetite.														
	<u>Risk Appetite</u> 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.		Report Agreed Date	5 <sup>th</sup> Agreed Revised Date	Priority	% Complete	Status									
	Responsible Owner Agreed Response <b>Risk &amp; Audit Manager</b>	<i>A Risk Appetite was held on 30<sup>th</sup> July facilitated by Scott Moncrieff providing guidance and training on risk appetite and establishing a plan for development of the Services risk appetite. Further workshops will be held with SLT and the Board to identify and agree the Services initial risk appetite levels.</i>	30 April 2021	30 June 2023	Grade 2	50%	RED									
	Progress to Update		Board Risk appetite workshop carried out 31/03/22 facilitated by the Chair of ARAC. Further Board workshop to be held to discuss and agree the risk appetite statement. Awaiting output documentation.													
Outstanding actions to close the recommendation		Risk Appetite statement to be drafted for future submission to Board. New requested date to allow for Risk appetite document to be produced and for governance route to be completed.														
Azets Comments		No further update received in respect of this action.														
Rec No. <b>5b</b>	<b>RISK</b>	The concept of risk appetite is not widely understood, leading to possible tolerance of risks outside SFRS risk appetite.														
	<u>Risk Appetite</u> 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.		Report Agreed Date	5 <sup>th</sup> Agreed Revised Date	Priority	% Complete	Status									
	Responsible Owner Agreed Response <b>Risk &amp; Audit Manager</b>	<i>The second element in relation to training to be aligned with Recommendation 3.2 – Risk Management Training. As the LCMS training package is developed, this will include elements in relation to Risk Appetite.</i>	31 July 2021	30 June 2023	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		The agreed Risk appetite statement will be developed for use by the SFRS Board and SLT with the implementation and use of the process to be monitored and further development as required before a rollout across the SFRS Risk Framework is considered. New date to align with the Risk appetite agreement timeline														
Azets Comments		No further update received in respect of this action.														



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2020-21	Operational Equipment		Total No of Actions	% Complete Actions	Fully Implemented				Part/In Progress				Not Implemented			
					4	3	2	1	4	3	2	1	4	3	2	1
			3	33%	0	0	0	1	0	1	1	0	0	0	0	0
	<b>RISK</b>	In the absence of a detailed strategy/long term plan in respect of operational equipment, there is a risk of failing to achieve the objectives of the Asset Management Strategy.														
Rec No. <b>2</b>	<u>Strategy/Long Term Plan for Operational Equipment</u> 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.			Report Agreed Date	2 <sup>nd</sup> Agreed Revised Date	Priority	% Complete	Status								
	Responsible Owner Agreed Response <b>Scottish Equipment Manager</b>	Agreed. Operational Equipment strategy to be developed.		31 March 2022	30 June 2023	Grade 3	70%	RED								
Progress to Update		Recent Progress on Strategic Asset Management Plan (SAMP) for Equipment: <ul style="list-style-type: none"> <li>Paper approved at AMLB in May 2023 for recommendation</li> <li>Paper approved at SMB on 17th May 2023 for recommendation</li> <li>Paper to be presented for approval through SLT and SFRS Board Governance route in June 2023</li> </ul>														
Outstanding actions to close the recommendation		Awaiting outcome from governance & approval process														
Azets Comments		No further update received in respect of this action.														
	<b>RISK</b>	The AMLB has insufficient oversight of performance in relation to operational equipment which could lead to failure to achieve the objectives of the Asset Management Strategy.														
Rec No. <b>3</b>	<u>Performance Reporting and Monitoring Arrangements</u> 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.			Report Agreed Date	2 <sup>nd</sup> Agreed Revised Date	Priority	% Complete	Status								
	Responsible Owner Agreed Response <b>Scottish Equipment Manager/AMLB</b>	Agreed. KPI information to be reported to AMLB in line with Asset Management Strategy.		01 February 2022	31 Dec 2023	Grade 2	25%	RED								
Progress to Update		KPI workshop for Fleet has taken place in October 2022. SAMP: Property SAMP is now complete and a proposed set of KPI's for Property have been established. Equipment KPI's will be ready on approval of the SAMP: Equipment, anticipated for end of June 2023.														
Outstanding actions to close the recommendation		The SAMPs for Fleet, Property and Equipment will all be combined in the future into an overarching Asset Management Strategy with an ambition for this to be accredited to the International Organization for Standardisation (ISO) 55001 Asset Management Standard in 2024. The final set of KPI's will require to be agreed as part of the approval of the new Asset Management Strategy, expected towards the end of this calendar year. From end of June Asset Management will be working with Data Services on the development of the KPI dashboard.														
Azets Comments		No further update received in respect of this action.														

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2021/22	Remote Working	Total No of Actions	% Complete Actions	Fully Implemented				Part/In Progress				Not Implemented				
				4	3	2	1	4	3	2	1	4	3	2	1	
		5	80%	0	0	4	0	0	0	1	0	0	0	0		
Rec No. <b>1</b>	<b>RISK</b>	There is a risk that, without the appropriate training, managers may not be fully supporting their staff and promoting the new culture related to agile working.														
	<u>Staff Training</u>	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	3rd Agreed Revised Date	Priority	% Complete	Status				
	Responsible Owner Agreed Response <b>Head of POD</b>	A review of the training in relation to agile working that may be deemed mandatory for managers will be undertaken.						31 March 2022	31 July 2023	Grade 2	75%	RED				
	Progress to Update	Talent Development and Training colleagues have continued work to develop content for mandatory training for managers on Agile working and how to embed different ways of working during Q1 2023/24. This will be reviewed by the Agile Working group, with testing and launch due to take place early in Q2. This module will complement guidance and information available to all colleagues on Agile working on iHub, as well as self-learning leadership and management development content available via Franklin Covey and Jhana licences to support managers across SFRS in developing and enhancing a range of skills including leading remote/agile teams.														
Outstanding actions to close the recommendation	LCMS module development to be concluded, tested and launched. Arrangements to be made on Learnpro to enable reporting against completion of this mandatory training for managers.															
Azets Comments	We note management's comments on the action to be taken to implement this recommendation.															

2021-22	Environmental Sustainability		Total No of Actions	% Complete Actions	Fully Implemented				Part/In Progress				Not Implemented			
					4	3	2	1	4	3	2	1	4	3	2	1
			2	100%	0	0	0	1	0	0	1	0	0	0	0	0
Rec No. <b>2.1</b>	<b>RISK</b>	There is a risk that staff are not fully aware of their responsibilities in relation to environmental sustainability which could lead to them failing to actively contribute to the achievement of SFRS's environmental targets.														
	<u>Training</u>	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.										Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Environment and Carbon Manager</b>	<i>The Environment and Energy team will engage with Training Department to:</i> <ul style="list-style-type: none"> <li>• Review and update existing LCMS modules to ensure current;</li> <li>• Put in place arrangements for regular review;</li> <li>• Reinstate trainee introductory presentation;</li> <li>• Develop a training module for Premises Responsible Persons;</li> <li>• Develop a training module for office-based staff; and</li> <li>• Recommend participation in Carbon Literacy Project for SFRS managers.</li> </ul> <i>Caveat that it is outwith the ECMB's authority to determine what training is mandatory and can only make recommendations to Senior Management Board.</i>										31 March 2023	n/a	Grade 2	100%	GREEN
	Progress to Update	<p>NetRegs have provided environmental modules and they have been uploaded to LCMS under Environmental the Compliance Training module. Staff training requirement and frequency has been discussed with the Operational Competency Group. All operational staff will now be required to undertake the environmental training modules during Q3 23/34 and these will be repeated on a 3 year cycle. Sheona McIntyre is working with training to support the delivery. A paper was presented to the ECMB detailing costs and benefit of carbon literacy training. The training was agreed in principle but the detail on who will undertake the training is yet to be confirmed.</p> <p>PRP &amp; Office Based staff training modules are complete and available on LCMS</p> <p>New trainee presentations have been reinstated. The first On Call presentation was provided to WSA recruits on 10<sup>th</sup> May. The first WT new recruit presentations are scheduled for the 25<sup>th</sup> and 29<sup>th</sup> May.</p>														
Outstanding actions to close the recommendation	All actions are complete. Supporting Evidence to be forwarded															
Azets Comments	Unable to class action as complete as supporting evidence not received.															

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2021/22	<b>ICT &amp; DATA SECURITY FOLLOW UP</b> * 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 of Recommendations <small>*Split into 11 Management Responses</small>	% 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	91%	2	3	2	3	0	1	0	0	0	0	0	
Rec No.  <b>4</b>  (3.1.1)	<b>Disaster Recovery Plan</b> 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 <b>ICT Operations Manager</b>	The further actions identified in the follow up audit will be actioned in the timescales shown at each action.			30 April 2022	30 June 2023	3 – Control designed – opportunity to enhance	90%	RED							
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. Meeting arranged for 24 <sup>th</sup> January between ICT Management Team and Azets to discuss action on the DRP. From meeting, agreed further work to be completed which recognises the different arrangements around IT provision.														
Outstanding actions to close the recommendation		Work to be completed which recognises the different arrangements around IT provision.														
Azets Comments		Guidance was provided on the approach to be taken which includes producing documents which recognise the different arrangements around IT provision i.e.: <ul style="list-style-type: none"> <li>• Fully managed in house by SFRS ICT</li> <li>• Hybrid provision</li> <li>• Fully externally managed provision.</li> <li>• However, no further update received from management regarding the implementation of this action.</li> </ul>														

2021/22	Portfolio Office	Total No of Actions	% Complete Actions	Fully Implemented				Part/In Progress				Not Implemented				
				4	3	2	1	4	3	2	1	4	3	2	1	
		6	83%	0	3	2	0	0	1	0	0	0	0	0	0	0
	<b>RISK</b>	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.														
Rec No. <b>1</b>	<b>Project &amp; Programme management Processes</b>		Report Agreed Date				Agreed Revised Date		Priority		% Complete		Status			
	<p>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.</p> <p>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 &amp; Property Management to transition relevant change projects (Including ongoing activity) to the Portfolio Office.</p> <p>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.</p>		30 September 2022				31 March 2023		Grade 3		95%		AMBER			
Progress to Update		1st iteration of the Business Change Lifecycle and supporting guidance documentation is now complete. A series of meetings are now in place to introduce the new governance model and associated project toolkits to PMs. This will be launched for all new strategic portfolio initiatives in Q1 FY23/24. Resource levels within Portfolio Office remain a challenge to support development, implementation and conformance with the ways of working. The new Design Authority has been agreed and will be initiated in May. 5% remaining: Agree a single approach to Change and combine into a single portfolio.														
Outstanding actions to close the recommendation		Meeting held between Head of Portfolio Office and Azets in reviewing progress of action on 30 <sup>th</sup> May 2023. Azets content with the work completed with the exception of the second part of recommendation 1. They cannot yet sign off on the 2 <sup>nd</sup> part of the recommendation relating to a single corporate approach to change. Management to provide management response approach & new revised date														
Azets Comments		We note management's comments above regarding the full implementation of this recommendation.														

2022/23	Post Pandemic Review	Total No of Actions	% Complete Actions	Fully Implemented				Part/In Progress				Not Implemented			
				4	3	2	1	4	3	2	1	4	3	2	1
				4	25%	0	1	0	0	0	3	0	0	0	0
Rec No. <b>1.1</b>	<b>RISK</b>	There is a risk that BCPs are inadequate as a result of failure to update BCPs post pandemic, leading to inability to be able to respond effectively to a future pandemic or similar adverse incident resulting in failure to operate services, financial loss and/or reputational damage.													
	<u>Update Directorate Business Continuity Plans</u> A Business Continuity Framework should be developed to allow events that impact the organisation as a whole to be responded to and managed effectively. As part of this, directorate BCPs should be reviewed to access how they will interact and contribute to the overarching framework. In addition, all Business Continuity planning activity should be reviewed and updated to factor in learning from the pandemic, e.g. inability to divert working to another site, mass illness of staff impacting operations etc...	Report Agreed Date	1 <sup>st</sup> Agreed Revised Date	Priority	% Complete	Status									
	Responsible Owner Agreed Response <b>Head of Governance, Strategy &amp; Performance</b>	<i>The Reset and Renew Review of BCP was accepted by SFRS Good Governance Board in June 2022. This contained specific recommendations included a more developed corporate approach to Business Continuity and the review and sharing of all plans across the service. All the recommendations contained within the review report were accepted. Responsibility for MCP has moved to SPPC as of September 2022 and this action will be coordinated by the Head of Governance, Strategy and Performance.</i>	01 April 2023	01 April 2024	Grade 3	50%	GREEN								
Progress to Update	Internal review of BCP during the Covid-19 pandemic completed as referenced by the audit. Initial planning undertaken and supporting business cases presented to SLT. Early engagement taken place with key internal stakeholders and external partners for benchmarking. Engagement with internal operations department to agree key milestones. Participation in exercise 'Hornet Morris 3' and internal debriefing completed with further recommendations identified. Review of BC plans for support functions undertaken in conjunction with civil contingencies officers. Review of Corporate Governance BCP completed, including standardisation of BCP template/recording. Arrangements are in place specifically in relation to potential industrial action.														
Outstanding actions to close the recommendation	With current resources available the creation of an updated organisational policy and standardisation of templates is expected to be completed by June 2023. No further work is scheduled beyond June at time of writing within SPPC due to a lack of resources.														
Azets Comments	We note management's comments above regarding the lack of resources to implement this recommendation. However, until this action is complete, SFRS is exposed to a degree of risk.														
Rec No. <b>2.1</b>	<b>RISK</b>	There still appears to be a risk of uncertainty amongst staff who are able to work remotely as to the future of working arrangements at SFRS. Moreover, offices and equipment may be under-utilised leading to inefficient use of resources.													
	<u>Hybrid Working Arrangements</u> A decision should be made regarding the Service's stance on the requirement for staff to return to working in the office and the frequency of office working, if required. Once made, this should be communicated to staff at the earliest opportunity and monitored by management. Following this, a review should be undertaken of office and equipment utilisation to ensure offices and equipment are being used effectively and efficiently.	Report Agreed Date	1 <sup>st</sup> Agreed Revised Date	Priority	% Complete	Status									
	Responsible Owner Agreed Response <b>Head of POD</b>	<i>Further management engagement sessions have taken place via the Workplace Subgroup to access the impact of the Agile Working Framework and identify opportunities for improvement. The findings and recommendations from this review will be shared with the Strategic Leadership Team. 2.1 Further guidance will be developed for managers and staff to support effective conversations with team members around Agile Working</i>	31 March 2023	30 June 2023	Grade 3	85%	GREEN								

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Progress to Update	Corporate communications (managers brief, employee comms and FAQs) have been issued in April/May linked to the Office review (related to Rec 2.2 below). These reaffirm the Service’s position around agile working and set out that these new ways of working, with many staff only working a number of days in the office each week, have enabled a review of the Service’s property estate, commencing with the closure of office space at the Hamilton site. Messaging will continue as part of regular corporate communications to reiterate the Service’s position to colleagues, as well as encouraging managers to continue to have regular dialogue with individuals and teams regarding ways of working. The Service’s Digital First principles are being considered to ensure these remain current. The regular manager forums on agile working will continue to monitor the need for ongoing communications/guidance going forward, with any key themes being considered and progressed through governance as appropriate.
Outstanding actions to close the recommendation	Further communications to staff setting out the Service’s expectations will be shared as part of the long term communications plan, along with updated guidance related to Digital First principles and approach.
Azets Comments	We note management’s comments on the action to be taken to implement this recommendation.

Rec No. <b>2.2</b>	<b>RISK</b>	<b>There still appears to be a risk of uncertainty amongst staff who are able to work remotely as o the future of working arrangements at SFRS. Moreover, offices and equipment may be under-utilised leading to inefficient use of resources.</b>					
	<u>Hybrid Working Arrangements</u>	A decision should be made regarding the Service’s stance on the requirement for staff to return to working in the office and the frequency of office working, if required. Once made, this should be communicated to staff at the earliest opportunity and monitored by management. Following this, a review should be undertaken of office and equipment utilisation to ensure offices and equipment are being used effectively and efficiently.	Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Acting Director of Asset Management</b>	<i>Further management engagement sessions have taken place via the Workplace Subgroup to access the impact of the Agile Working Framework and identify opportunities for improvement. The findings and recommendations from this review will be shared with the Strategic Leadership Team</i> <b>2.2 As the Agile Framework and the Service’s approach to hybrid working embeds and matures, use of space and equipment will be kept under review to ensure optimum usage. The Service will continue to explore opportunities to streamline use of its property portfolio, for example through collaboration and colocation with partner agencies.</b>	31 December 2023	n/a	Grade 3	20%	<b>GREEN</b>
Progress to Update	The Asset Management Department will continue to explore opportunities to streamline use of its property portfolio, for example through the Shared Services Estates Collaboration group. Meetings of the Office Rationalisation / Review group has taken place and further follow meetings will individual sections have been arranged to undertake a full review of the services office accommodation specifically at Hamilton SDA, West ARC and Cambuslang HQ. A paper has been approved by the Board on 30 <sup>th</sup> March 2023 with a recommendation to declare the West SDA office block in Hamilton as surplus and offer this site to other public sector bodies as per the guidelines contained within the Scottish Public Finance Manual.						
Outstanding actions to close the recommendation	Findings and recommendations from the Agile Working Framework review, once known, will be used to ensure offices are being used effectively and efficiently. in order to ensure that the remainder of SFRS office accommodate estate is being best utilised, the Asset Management team will undertake further reviews of offices across the property estate.						
Azets Comments	We note management’s comments on the action to be taken to implement this recommendation.						

2022-23	Revenue & Funding Maximisation	Total No of Actions	% Complete Actions	Fully Implemented				Part/In Progress				Not Implemented				
				4	3	2	1	4	3	2	1	4	3	2	1	
		8	0	0	0	0	0	0	3	5	0	0	0	0	0	0
Rec No. <b>1.1</b>	<b>RISK</b>	There is a risk that staff follow documented policies and procedures that do not reflect current working practices to carry out grant funding initiative processes. Additionally, the absence of capital grant funding policies may result in required processes being bypassed or not known by those involved.														
	<u>Policy and Procedure</u>	The External Funding Policy and Procedure document should be revised to reflect current working practices and should be updated on a regular basis. Specifically, the policy should be updated to include a section dedicated to the capital funding process including: roles and responsibilities of staff involved in the process, approval of new funding initiatives, monitoring and reporting arrangements and evaluation of completed initiatives. Further the Event Planning GIN, Charging Policy and Special Service Charging Policy should all be updated to include an approval and monitoring process for revenue generating activities to ensure that these are reviewed and approved prior to going ahead.										Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Acting Head of Finance &amp; Procurement</b>	<i>SFRS have over the last few years successfully applied for separate ring-fenced funding in relation to capital as specific indicatives' have been made available via Scottish Government for net zero activities rather than general GIA. It is accepted that the policy &amp; procedure should be updated and SFRS will revise policy and procedures to include the points identified by the audit.</i>										30 September 2023	n/a	Grade 2	75%	GREEN
	Progress to Update	Policy has now been finalised and in process of approval through SFRS governance routes.														
Outstanding actions to close the recommendation	Policy to be taken to Board in June for final stages of governance.															
Azets Comments	We note management's comments on the action to be taken to implement this recommendation.															
Rec No. <b>1.2</b>	<b>RISK</b>	There is a risk that funding and revenue generating initiatives do not align with the SFRS's strategy, as a consequence of the absence of a suitable assessment process, leading to grant income that does not contribute to the achievement of the SFRS's objectives.														
	<u>Strategy Alignment</u>	As part of the activities to revise the policy document, SFRS should ensure that the policy aligns with the strategy and includes detail on how funding is to be processed in line with the strategy objectives. Section 3.3 currently details the requirements for funding; adding linkages to SFRS strategic objectives within this existing section would strengthen controls over funding and alignment with the strategy objectives. Further there should be a requirement within the policy for new external funding to include a rationale on how the funding supports the delivery of strategic goals.										Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Acting Head of Finance &amp; Procurement</b>	<i>External funding typically is sought via application, these applications seek to understand how the funding will be applied to meet specific outcomes or objectives and success in receiving funding is based on articulating this effectively. We will include in the policy revision that specific consideration should be made to alignment with SFRS aims and objectives.</i>										30 September 2023	n/a	Grade 2	75%	GREEN
Progress to Update	As per update at 1.1 alignment of SFRS aims and objectives has been clearly identified in the policy and approval through governance routes continues as per 1.1															



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Outstanding actions to close the recommendation		As per outstanding action at 1.1.					
Azets Comments		We note management's comments on the action to be taken to implement this recommendation.					
Rec No. <b>1.3a</b>	<b>RISK</b>	<b>There is a risk that if the processes for external fund maximisation and funding opportunity identification are not formalised to maximise all available opportunities then SFRS could miss potential uses for existing funds and opportunities for further external funding.</b>					
	<u>Funding, Revenue Opportunity Identification and Maximisation</u> <u>External Funding Maximisation</u> In order to ensure maximisation of external funding opportunities for SFRS, oversight should be centralised under the job role of either a single individual or group. The responsible party for the centralised approach should consider whether current funding in place is being fully utilised and assess all available funding opportunities to ensure that SFRS applies for and maximises the identified opportunities, As part of this role a log should be kept with all funding opportunities, whether they are applicable to SFRS, reason for applicability an the current status of the application.		Report Agreed Date	1 <sup>st</sup> Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Acting Head of Finance &amp; Procurement</b>	<i>Agreed to improve the visibility of external funding by reporting progress on external funding through Good Governance Board for scrutiny.</i>	31 December 2022	30 September 2023	Grade 3	75%	<b>AMBER</b>
Progress to Update		A centrally held repository has now been created and will be overseen by the Deputy Accounting Manager with collaboration between the Accounting and Decision Support sections feeding into this repository. As appropriate times, the Deputy Accounting Manager will produce a report to the Head of Finance and Procurement that will be presented to the GGB.					
Outstanding actions to close the recommendation		GGB TOR has been updated to allow inclusion of reviews of external funding – pending the receipt of future funding to be available and progressed through governance to then allow evidence of process to be provided to Azets.					
Azets Comments		We note management's comments on the action to be taken to implement this recommendation.					
Rec No. <b>1.3b</b>	<b>RISK</b>	<b>There is a risk that if the charging processes are not revised to maximise all available chargeable opportunities, then SFRS could miss potential revenue generating opportunities for all events. If revenue is not maximised for events, then there is a risk that SFRS are operating with unnecessary outgoing costs that could otherwise be recuperated.</b>					
	<u>Funding, Revenue Opportunity Identification and Maximisation</u> <u>Event Revenue Maximisation</u> Management should review the framework for charging for events to ensure that the service charges for all elements outside its statutory duty. The basis for any charges raised should be clearly recorded.		Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Acting Head of Finance &amp; Procurement</b>	<i>SFRS will update charging policy to included planning for events where this is beyond our statutory duty.</i>	31 May 2023	n/a	Grade 2	95%	<b>GREEN</b>

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Progress to Update		The Income Generation Policy has now been finalised as per 1.1 and 1.2 above – this encompasses the previously scale of charges policy and collates all income generation activities into one policy, giving a more efficient and effective process within SFRS					
Outstanding actions to close the recommendation		The Policy is in progress of approval through SFRS governance – policy has now been completed and just pending this approval. On approval evidence can be provided to Azets for final completion.					
Azets Comments		We note management’s comments on the action to be taken to implement this recommendation.					
Rec No. <b>1.3c</b>	<b>RISK</b>	<b>There is a risk that if the charging process for accommodation is not revised to maximise all available chargeable opportunities, then SFRS could miss significant revenue generating opportunities. If revenue is not maximised for accommodation then there is a risk that SFRS are operating with unnecessary outgoing costs that could otherwise be recuperated.</b>					
	<u>Funding, Revenue Opportunity Identification and Maximisation</u> <u>Accommodation Revenue Maximisation</u>		Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status
	There is an opportunity to maximise revenue for SFRS accommodation usage. The current cost basis for charging for accommodation should be reviewed to ensure all recoverable costs are recovered. This includes ensuring that there is a built-in charge to contribute to the capital costs of the building.						
	Responsible Owner Agreed Response <b>Acting Director of Asset Management</b>	<i>To maximise sharing opportunities and encourage participation we have sought to share with partners recovering running costs. We will consider with partners an amendment to sharing agreements that includes contribution to minor works to support normal wear and tear. For Capital, the contribution point may be at time of refurbishment or the need for a replacement building but this could be included in the agreement.</i>	30 June 2023	n/a	Grade 2	20%	<b>GREEN</b>
Progress to Update		Preliminary discussions with collaboration partners at a Finance and Estates level are continuing. However, it must be noted that Collaboration partners are facing similar funding challenges as The SFRS are experiencing					
Outstanding actions to close the recommendation		All space occupation agreements will need to be reviewed to determine if there is scope for an amendment to sharing agreements that includes contribution to minor works to support normal wear and tear.					
Azets Comments		We note management’s comments on the action to be taken to implement this recommendation.					

Rec No. <b>2.1</b>	<b>RISK</b>	<b>There is a risk that funds cannot be actively monitored in line with any specific requirements for monitoring and reporting, they cannot be assessed on an ongoing basis as to whether they meet the conditions and they cannot be reviewed post completion to see if the defined objectives have been met and that the funds have been maximised.</b>					
	<u>External Funding Documentation</u> An exercise should be undertaken to identify which external funds have the applications and grant conditions on file. For those funds that do not have the documentation on files a re-engagement should be done to define the purpose, scope, objectives, conditions and monitoring arrangements for the existing funding projects. Further for all new external funding there should be a centralised shared file location where the funding documentation is saved. A specific staff member from each region should be assigned to centrally oversee record keeping and ensure that all funds have the required documentation on file.	Report Agreed Date	1 <sup>st</sup> Agreed Revised Date	Priority	% Complete	Status	
	Responsible Owner Agreed Response <b>Acting Head of Finance &amp; Procurement</b>	<i>SFRS will review current external funding and seek appropriate documentation to support. In addition, a central repository for grants that include the applications and conditions will be created.</i>	31 March 2023	30 June 2023	Grade 3	95%	<b>GREEN</b>
	Progress to Update	In conjunction with actions 1.3a and 1.3b this will complement the process of centralisation and will allow for a clearer oversight of funding documentation and in turn funding opportunities.					
	Outstanding actions to close the recommendation	Centralised process and repository have now been determined and evidence to be provided – Extension to date required to support timing of evidence to be provided to and agreed by Azets					
	Azets Comments	We note management’s comments on the action to be taken to implement this recommendation.					
Rec No. <b>3.1</b>	<b>RISK</b>	<b>There is a risk that if there is no overarching group to scrutinise funding and revenue generating activities then SFRS will not have a consolidated top-level awareness of whether activities have been successful against deliverables and objectives and that use of funds and revenue opportunities are maximised.</b>					
	<u>Funding and Revenue Generation Scrutiny Group</u> Scrutiny of external funding and revenue generating activities should be assigned to an existing governance group. The group should act as a central controller and monitoring point for fund and revenue generating activities. The group’s remit should be amended to also cover: <u>Scrutiny of funding beyond BAU capital funds</u> <ul style="list-style-type: none"> <li>Monitoring of existing funds against defined objectives,</li> <li>Review of funds post completion for meeting objectives and maximising usage of funds,</li> <li>Scoping of future funding opportunities and which SFRS should apply for.</li> </ul> <u>Revenue generating activities</u> <ul style="list-style-type: none"> <li>Monitoring of existing activities for both maximisation of revenue from activities and to gain assurance that activities are conducted in line with defined objectives of the activity,</li> <li>Review of activities post completion to assess success and whether appropriate charges have been invoiced,</li> <li>Overview of key figures for current activities and planned future activities.</li> </ul> The group chosen to oversee this should be made up of senior staff members who act as central coordinators for each activity. Reports highlighting key activities, overall statistics, progress and planned future activities should be reported to the group. Having a centralised reporting process will allow for a greater top-level awareness of all revenue and funding streams and allow senior staff to have an oversight of whether opportunities are being maximised.	Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status	

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	Responsible Owner Agreed Response <b>Acting Head of Finance &amp; Procurement</b>	<i>Agree to further oversight of external funding. SFRS has a Good Governance Board and it would be appropriate that the processes for external funding are monitored and reviewed by this Executive Board. The Service is setting up a SLT led Capital Programme Investment Group (CPIG) and additional capital will be reviewed by this new group. SFRS to amend the terms of reference of GGB to include external funding monitoring and scrutiny and to include as appropriate when terms of reference for the CPIG are agreed.</i>	31 December 2022	30 September 2023	Grade 3	60%	<b>AMBER</b>
Progress to Update		Linking into action 1.3a this will allow appropriate reporting to the GGB – in turn this will naturally grow the process to maximise the communication between departments and in subsequently provide an overall improvement to the full process of revenue maximisation.					
Outstanding actions to close the recommendation		GGB TOR has been updated to allow inclusion of reviews of external funding – pending the receipt of future funding to be available and progressed through governance to then allow evidence of process to be provided to Azets.					
Azets Comments		We note management’s comments on the action to be taken to implement this recommendation.					
Rec No. <b>4.1</b>	<b>RISK</b>	<b>If there is no formal evaluation framework in place to evaluate the effectiveness of funding and revenue generating activities out with the P&amp;P directorate, there is a risk that funds may not have met the defined objectives and opportunities for maximising fund usage and revenue generation. If this is not identified in an evaluation process, then missed opportunities for fund usage and revenue generation could occur and amount to a potential loss of revenue.</b>					
	<u>Evaluation Framework</u> The evaluation framework should be expanded to other external funding areas not currently covered to improve consistency of approach and to ensure that lessons learned are captured and fed into planning for the use of future external funding.	Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status	
	Responsible Owner Agreed Response <b>Acting Head of Finance &amp; Procurement</b>	<i>The Service will expand the evaluation approach used by P&amp;P to cover all external funding opportunities.</i>	30 June 2023	New date request 31 December 2023	Grade 2	15%	<b>GREEN</b>
Progress to Update		Initial discussions have been ongoing around a process to accommodate this however further work will be completed post the review of policy and procedures and centralisation of external funding initiatives – this will allow the whole process to be joined, understood and compliment the organisational aims and objectives					
Outstanding actions to close the recommendation		Work has been halted due to other commitments, however will now be accelerated to allow for deadline date to be met.					
Azets Comments		We note management’s comments on the action to be taken to implement this recommendation					

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2022-23	Corporate Performance Management		Total No of Actions	% Complete Actions	Fully Implemented				Part/In Progress				Not Implemented			
					4	3	2	1	4	3	2	1	4	3	2	1
					4	0	0	0	0	0	1	3	0	0	0	0
Rec No. <b>1.1</b>	<b>RISK</b>	Performance may not be adequately monitored and performance measures may not be sufficiently challenged due to a lack of guidance and training provided to senior management and committee members on their role in the Corporate Performance Management Framework, potentially resulting in failure to achieve objectives and subsequent financial loss and/or reputational damage.														
	<u>Supporting Board and Committee Members</u> SFRS should establish some form of enhanced support mechanism for senior management and Board members in relation their role in the Corporate Performance Management Framework. The support provided should seek to ensure that management and members are fully equipped to successfully challenge, monitor and scrutinise performance of the Service against the Framework. This could be in the form of facilitated meetings, similar to the workshops held with committee members in developing the Framework.		Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status									
	Responsible Owner Agreed Response <b>Head of Governance, Strategy &amp; Performance</b>	<i>Agreed. SFRS have identified the importance of improving awareness and data literacy across the service to improve the monitoring and scrutiny of performance and the performance management framework. This work will continue throughout 2023 and include workshops with Board Members, SLT and SMB members.</i>	30 April 2024	n/a	Grade 2	60%	GREEN									
	Progress to Update	Meetings with Board member champions, the full Board and its committees to discuss the revisions to the PMF and future reporting are ongoing. The PMF for 23-24 is complete and approved. On-going scrutiny of performance will continue at Board and Committee. SFRS Data Literacy conference was held in May although only 2 board members attended the open sessions and no board members made themselves available for a private session with the key note speaker.														
Outstanding actions to close the recommendation	Follow up meeting with Data Literacy Conference key note to be arranged for summer 23. Paper outlining challenges data management and provision of performance information to be provided to board members in summer 23.															
Azets Comments	We note management's comments above.															
Rec No. <b>2.1</b>	<b>RISK</b>	There is a risk that poor performance outcomes may not be identified as targets for achievement have not been set and data cannot be measured.														
	<u>KPI Targets</u> KPIs should be revised to ensure that each performance indicator has an appropriate target to ensure performance can be monitored effectively over time and appropriate action taken to address underperformance where it occurs. All KPIs should be SMART in nature, any current KPIs which are set as 'monitor' should be revised and potentially excluded from the performance indicator list and reported on elsewhere.		Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status									
	Responsible Owner Agreed Response <b>Head of Governance, Strategy &amp; Performance</b>	<i>Agreed. SFRS are currently reviewing the Performance Management Framework (PMF) key performance indicators. The indicators currently without an appropriate target will be reviewed.</i>	30 April 2023	New date request 31 July 2023	Grade 2	90%	GREEN									
	Progress to Update	Majority of indicators for the SFRS Performance Management are in place. Targets have been finalised throughout March and April. Not all indicators will have a target but those that can will. PMF agreed by the SFRS Board.														

Outstanding actions to close the recommendation		New PMF reporting dashboards for Q1 23-24 – July 2023.				
Azets Comments		We note management’s comments on the action to be taken to implement this recommendation.				
Rec No. <b>2.2</b>	<b>RISK</b>	<b>There is a risk of an inability to achieve the corporate KPIs set due to a lack of operational performance indicators being devised across directorates to support their achievement. There is a risk that reporting a high number of corporate KPIs does not provide sufficient focus on key measures of performance at Board level and potentially also leads to insufficient performance reporting at operational level.</b>				
	<u>Functional Performance Indicators</u> Management should review the current suits of corporate KPI’s to achieve a greater delineation between focussed corporate performance indicators. All corporate performance indicators should be regularly reported to the Board to ensure they have complete oversight of all key performance measures in place. A more consistent approach should be adopted across directorates to establishing functional performance indicators which sit below the corporate KPIs and assist in achieving corporate targets and outcomes. As part of this, the directorates should review and update their performance indicators, which should then be referred to the Data Governance Group for approval.	Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Head of Governance, Strategy &amp; Performance</b>	<i>Agreed. SFRS are currently reviewing the Performance Management Framework (PMF) key performance indicators. That review will include a greater delineation between corporate and operational performance, it will also provide a reduced and more focused suite of performance indicators</i>	30 April 2023	<b>New date request 31<sup>st</sup> July 2023</b>	Grade 2	90%
Progress to Update		PMF approved. The revised PMF does provide greater delineation between focussed corporate performance. PMF contains all agreed corporate performance indicators and will be reported to the board every quarter. A single methodology (Pump) has been adopted for the setting of performance indicators. All directorates have reviewed their performance indicators.				
Outstanding actions to close the recommendation		New PMF reporting dashboards for Q1 23-24 – July 2023.				
Azets Comments		We note management’s comments on the action to be taken to implement this recommendation.				
Rec No. <b>3.1</b>	<b>RISK</b>	<b>There is a risk that decisions are made based on incorrect or incomplete data, due to lack of processes in place to gather and review information related to KPIs, which could lead to financial loss and/or reputational damage.</b>				
	<u>Data Accuracy and Quality</u> Management need to ensure that a strong focus is placed on ensuring the quality and accuracy of performance data which is being produced and reported upon. This includes the following: 1. Looking at ways to improve the quality of the data produced by focussing on the integration of management information systems and the automatic production of performance data, whilst at the same time endeavouring to minimise the use of spreadsheets and manual intervention in the process. 2. Ensuring data is quality assured and validated to supporting information prior to being reported. Management should ensure that sufficient resources are in place to perform this important task.	Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response	<i>1. SFRS is establishing new data governance and quality management arrangements through the Data Governance Group. Integration or pipelining of SFRS systems to enable both greater automation and minimising of manual data processing has been</i>	30 April 2024	n/a	Grade 3	40%

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	<b>Head of Governance, Strategy &amp; Performance</b>	<p><i>identified as a priority. Requirements have been detailed, prioritised and submitted to ICT to be progressed throughout 2023.</i></p> <p>2. <i>SFRS will establish a central capability within the BI tam to manage data quality and will put in place data quality action plans for key data sources.</i></p>					
<b>Progress to Update</b>		Data Governance Group established. OSR Standards adopted. Systems pipelining and connectivity identified and prioritised. Data quality framework in draft.					
<b>Outstanding actions to close the recommendation</b>		<p>Pipeline of SFRS systems providing direct access to the Business Intelligence function by ICT is ongoing.</p> <p>Design of reporting product between BI and Data Services and all SFRS directorates is on-going.</p> <p>SFRS have adopted the Office for Statistical Regulations (OSR) Standards as part of data quality work.</p> <p>SFRS Data literacy Conference held in May 2023.</p> <p>Data Architecture workshop to be held – June 2023</p> <p>Business Case submitted for dedicated Data Quality role within the service – approved in principle</p> <p>Data Quality Framework in draft has been discussed at Data Governance Group. Expected completion – April 2024 or sooner.</p>					
<b>Azets Comments</b>		We note management’s comments on the progress to date.					

2022-23	Training	Total No of Actions	% Complete Actions	Fully Implemented				Part/In Progress				Not Implemented			
				4	3	2	1	4	3	2	1	4	3	2	1
		6	17%	0	0	1	0	1	2	2	0	0	0	0	
Rec No. 2.1	<b>RISK</b>	There is currently a risk that long standing training capacity issues may not be suitably addressed in the absence of a cohesive plan to ensure the Services training Requirement are met.													
	<u>Strategic Analysis of Training Needs</u> Training needs to develop a cohesive plan in conjunction with Service Delivery which determines the critical skills required by firefighters based on risk and the training required to support these. Following this, if a capacity gap remains, then a business case should be developed to establish and prioritise the necessary investment to achieve the required level of training		Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status								
	Responsible Owner Agreed Response <b>AC Training Delivery &amp; Performance and AC Training Design &amp; Development</b>		The Training Function will support Service Delivery Areas to determine the critical skills and training required to ensure FF safety based on risk, and ensure the Training Needs Analysis identifies the level of training required and establish where investment may be needed.	01 April 2024	n/a	Grade 3	40%	GREEN							
	Progress to Update		The Training Function are in the process of restructuring and integrating Local Service Delivery Area Instructors and the National Instructor Pool into a single Training function. This will provide flexibility required for peripatetic deployment of skilled instructors where needed most. In addition, there is a longer-term plan to upskill current Instructors, and station-based officers, to become multi skilled to improve instructor availability and capacity. The Training Function have also begun further restructuring within the function, as well as implement alternative methods to recruit into hard to fill instructor vacancies, all of which will increase capacity within the Training function and assist in delivering training more effectively and efficiently. The Training Management Team are reviewing all current training deliver models across all areas of training to identify where efficiencies can be made and ensure Training are maximising instructor capacity. A review of the current Training Strategy is underway, the revised Strategy & Vision will detail how Training intend to create capacity and deliver training more efficiently.												
	Outstanding actions to close the recommendation		Publish the revised Training Strategy & Vision document.												
Azets Comments		We note management's comments on the action to be taken to implement this recommendation.													
Rec No. 2.3	<b>RISK</b>	There is a risk that firefighters are not clear on the requirements of the structured development programme as the Trainee Firefighter Development Programme Policy has not been reviewed in a timely manner.													
	<u>Firefighter Development Programme Policy</u> Management should ensure that all Training related policies and procedures are reviewed and updated, where necessary within the appropriate timescales and then circulated to all relevant staff		Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status								
	Responsible Owner Agreed Response <b>AC Training Design &amp; Development</b>		Training are developing a "Policy & Procedures Forward Planner" that will ensure all Training documentation is reviewed within set timescales and communicated to relevant stakeholders through agreed governance routes.	01 April 2024	n/a	Grade 2	80%	GREEN							
Progress to Update		A new Training Function SharePoint based, Policy and Procedure "List" Library has been created which links to the Training Functions 'Task by Planner' (TBP) relevant to each responsible manager. This is to ensure a periodic review of the Policy and Procedure Library in order to capture all required reviews preventing a													



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	"single point of failure" role within the Training Function. TBP is also reviewed by Strategic leads to monitor all "outstanding" and "live" reviews for progress towards completion and authorisation (sign off).
Outstanding actions to close the recommendation	A process is being developed for reporting purposes through Executive Governance routes to the People Committee in order to provide the relevant assurances to the Board and SLT that Training policies and procedures are reviewed and updated within required timelines.
Azets Comments	We note management's comments on the action to be taken to implement this recommendation.

Rec No. <b>3.1</b>	<b>RISK</b>	<b>There is a risk that SFRS is not achieving best value for money as there has been limited consideration of training delivery options with all training currently delivered in-house.</b>					
	<u>Cost Efficiency</u>	As well as considering savings on in-house training delivered, management should undertake a cost/benefit evaluation to access if better value could be sought by using external training providers for at least some elements of mandatory training, e.g. casualty care. This evaluation should be reviewed on a periodic basis to ensure best value continues to be achieved.	Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status
	<b>Responsible Owner Agreed Response</b> <b>AC Training Delivery &amp; Performance</b>	Training will, as part of its continuous improvement and through its governance processes, consider the outsourcing of training delivery to ensure best value is achieved and that it is reviewed as necessary.	01 April 2024	n/a	Grade 3	25%	<b>GREEN</b>
Progress to Update	Work is underway in reviewing external training course availability, content and contracts to ensure best value continues. Collaboration groups have been established with blue light partners to share resources for skills such as Emergency Response Driving and Technical Rescue training that can reduce instructor capacity and allow for effective use of shared facilities with our partners. A further cost/benefit analysis is being undertaken to look at existing course content delivered by SFRS against similar providers in the UK. The delivery of IOSH and NEBOSH health and safety courses has now been progressed with external training providers as the most efficient method of delivery alongside the delivery of Fire Safety Enforcement Modules.						
Outstanding actions to close the recommendation	Progress the cost/benefit analysis for all courses and determine its outcome against the need for efficiencies to meet the resource-based spending review.						
Azets Comments	We note management's comments on the action to be taken to implement this recommendation.						

Rec No. <b>4.1</b>	<b>RISK</b>	<b>There is a risk that firefighters are not adequately trained to perform in their role as they are not compliant with the tFo or National Training Programme completion rates and are allowed to remain on active duty. In the event of serious harm or injury this could have operational and legal consequences leading to reputational and financial loss.</b>				
	<u>Compliance Reporting</u>	During the refresh of the Training Needs Analysis, roles and responsibilities for generating compliance reports and enforcing compliance are agreed and clearly set out. Where compliance with mandatory training is below the target of 95%, SFRS should provide explanations for this and develop action plans with assigned action owners and timescales to improve completion rates. In addition, competency should be assessed more formally on a frequent basis, with management devising appropriate methods for performing this assessment and providing clear guidance on the action to take should a firefighter be deemed to be not competent. Guidance should also be devised in respect of the process to be followed should an operational firefighter's refresher training not be fully up to date.	Report Agreed Date	Agreed Revised Date	Priority	% Complete

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	The Training Function should also review reporting on compliance rates to ensure that if a firefighter has completed mandatory training, it is reported as compliant regardless of any subsequent change in position or location.						
	Responsible Owner Agreed Response <b>AC Training Delivery &amp; Performance</b>	Training will develop a Skills Maintenance Framework that will clearly set out what is required within each skill set to ensure compliance. This will detail how skills will be assessed and what action will be taken should any personnel be deemed to be not yet competent or are out with their refresher training current periods.	01 April 2024	n/a	Grade 4	25%	GREEN
Progress to Update	Skills Maintenance Framework will be produced, which will set out each element of training required for personnel to remain current in all skill sets required for their role, it will also detail what processes and actions are taken should personnel fail to meet the required standard or their currency lapses. Training is engaging with the Operational Availability Group to ensure personnel attend training courses in the most efficient manner. The backlog in BA / CFBT training is already recognised as a priority and being addressed via a dedicated team lead by a Senior member of the Training Management Team with an 18 month recover plan being developed.						
Outstanding actions to close the recommendation	Develop the skills maintenance framework and upskill local instructors and personnel to facilitate refresher courses locally and reduce demand on Training Centres where practicable. Seek agreement from the Operational Availability Group on revised process for sending required personnel on courses.						
Azets Comments	We note management's comments on the action to be taken to implement this recommendation.						
Rec No. <b>5.1</b>	<b>RISK</b>	<b>There is a risk that staff do not feel their feedback is taken on board as the feedback implementation cycle is not fully transparent, leading to valuable staff feedback not being provided and the potential for reduced staff morale.</b>					
	Training Feedback	When improvement actions are agreed sat MRG based on analysis of feedback, they should be assigned action owners and implementation timeframes. Once actions have been implemented by the responsible owner, communications should be issued to staff to demonstrate that feedback received is duly considered and taken on board, where appropriate to encourage further feedback.	Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>AC Training Design &amp; Development</b>	Improvement actions identified through candidate experience and feedback will be fully captured by Training. Responsibility will be given to action owners to ensure the completion of agreed improvements and communicated to relevant stakeholder to demonstrate its value and encourage future submissions. Work is underway to improve how training capture and analysis feedback, moving from a paper-based system to an easy to complete e-form.	01 April 2024	n/a	Grade 2	60%	GREEN
Progress to Update	Options were presented to Training Management Team in March'23 and a decision was taken to implement the use of Nintex as the Training candidate experience and feedback tool. It is a cloud-based workflow tool that allows users to automate business processes. <b>Benefits</b> <ul style="list-style-type: none"> <li>Functionality: Nintex offers a range of advanced functionalities, such as complex workflows and automation and it can easily integrate with other systems such as SharePoint.</li> <li>Workflows give the ability to push notifications, such as reminders to candidates to complete the form and to highlight any results of note, allowing further investigation and analysis.</li> <li>Reporting options: Nintex offers advanced reporting options, making it easy to perform data analysis i.e., feedback results can be presented in table format giving an easy-to-read overview.</li> </ul> The Nintex platform has already been purchased by SFRS and is therefore available for use without incurring any additional costs.						
Outstanding actions to close the recommendation	Developing the workflows themselves within Nintex and then implement and review during Q1 and Q2 2023/24. Develop the process to ensure relevant contact is made with those that provided feedback demonstrating the value and to encourage future submissions.						
Azets Comments	We note management's comments on the action to be taken to implement this recommendation.						

2022-23	Personal Protection Equipment		Total No of Actions	% Complete Actions	Fully Implemented				Part/In Progress				Not Implemented			
					4	3	2	1	4	3	2	1	4	3	2	1
			6	0	0	0	0	0	0	0	0	0	0	0	0	0
Rec No. <b>1.1</b>	<b>RISK</b>	<b>There is a risk that firefighters are not equipped with up to date and accurate information on PPE as the policy and procedure documents are not finalised, approved or reviewed regularly, leading to PPE equipment to become lost or stolen or misused.</b>														
		<u>PPE Policy and Procedure</u> All procedural documentation related to PPE should be reviewed to confirm they reflect current practice and updated where required. Once agreed, the documents should be presented to the relevant group for review and approval. A version control table and review cycle should be added to each document to allow monitoring of when the documents are next due for review and to ensure staff are issued with the most up to date versions of the procedures.							Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status			
	Responsible Owner Agreed Response <b>Scottish Equipment Manager</b>	<i>All procedural documentation related to PPE will be reviewed to confirm they reflect current practice and updated where required. Once agreed, the documents will be presented to the relevant groups for review and approval. A version control table and review cycle will be added to each document to allow monitoring of when the documents are next due for review.</i>							30 September 2023	n/a	Grade 2	5%	GREEN			
Progress to Update		Identifying documentation related to PPE which needs to be reviewed to confirm they reflect current practice and updated where required														
Outstanding actions to close the recommendation		Once agreed, the documents will be presented to the relevant groups for review and approval. A version control table and review cycle will be added to each document to allow monitoring of when the documents are next due for review.														
Azets Comments		We note management's comments on the action to be taken to implement this recommendation.														
Rec No. <b>2.1</b>	<b>RISK</b>	<b>Whilst we acknowledge that it is not always possible or practicable for PPE delivered to unmanned stations to be signed for, the risk associated with this, i.e. Increased likelihood of the misappropriation and/or loss of PPE needs to be recognised and, where possible, suitably mitigated.</b>														
		<u>Distribution of PPE to retained stations</u> In line with our previous recommendation, management need to review the arrangements for delivering PPE to retained stations to ensure it is securely stored and to consider how assurance can be provided that it has been received.							Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status			
	Responsible Owner Agreed Response <b>Scottish Equipment Manager</b>	<i>Deliveries to unmanned stations in the East, West and North (Dundee) are made by SFRS Stores personnel who will place items within the station in a secure area. For deliveries to unmanned stations in the North a procedure will be developed and trialled by the Inverness Asset Resource Centre to ensure PPE is delivered securely.</i>							30 June 2023	n/a	Grade 2	20%	GREEN			
Progress to Update		A procedure for deliveries to unmanned stations in the North has been developed and trialled by the Inverness Asset Resource Centre to ensure PPE is delivered securely.														
Outstanding actions to close the recommendation		Review procedure and seek feedback from Service Delivery colleagues.														
Azets Comments		We note management's comments on the action to be taken to implement this recommendation.														

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Rec No. <b>2.2</b>	<b>RISK</b>	<b>There is a risk that new firefighters do not receive appropriately fitted fit in time to start their foundation training as roles, responsibilities and timescales in this regard are not clearly set out between staff within the Stores department and HR which could result in a delay in firefighters being able to take part in their foundation training.</b>					
	<u>New Firefighter PPE</u> We acknowledge the interdependency between HR and the SRCs in relation to issuing new firefighters with PPE and that, to a certain degree, some of the issues identified are out with the control of the Stores department. However, in order to remedy this, HR and the ARCs should collaborate to develop a clearly defined protocol setting out responsibilities and timelines for fitting out firefighters with their PPE with appropriate communication between HR and the ARCs to ensure Stores staff have the capacity to carry out the fittings and are made aware in advance of the bookings made by HR.		Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Scottish Equipment Manager/POD</b>	<i>We will work with colleagues from POD to develop and agree a clearly defined process setting out responsibilities and timelines for fitting out firefighters with their PPE. The process will include the need for appropriate communication between POD and the Asset Resource Centres to ensure Stores staff have the capacity to carry out fittings and are made aware in advance of the bookings made by POD.</i>	31 December 2023	n/a	Grade 2	5%	GREEN
Progress to Update		Initial discussion with People Directorate have taken place with regards to this action.					
Outstanding actions to close the recommendation		Meeting with colleagues from People Directorate to be arranged.					
Azets Comments		We note management's comments on the action to be taken to implement this recommendation.					
Rec No. <b>2.3</b>	<b>RISK</b>	<b>There is a risk that inspections are not carried out properly as they have not been verified by the appropriate manager resulting in flaws in kit not being identified and an increased risk of harm to on duty firefighters.</b>					
	<u>Inspection log sign off</u> The need for manager verification of kit inspections should be emphasised within the "how to complete periodic inspection sheets" section of the log books. Furthermore, managers should be reminded of the importance of verifying kit inspections.		Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Scottish Equipment Manager</b>	<i>Asset Management will liaise with Operations function to develop a communication message, this will serve to remind Service Delivery colleagues of the need for manager verification of kit inspections within the "how to complete periodic inspection sheets" section of the log books.</i>	30 June 2023	n/a	Grade 1	5%	GREEN
Progress to Update		Asset Management have arranged a meeting with Operations function to develop a communication message, this will serve to remind Service Delivery colleagues of the need for manager verification of kit inspections within the "how to complete periodic inspection sheets" section of the log books.					
Outstanding actions to close the recommendation		Follow up actions from meeting.					
Azets Comments		We note management's comments on the action to be taken to implement this recommendation.					

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Rec No. <b>3.1</b>	<b>RISK</b>	<b>There is a risk that stores are accessed by unauthorised individuals as the staffing structure has not been included in the procedure which could result in an increased risk of damaged or stolen items of PPE</b>					
	<u>ARC Access</u> SFRS should update the Store Logistics Procedure document to clearly set out staffing structure at each of the Asset Resource Centres, including who is responsible for issuing PPE and therefore required key coded access.		Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Scottish Equipment Manager</b>	<i>As per precious action 1.1, the Asset Management Team will undertake a review of procedures, including clearly setting out the staffing structure at each of the Asset Resource Centres.</i>	30 September 2023	n/a	Grade 1	5%	GREEN
Progress to Update		Asset Management Team to undertake a review of procedures, including clearly setting out the staffing structure at each of the Asset Resource Centres.					
Outstanding actions to close the recommendation							
Azets Comments		We note management's comments on the action to be taken to implement this recommendation.					
Rec No. <b>5.1</b>	<b>RISK</b>	<b>There is a risk that the lack of a documented procedure and enforcement of such leads to PPE failing to be returned, creating a security risk as well as financial loss.</b>					
	<u>Retrieval of PPE</u> Management should continue to explore options to incentivise leavers to return their PPE and seek legal advice on options available prior to agreeing approach. The agreed process should be set out within a procedure document which defines roles and responsibilities, and timescales for the return of PPE and clearly sets out the consequences of not returning PPE. This should be widely circulated to all relevant persons.		Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Scottish Equipment Manager/POD</b>	<i>Asset Management have commenced work, in conjunction with POD and Service Delivery colleagues on a procedure which defines roles, responsibilities and timescales for the return of PPE. The procedure will include a methodology for the monitoring of items that have and have not been returned. This procedure will be incorporated within a SFRS Leavers process, which will be prepared by the POD Directorate.</i>	31 March 2024	n/a	Grade 3	5%	GREEN
Progress to Update		There is a current SFRS Leavers policy in place which includes actions for the return of personal protective equipment as well as ICT equipment. The first meeting of the working group established to review the existing leavers policy and to make recommendations to improve the existing processes and paperwork has taken place. Representatives from Asset Management, Service Delivery, POD and Finance were in attendance.					
Outstanding actions to close the recommendation							
Azets Comments		We note management's comments on the progress made to date.					

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2022-23	Capital Investment Strategy		Total No of Actions	% Complete Actions	Fully Implemented				Part/In Progress				Not Implemented			
					4	3	2	Ad	4	3	2	Ad	4	3	2	Ad
					0	0	0	0	0	0	2	1	0	0	0	0
Rec No. <b>2.1</b>	<b>RISK</b>	Whilst we acknowledge that the award of funding from the Scottish Government is out with SFRS's control, there is a risk that due to insufficient funds being received from the Scottish Government year on year, the standard of assets will worsen further with the number of priorities due to the potential hazard to the health and safety of SFRS's employees and the public increasing to an unacceptable and unmanageable level.														
	<u>Capital Funding Shortfall</u> SFRS should continue to put further pressure on the Scottish Government to increase its funding allocation whilst highlighting the risks associated with having insufficient funds to invest in its property, fleet and equipment assets. We have assigned an "Advisory" grading to this recommendation in recognition of the fact that whilst SFRS can request more funding from the Scottish Government, the decision to increase its funding award is out with its control.			Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status								
	Responsible Owner Agreed Response <b>Acting Director of Finance and Procurement</b>	<i>SFRS continues to lobby Scottish Government (SG) for additional capital funding. SFRS will highlight this internal audit report and continue to make appropriate representations to ministers through our SG sponsor team.</i>		31 March 2024	n/a	Advisory	50% (ongoing Action)	GREEN								
	Progress to Update	Continue progression of the SAMP's for Asset Management, highlighting the insufficient funds for Capital Investment and ensure continual engagement with Scottish Government.														
Outstanding actions to close the recommendation	As per progress to update note – ongoing action to ensure awareness of the funding requirements through SG with the aim to encourage SG support with funding to allow progress of the Asset Management backlog investment issues as well as BAU Capital Investment and future plans.															
Azets Comments	We note management's comments on the action to be taken to implement this recommendation.															
Rec No. <b>2.2</b>	<b>RISK</b>	There is a risk that the assets may not be correctly prioritised in terms of capital investment as not all considerations have been taken into account when decision-making.														
	<u>Evidence of Risk Prioritisation</u> Management should clearly document the rationale behind their decisions to include certain projects within the capital programme in order to justify why one has been selected over another. As part of this, they should make the links between the level of risks associated with the asset and the decision to invest in the capital project more explicit.			Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status								
	Responsible Owner Agreed Response <b>Acting Director of Finance and Procurement</b>	<i>SFRS details the rationale for the investment but does not distinguish why one project has been selected over another, this will be added to the 2024/25 capital programme.</i>		31 March 2024	n/a	Grade 2	90%	GREEN								
Progress to Update	Creation of the Capital Investment Strategy, on a risk-based approach and planning of Capital spend to be in line with the Strategy.															

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Outstanding actions to close the recommendation		The Capital Investment Strategy has been finalised and approved through SFRS governance and will continue through implementation within the Financial Year via the Capital Monitoring Group. Action complete with the finalisation of the Capital Investment Strategy.						
Azets Comments		In order to class this action as complete, further evidence is required to demonstrate the rationale behind investment decisions and why one project has been selected over another with a clear explanation of and link to the degree of risk associated with the project.						
Rec No. <b>4.1</b>	<b>RISK</b>	<b>There is a risk that in the event of slippage, the most appropriate project to bring forward may not be selected due to it not being clearly identified through the risk assessment process potentially resulting in capital not being distributed appropriately and increased costs for maintenance in the long term.</b>						
	Evidence of prioritisation in the event of slippage As per our recommendation at MAP 2.2, management should apply the same principle to documenting the rationale behind the selection of projects to bring forward into the capital programme in the event of slippage in order to make it more explicit as to why one project has been chosen to be brought forward over another.			Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Acting Director of Finance and Procurement</b>	<i>In order to maximise capital funding any slippage in projects is reallocated to projects included within the approved three year capital programme. Details of changes in funding allocation to projects are included in the capital monitoring reports. As part of Capital Monitoring Group, there is a discussion on appropriate reallocation, however "in year" spend relies upon availability of procurement contract and resources to deliver. The rationale for reallocating in these circumstances will be captured going forward as part of Capital Monitoring Group and included in capital monitoring reports to SLT and Board.</i>		30 Sept 2023	n/a	Grade 2	90%	<b>GREEN</b>
Progress to Update		The Capital Investment Strategy works on a risk-based approach which highlights a priority basis for any slippage in the financial year.						
Outstanding actions to close the recommendation		Action complete with ongoing assessments which will continue to be reviewed within the Capital Monitoring Group each Financial Year going forward.						
Azets Comments		As per our comment at 2.2 above, in order to class this action as complete, further evidence is required to demonstrate the rationale behind investment decisions and why one project has been selected over another with a clear explanation of and link to the degree of risk associated with the project.						

## SCOTTISH FIRE AND RESCUE SERVICE

## Audit and Risk Assurance Committee



Report No: C/ARAC/27-23

Agenda Item: 10

<b>Report to:</b>	<b>AUDIT AND RISK ASSURANCE COMMITTEE</b>						
<b>Meeting Date:</b>	<b>27 JUNE 2023</b>						
<b>Report Title:</b>	<b>AUDIT ACTION PLANS AND CLOSING REPORTS UPDATE</b>						
<b>Report Classification:</b>	<b>For Information Only</b>	<b>SFRS Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u></b>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
<b>1</b>	<b>Purpose</b>						
1.1	The purpose of this report is to provide the Audit and Risk Assurance Committee (ARAC) with an overview update of the current audit and inspection action plans.						
<b>2</b>	<b>Background</b>						
2.1	The Auditor General reports to the Scottish Government on our performance. Following the publication of the reports, action plans are prepared to address the issues or recommendations that are highlighted within the report.						
2.2	Similarly, HMFSI inspects and reports on the 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	In line with the thematic process agreed in May 2020 once approved, action plans will be presented to ARAC to scrutinise progress.						
<b>3</b>	<b>Main Report/Detail</b>						
3.1	ARAC members are presented with the current Audit and Inspection overview dashboard, attached as Appendix A, for information. This provides high level details of all action plans (HMFSI Actions Plans and Auditor General Action Plans) and has been amended to include a section relating to HMFSI Inspection Forecast detailing ongoing and forthcoming inspections and reports.						
3.2	The Dashboard shows that 14 out of the 18 total Action Plans are complete. Of the four remaining live Actions Plans: - <ul style="list-style-type: none"> <li>• two are in the final stages of closure (Training for RDS Personnel and Planning &amp; Preparedness for Covid Review)</li> <li>• one is progressing towards September 2023 completion and is green (Health and Safety).</li> <li>• one is experiencing a slip in timescales and is amber. Progress has been delayed due to competing priorities, movement of personnel and involvement in Industrial Action planning (Arrangements for Firefighting in High Rise Buildings).</li> </ul>						



<b>4</b>	<b>Recommendation</b>
4.1	The ARAC members are invited to: <ul style="list-style-type: none"> <li>Note the progress of all action plans as presented in the audit and inspection dashboard, attached as <b>Appendix A</b>.</li> </ul>
<b>5</b>	<b>Key Strategic Implications</b>
5.1	<b>Risk</b>
5.1.1	There are no risks associated with the recommendations of this report.
5.2	<b>Financial</b>
5.2.1	There are no financial implications associated with the recommendations of this report.
5.3	<b>Environmental &amp; Sustainability</b>
5.3.1	There are no environmental implications associated with the recommendations of this report.
5.4	<b>Workforce</b>
5.4.1	There are no workforce implications associated with the recommendations of this report.
5.5	<b>Health &amp; Safety</b>
5.5.1	There are no health and safety implications associated with the recommendations of this report.
5.6	<b>Health &amp; Wellbeing</b>
5.6.1	There are no health and wellbeing implications associated with the recommendations of this report.
5.7	<b>Training</b>
5.7.1	There are no training implications associated with the recommendations of this report.
5.8	<b>Timing</b>
5.8.1	Each HMFSI Action Plan will be reported to the SMB on a quarterly cycle until completion.
5.9	<b>Performance</b>
5.9.1	This process supports robust challenge and scrutiny of our performance against HMSFI recommended improvements.
5.10	<b>Communications &amp; Engagement</b>
5.10.1	There is no implication associated with the recommendations of this report.
5.11	<b>Legal</b>
5.11.1	The arrangements for independent inquiries into the state and efficiency of the SFRS are a statutory requirement as laid out in Section 43 of the Fire Scotland Act 2005.
5.12	<b>Information Governance</b>
5.12.1	A Data Protection Impact Assessment (DPIA) is not required for this report as there is no sensitive information to consider.
5.13	<b>Equalities</b>
5.13.1	An Equality and Human Rights Impact Assessment (EHRIA) is not required for this this report. These will be captured by Directorate and LSO EHRIAs
5.14	<b>Service Delivery</b>
5.14.1	There are no service delivery implications associated with the recommendations of this report.

<b>6</b>	<b>Core Brief</b>	
6.1	Not applicable.	
<b>7</b>	<b>Assurance (SFRS Board/Committee Meetings ONLY)</b>	
7.1	<b>Director:</b>	Mark McAteer, Director of Strategic Planning, Performance and Communications
7.2	<b>Level of Assurance: (Mark as appropriate)</b>	Substantial/ <b>Reasonable</b> /Limited/Insufficient
7.2	<b>Rationale:</b>	Following receipt of Audit Reports, Action Plans are developed in conjunction with Directorates and approved via the Strategic Leadership Team and the nominated Executive Committee of the Board. Quarterly reporting is made to the Senior Management Board and nominated Executive Board until full completion of the Action Plan.
<b>8</b>	<b>Appendices/Further Reading</b>	
8.1	Appendix A: Audit and Inspection Overview Dashboard	
<b>Prepared by:</b>	Kirsty Jamieson, Planning and Performance Officer	
<b>Sponsored by:</b>	Richard Whetton, Head of Governance, Strategy and Planning	
<b>Presented by:</b>	Mark McAteer, Director of Strategic Planning, Performance and Communications	
<b>Links to Strategy and Corporate Values</b>		
Our audit and inspection process contributes to Strategic Outcome 5 of the Strategic Plan 2022-25: We are a progressive organisation, use our resources responsibly and provide best value for money to the public.		
<b>Governance Route for Report</b>	<b>Meeting Date</b>	<b>Report Classification/ Comments</b>
<i>Senior Management Board</i>	<i>17 May 2023</i>	<i>For recommendation</i>
<i>Service Delivery Committee</i>	<i>30 May 2023</i>	<i>For scrutiny (Covid 19 Update and Firefighting in High Rise Buildings)</i>
<i>People Committee</i>	<i>8 June 2023</i>	<i>For scrutiny (Training of RDS Personnel and H&amp;S)</i>
<i>Audit and Risk Assurance Committee</i>	<i>27 June 2023</i>	<i>For Information Only</i>

## Audit and Inspection Overview Dashboard

### HMFSI Thematic Reports Progress Dashboard

APPENDIX A

Published	Title	Relevant Committee	Due Date	Revised Due Date	Total Actions	Last Updated	Next Update	Not Started	In Progress	Deferred	Complete	On Hold	Transferred	Cancelled	Moved to BAU	Void	% Complete	RAG
Mar-20	Training of RDS Personnel	PC	Mar-23		31	May-23	Aug-23	0	0	0	27	0	0	0	4	0	100%	Closing
Dec-20	Planning and Preparedness for COVID Review	SDC	May-26		15	May-23	Aug-23	0	0	0	12	0	0	0	3	0	100%	Closing
Apr-22	Health and Safety: An Operational Focus	PC	Sep-23	-	18	May-23	Aug-23	0	9	0	8	0	0	1	0	0	70%	
Sep-22	Firefighting in Highrise Buildings	SDC	Dec-23	-	8	May-23	Aug-23	0	8	0	0	0	0	0	0	0	30%	

### HMFSI Local Area Inspection Reports Progress Dashboard

Published	Title	Relevant Committee	Due Date	Revised Due Date	Total Actions	Last Updated	Next Update	Not Started	In Progress	Deferred	Complete	On Hold	Transferred	Cancelled	Moved to BAU	Void	% Complete	RAG
N/A	Local Area Inspection National Recommendations	SDC	N/A	N/A	11	Dec-22	N/A	0	0	0	11	0	0	0	0	0	100%	Inactive

### HMFSI Inspection Forecast

Expected	Title	Type	
Mar-23	East Service Delivery Area (ESDA)	SDA	<i>In Draft</i>
Apr-23	Command and Control Mobilising System (CCMS)	Focussed	<i>Published - To be presented to SLT in June</i>
May-23	Review of contingency planning arrangements in relation to potential industrial action	Focussed	<i>Published - To be presented to SLT in June</i>
on Hold	Climate Change – Impact on Operational Activity	Thematic	
on Hold	Mental Health and Wellbeing	Thematic	

### Closed Audit and Inspection Action Plans

Published	Title	Relevant Committee	Due Date	Revised Due Date	Total Actions	Last Updated	Next Update	Not Started	In Progress	Deferred	Complete	On Hold	Transferred	Cancelled	Moved to BAU	Void	% Complete	RAG
Apr-15	HMFSI - Performance Management Systems	SDC	Jul-20		32	May-20	N/A	0	0	0	26	0	2	4	0	0	100%	Closed
Jul-17	HMFSI - Operations Control Dundee and Highlands and Islands Support	SDC	Dec-20		24	May-20	N/A	0	0	0	24	0	0	0	0	0	100%	Closed
Jan-18	HMFSI - Fire Safety Enforcement	SDC	Mar-20	Dec-21	20	Mar-23	N/A	0	0	0	19	0	0	0	0	1	100%	Closed
May-18	Audit Scotland - Scottish Fire and Rescue Service Update	ARAC	Dec-21	Nov-21	36	Feb-23	N/A	0	0	0	33	0	0	0	1	2	100%	Closed
Feb-19	HMFSI - Provision of Operational Risk Information	SDC	Mar-22	Dec-22	25	Feb-23	N/A	0	0	0	20	0	0	0	5	0	100%	Closed
May-19	HMFSI - Management of Fleet and Equipment	SDC	Mar-22		38	May-22	N/A	0	0	0	32	0	0	6	0	0	100%	Closed
Feb-20	LAI - Dumfries and Galloway	N/A	Jun-21	N/A	12	Dec-22	N/A	0	4	0	7	0	1	0	0	0	100%	Closed
Jun-20	LAI - Edinburgh City	N/A	Apr-21	N/A	11	Dec-22	N/A	0	5	0	0	0	6	0	0	0	100%	Closed
Aug-20	HMFSI - Command and Control: Aspects of Incident Command	SDC	Mar-22	Dec-23	25	Nov-22	N/A	0	0	0	25	0	0	0	0	0	100%	Closed
Mar-21	HMFSI - Assessing the Effectiveness of Inspection Activity	ARAC	-	-	0	-	-	-	-	-	-	-	-	-	-	-	-	Closed
May-21	LAI - Midlothian	N/A	Mar-22	Mar-23	7	Dec-22	N/A	0	0	0	7	0	0	0	0	0	100%	Closed
Dec-21	LAI - Argyll & Bute and East & West Dunbartonshire	N/A	Apr-23	N/A	6	Dec-22	N/A	0	5	0	1	0	0	0	0	0	100%	Closed
May-22	SMARTEU Covid 19 Structured Debrief Summary	-	Mar-23		7	Mar-23	N/A	0	0	0	7	0	0	0	0	0	100%	Closed



Report No: C/ARAC/28-23

Agenda Item: 11.1

<b>Report to:</b>	<b>AUDIT AND RISK ASSURANCE COMMITTEE</b>							
<b>Meeting Date:</b>	<b>27 JUNE 2023</b>							
<b>Report Title:</b>	<b>EXTERNAL AUDIT – AUDIT DIMENSIONS AND BEST VALUE REPORT &amp; ANNUAL REPORTS 2021/22</b>							
<b>Report Classification:</b>	<b>For Scrutiny</b>	<b>SFRS Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u></b>						
		<a href="#">A</a>	<a href="#">B</a>	<a href="#">C</a>	<a href="#">D</a>	<a href="#">E</a>	<a href="#">F</a>	<a href="#">G</a>
<b>1</b>	<b>Purpose</b>							
1.1	The purpose of this report is to provide the Audit and Risk Assurance Committee (ARAC) with a progress report on the External Audit Dimensions and Best Value Report for year ending 31 March 2022 and the Annual Report and Accounts Audit for 2021/22.							
<b>2</b>	<b>Background</b>							
2.1	Deloitte, as External Auditors to SFRS, undertook an Audit Dimensions and Best Value review for year ended 31 March 2022, with the Follow Up report issued on 19 January 2023. The report is designed to help the Audit Committee and the SFRS Board discharge their governance duties on the following areas: <ul style="list-style-type: none"> <li>• Financial Management</li> <li>• Financial sustainability</li> <li>• Governance and transparency</li> <li>• Value for money; and</li> <li>• Best Value</li> </ul>							
2.2	The report was provided to SFRS as part of their overall 2021/22 audit responsibilities and provided to ARAC at a private meeting in January 2022. 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 2021/22 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 Audit Scotland will consider progress on all agreed actions as part of their 2022/23 audit.							
<b>3</b>	<b>Main Report/Detail</b>							
3.1	<b>External Audit Wider Scope Audit</b>							
3.1.1	The Audit and Risk Assurance Committee received a copy of the reporting framework and updates at previous meetings with further updates provided to the Good Governance Board. Appendix A to this report now details progress made as at 29 May 2023.							

3.1.2	<p>Progress by Audit Dimension as detailed in Appendix A:</p> <ul style="list-style-type: none"> <li>• Financial Management (77% complete)</li> <li>• Financial Sustainability (58% complete)</li> <li>• Governance &amp; Transparency (100% complete)</li> <li>• Value for Money (60% complete)</li> </ul>
3.1.3	<p>Deloitte's reviewed their recommendations and the aligned management responses and issued comment within their annual report. Deloitte's comments have been included within Appendix A and were passed to responsible officers for consideration by the Acting Director of Finance and Procurement.</p>
3.1.4	<p>Where an action was identified by the Responsible Officer as complete and Deloitte's have agreed this position, these actions are marked Blue within the Appendix A Dashboard.</p>
3.1.5	<p>Following the completion of the review and a change of external auditors, Deloitte have advised the Service that they will no longer review any future supporting evidence. Therefore, any action that has been identified by the Responsible Officer as complete, with supporting evidence provided, will be marked Blue* within the Appendix A Dashboard. Audit Scotland will now review outstanding actions as part of their current programme.</p>
3.1.6	<p>Deloitte also provided a Follow Up report on any outstanding actions from previous years. Appendix A outlines the one remaining action, which has been classed as complete by the responsible owner and subject to review and closure by the Audit Scotland.</p>
3.2	<p><b>External Audit – Annual Report and Accounts</b></p>
3.2.1	<p>Deloitte undertook an annual audit of the Annual Report and Accounts, with their final report for the 2020/21 audit identifying 8 internal control recommendations.</p>
3.2.2	<p>Appendix B provides information on three actions. 2 have been marked as complete by the Responsible Officer with supporting evidence supplied for review. These actions have been marked Blue* within the Dashboard. The Responsible Officer for the remaining action has a requested new date of 31 October 2024 which is due to additional work required in implementing IFRS 16 leases.</p>
3.2.3	<p>As part of the 2021/22 audit Deloitte identified 14 internal control recommendations. Appendix C outlines the 2021/22 Dashboard along with agreed management actions and progress made against each. Follow review, 1 of these actions has been identified as complete by the Responsible Officer, with supporting evidence provided for review. This action has been marked Blue* within the Appendix C Dashboard.</p>
<b>4</b>	<b>Recommendation</b>
4.1	<p>The Audit and Risk Assurance Committee is asked to scrutinize progress against external audit recommendations.</p>
<b>5</b>	<b>Key Strategic Implications</b>
5.1	<p><b>Risk</b></p>
5.1.1	<p>The report identifies progress against the Audit Dimensions and Best Value Report undertaken by External Audit. Risks associated with the report are aligned to those identified by External Audit within their final report.</p>
5.2	<p><b>Financial</b></p>
5.2.1	<p>The report identifies progress against the Audit Dimensions and Best Value Report undertaken by External Audit. Financial implications associated with the report are aligned to those identified within the final report and actions taken by responsible officers to manage identified risks.</p>

5.3 5.3.1	<b>Environmental &amp; Sustainability</b> Any implications arising from the report will be managed by the relevant Directorate.	
5.4 5.4.1	<b>Workforce</b> Any implications arising from the report will be managed by the relevant Directorate.	
5.5 5.5.1	<b>Health &amp; Safety</b> Any implications arising from the report will be managed by the relevant Directorate.	
5.6 5.6.1	<b>Health &amp; Wellbeing</b> Any implications arising from the report will be managed by the relevant Directorate.	
5.7 5.7.1	<b>Training</b> Any implications arising from the report will be managed by the relevant Directorate.	
5.8 5.8.1	<b>Timing</b> The report is provided to the Good Governance Board to ensure any relevant information can be presented to the Audit and Risk Assurance Committee on a quarterly basis.	
5.9 5.9.1	<b>Performance</b> The report provides information on agreed management actions arising from External Audit's report. The management responses are agreed by External Audit and the Board with ongoing reports used to monitor performance.	
5.10 5.10.1	<b>Communications &amp; Engagement</b> Any implications arising from the report will be managed by the relevant Directorate.	
5.11 5.11.1	<b>Legal</b> Any implications arising from the report will be managed by the relevant Directorate.	
5.12 5.12.1	<b>Information Governance</b> DPIA completed - No. The report provides a summary of information and actions to be taken by Directorates, and named individuals, to manage any significant risk identified. The responsible Directorate will ensure that any relevant DPIA is completed as required.	
5.13 5.13.1	<b>Equalities</b> EHRIA completed - No. Where an equalities assessment is required this will be determined by the responsible Directorate and progressed accordingly.	
5.14 5.14.1	<b>Service Delivery</b> Any implications arising from the report will be managed by the relevant Directorate.	
<b>6</b>	<b>Core Brief</b>	
6.1	Not Applicable	
<b>7</b>	<b>Assurance (SFRS Board/Committee Meetings ONLY)</b>	
7.1	<b>Director:</b>	<b>John Thomson, Acting Director of Finance and Procurement</b>
7.2	<b>Level of Assurance:</b>	Substantial/ <del>Reasonable/Limited/Insufficient</del>  Deloitte provided the following commentary:  <u>Financial Management</u> The Service continues to have strong financial management processes in place which it has strengthened in the year by

		<p>more transparent reporting particularly around savings / asset backlogs.</p> <p><u>Financial Sustainability</u> The Service has achieved short-term financial balance in 2021/22. The Service is faced with significant legacy issues with regards to capital investment, which is reported throughout the Service and there is recognition of this fact. The Service has refreshed its Risk Based Capital Investment Strategy in the current period and recognises that this needs to be continually refreshed in line with its strategy and the future revision of its Medium-Term Financial Plan and Long-Term Financial Strategy.</p> <p><u>Governance and transparency</u> The Service continues to have strong leadership in place. The Board has seen changes in the current year, which were predominantly in line with individuals terms and expected retirements. We are pleased to note that the Board no longer holds closed sessions and provides recording of meetings online for the public. We recommend that with the continued relaxation of restrictions that the Service reviews whether the meetings could become fully accessible in future.</p> <p><u>Value for money</u> The Service continues to have a clear Performance Management Framework in place. We understand that the Service is refreshing its Performance Management Framework and considering the benchmarking and trend data that the Service will use for reporting as part of this refresh.</p> <p><u>Best value</u> The Service has sufficient arrangements in place to secure Best Value with a focus on continuous improvement, although there is room for improvement in the Service’s internal process for identifying areas for improvement and implementing the necessary changes.</p>
7.3	<b>Rationale:</b>	The report is based upon work undertaken by Deloitte as external auditors to SFRS and management responses reviewed by external audit and agreed by the Service. I have confidence that the information is correctly reported based upon these returns.
<b>8</b>	<b>Appendices/Further Reading</b>	
8.1	Appendix A – External Audit Wider Scope Dashboard	
8.2	Appendix B – External Audit Annual Report 2021	
8.3	Appendix C – External Audit Annual Report 2022	
<b>Prepared by:</b>		Assistant Risk & Verification Officer
<b>Sponsored by:</b>		John Thomson, Acting Director of Finance & Procurement
<b>Presented by:</b>		John Thomson, Acting Director of Finance & Procurement

<b>Links to Strategy and Corporate Values</b>		
<p>External Audit forms part of the Services Governance arrangements and links back to Outcome 5 of the 2022-25 Strategic Plan, specifically Objectives 5.1 and 5.6:</p> <p><b>Outcome 5: We are a progressive organisation, use our resources responsibly and provide best value for money to the public.</b></p> <ul style="list-style-type: none"> <li>Objective 5.1: Remaining open and transparent in how we make decisions</li> <li>Objective 5.6: Managing major change projects and organisational risks effectively and efficiently</li> </ul>		
<b>Governance Route for Report</b>	<b>Meeting Date</b>	<b>Report Classification/ Comments</b>
<i>Audit and Risk Assurance Committee</i>	<i>27 June 2023</i>	<i>For Scrutiny</i>



APPENDIX A

EXTERNAL 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 External Audit

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	28/02/2023	24.03.2023	-	-	✓	-	100%	BLUE*
1.2	Acting Director of Finance & Procurement	HIGH	31/03/2022	-	13.09.2022	-	-	✓	-	100%	BLUE
1.3	Acting Director of Finance & Procurement	HIGH	31/03/2023	31/03/2024	24.03.2023	-	✓	-	-	10%	GREEN
1.4	Acting Director of Finance & Procurement	MEDIUM	31/03/2023	-	24.03.2023	-	-	✓	-	100%	BLUE*
1.5	Acting Director of Finance & Procurement	MEDIUM	31/03/2022	30/06/2022	13.09.2022	-	-	✓	-	100%	BLUE
1.6	Acting Director of Finance & Procurement	MEDIUM	31/03/2022	31/03/2023	24.03.2023	-	-	✓	-	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	03.04.2023	-	-	✓	-	100%	BLUE*
2.2	Acting Director of Asset Management	HIGH	31/03/2022	31/08/2023	22.05.2023	-	✓	-	-	65%	GREEN
2.3	Acting Director of Finance & Procurement	HIGH	31/03/2023	31/03/2024	24.03.2023	-	✓	-	-	10%	GREEN
2.4	Acting Director of Finance & Procurement	HIGH	31/03/2023	-	27.05.2022	-	-	✓	-	100%	BLUE
2.5	Director of People (formerly Director of People & Organisational Development)	HIGH	31/12/2022	30/09/2023	19.05.2023	-	✓	-	-	75%	GREEN
2.6	Acting Director of Finance & Procurement	MEDIUM	31/03/2022	31/03/2023	24.03.2023	-	-	✓	-	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	22.05.2023	-	✓	-	-	65%	GREEN
2.9	Acting Director of Asset Management	MEDIUM	31/03/2022	31/05/2022	20.01.2023	-	-	✓	-	100%	BLUE*
2.10	Director of Training, Safety & Assurance	MEDIUM	31/03/2022	31/08/2023	13.05.2023	-	✓	-	-	80%	GREEN
2.11	Director of People (formerly Director of People & Organisational Development)	MEDIUM	31/03/2022	31/03/2023	04.04.2023	-	-	✓	-	100%	BLUE*
2.12	Director of People (formerly Director of People & Organisational Development)	MEDIUM	31/03/2023	-	19.05.2023	-	-	✓	-	100%	BLUE*

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	31/01/2023	26.01.2023	-	-	✓	-	100%	BLUE*
4.2	Director of Strategic Planning, Performance & Communications	HIGH	31/03/2022	31/03/2023	18.05.2023	-	-	✓	-	100%	BLUE*
4.3	Director of Service Development	HIGH	31/03/2022	30/06/2023	22.05.2023	-	✓	-	-	85%	GREEN
4.4	Director of Strategic Planning, Performance & Communications	HIGH	31/03/2022	-	26.05.2022	-	-	✓	-	100%	BLUE
4.5	Director of People (formerly Director of People & Organisational Development)	MEDIUM	31/12/2022	31/03/2024	19.05.2023	-	✓	-	-	90%	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	24.03.2023	-	-	✓	-	100%	BLUE*

**Outstanding Actions**

STATUS KEY	
GREEN	On Target to complete within agreed date
AMBER	Slight delay but evidence of progress
RED	Major delay or No evidence of progress
BLUE	Action Completed

\* Marked Complete subject to confirmation from External Audit

EXTERNAL 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	77%	2	5	0	1	0	0	0	1	0
Rec No.	Financial Reporting		Target Date	1 <sup>st</sup> Agreed Revised Date	Priority	% Complete	Status						
1.1	<p>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.</p> <p>Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b></p>	<p>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.</p>	31/03/2022	28/02/2023	HIGH	100%	BLUE*						
Progress to Update		<p>The budget strategy for 2022/23 which outlined the assumptions and parameters for the resource budget was approved by the Board on the 22<sup>nd</sup> March 2022. The draft resource budget papers for 2022/23 have been produced and are currently being reviewed. The Resource Budget presentation was completed at the Board Information Day on 22<sup>nd</sup> February. Resource budget was scrutinised by Board on 31<sup>st</sup> March 2022. Deloitte reviewed this management response in November 22 as below and further work is recommended to close of this action. The budget process for 2023/24 has commenced and will follow similar process as previous but will include details of changes made to the budget strategy following discussions with Board. The Budget Approach 2023/24 was presented to the Board on 23<sup>rd</sup> February 2023 meeting. Following Deloitte’s review both the budget approach for 2023/24 and the Resource Budget for 2023/24 provides information on discussions with Board as part of strategy sessions.</p>											
Outstanding actions to close the recommendation													
External Audit Comments – Nov 2022		<p>We understand that there was a budget strategy session with the Board where assumptions were provided in respect of the pay and inflation and how this linked to the LTFS. Management assert that the purpose of the budget strategy session was to inform the Board and seek their views on assumptions and what the Board would want to be considered as part of the budget setting process. Management held a second budget strategy day to provide feedback on the budget. Management did not include the detail of the work completed with the Board, or the detail of changes made to the strategy in the public papers. Management should reassess their reporting provided to the Board and also ensure that the purpose of the budget strategy days are to provide additional information / opportunity to challenge aspects that the Board do not wish to be in the public domain to ensure that they are being as transparent as possible in respect of the reporting.</p>											
Rec No.	Financial Reporting		Action Date Due	1 <sup>st</sup> Agreed Revised Date	Priority	% Complete	Status						
1.3	<p>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.</p> <p>Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b></p>	<p>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.</p>	31/03/2023	31/03/2024	HIGH	10%	GREEN						

Progress to Update		Acting Director of Finance has sought any fire examples within NFCC but to no avail nor have Deloitte been able to provide examples. Deloitte still consider the work outstanding and have suggested discussions with our new auditors Audit Scotland to take forward. A revised date is requested to enable discussion with Audit Scotland.				
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. SFRS will seek the support of the new auditors Audit Scotland to progress this actions.				
External Audit Comments – Nov 2022		The Christie Commission review in 2011 highlighted the need for the public sector in Scotland to review its budget to outcome reporting. As set out in a further Audit Scotland document that reviewed the progress made against the Christie report 10 years on there has been limited progress across the public sector in Scotland, except for as a result of COVID-19. As such, we still recommend that the Service develops a reporting output that shows how the budget is being allocated in terms of the outcomes that the Service is wanting to achieve.				
Rec No. <b>1.4</b>	<b>Savings Plans</b> The budget should clearly set out how the savings target included within it links in with the savings requirements identified in the MTFM and the LTFS.	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	Agreed. SFRS will be explicit about the targeted budgeted savings anticipated as part of the budget setting process. The Medium Term Financial Model (previously validated by Deloitte) is updated on an annual basis to include the latest assumptions such as inflation or pay awards used in the annual budget setting process. The model is then used to run various financial scenarios and support strategic decision making and where appropriate identify potential funding gaps that require efficiencies to be achieved. The Long Term Financial Strategy will be updated to reflect the latest position on savings.	31/03/2023	n/a	MEDIUM	100%
Progress to Update		Scottish Government have now published intended SFRS budget allocation for 2023/24 which includes a £10million increase in Resource Budget for 2023/24. The Service will continue to progress identified savings to meet the new financial parameters to then present a balanced budget for next year. A new Resource Spending Review (RSR) savings programme has been initiated to develop and manage the savings required over the next four years. This will be a strategic programme reported to the Change Committee. The savings required for 2023/24 has been included in 2023/24 Resource Budget for Board approval at end of March.				
Outstanding actions to close the recommendation						
External Audit Comments – Nov 2022		As the Service is reporting a 30% outturn against the target date and has also suggested a revised target date of 31 March 2023 Deloitte have not performed any follow up against this action.				
Rec No. <b>1.6</b>	<b>Savings Plans</b> The annual budget should clearly set out efficiency savings targets, including where these are expected to be achieved. The budget should identify which savings have already been identified and can be specifically reported against in the year, with a 'RAG' risk rating for those savings yet to be identified in terms of the risk of the Service being able to deliver them.	Action Date Due	1 <sup>st</sup> Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	Agreed. All targeted savings are identified and included in the budget setting process. Moving forward budgeted savings will be tracked and the associated RAG status will be provided and reported against. The reporting of progress against budgeted efficiencies will be reported to the Board as part of the resource monitoring report.	31/03/2022	31/03/2023	MEDIUM	100%
Progress to Update		Agreed this was a version issue and reconciled the overall savings target did not change.				
Outstanding actions to close the recommendation		None the point is noted				
External Audit Comments – Nov 2022		We note that the reporting during 22/23 on budgeted savings does not align to the budgeted efficiencies paper provided as evidence for the budget. As such we recommend that where management make changes to the amounts included in the budget that this is clearly demarked.				

EXTERNAL 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	58%	2	5	0	3	2	0	0	0	0
Rec No.	<u>Capital Planning &amp; Asset Management</u> Following completion of work with the Scottish Government in assessing the capital investment needs of the Service, the AMS should be reviewed to ensure that it aligns with this need, the Strategic Plan and the Change Programme.	Target Date	Agreed Revised Date	Priority	% Complete	Status						
2.1	Responsible Owner Agreed Response <b>Acting Director of Asset Management</b>  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	100%	BLUE*						
Progress to Update		Recent Progress on Strategic Asset Management Plan (SAMP) for Property Over 400 responses to Questionnaire now collated into spreadsheet so that specific issues raised can be highlighted; Stakeholder Engagement sessions at Fire stations and with Departmental teams now complete; First draft completed in January 2023; The SAMP Paper has been presented for approval through Governance route - AMLB - 7 <sup>th</sup> February 2023 - CPG - 7 <sup>th</sup> February 2023 - SMB - 15 <sup>th</sup> February 2023 - SLT - 8 <sup>th</sup> March 2023 & Board - 30 <sup>th</sup> March 2023										
Outstanding actions to close the recommendation												
External Audit Comments – Nov 2022		As the Service has only made 30% progress against this action, no follow up has been performed by Deloitte.										
Rec No.	<u>Capital Planning &amp; Asset Management</u> Instead of reporting against a single 'backlog' figure, the Service should differentiate between required capital investment to transition from the current asset base to the required asset base, and actual maintenance/repair/replacement backlogs, to enable appropriate assessment of the risk of asset failure and the impact of delayed capital investment on service delivery.	Target Due	2nd Agreed Revised Date	Priority	% Complete	Status						
2.2	Responsible Owner Agreed Response <b>Acting Director of Asset Management</b>  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	31/08/2023	HIGH	65%	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 was presented to the Board in August 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		The Strategic Asset Management Plan (SAMP) for Property details the maintenance backlog based on recently completed condition surveys as well as the investment backlog. The updated Risk Based Investment Strategy is in preparation and will be submitted for Board approval in Summer 2023.										
External Audit Comments – Nov 2022		The reports provided to the Public Board meetings provide reporting against an approved budgeted spend but do not then differentiate between required capital investment / maintenance / impact of the delayed capital investment. The Service has a Risk Based Capital Investment Strategy which has been provided to the Private Board meetings and sets out the Services strategy however, the Service recognises that a formal document will need to be submitted to the Scottish Government and will need revisiting at a future date. We consider this action to remain open as the reporting in the current format does not clearly differentiate between required capital investment / maintenance and impact of delayed capital investment and should then be linked to a wider capital investment strategy to determine what appliances / stations will still be required in future and also consider the wider impact of future workforce plans.										

Rec No.	<b>Medium-to-Long Term Financial Planning</b> The LTFS should be revised to demonstrate how the Service plans to allocate resources against outcomes over the length of the Strategy. Alternatively, the MTFM could be revised to serve this purpose.		Action Date Due	1 <sup>st</sup> Agreed Revised Date	Priority	% Complete	Status
2.3	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	Agreed. As indicated at 1.3 the Service will review the LTFS and will include how the service applies budget resources to outcomes.	31/03/2023	31/3/2024	HIGH	10%	GREEN
Progress to Update		Acting Director of Finance has sought any fire examples within NFCC but to no avail nor have Deloitte been able to provide examples. Deloitte still consider the work outstanding and have suggested discussions with our new auditors Audit Scotland to take forward. A revised date is requested to enable discussion with Audit Scotland					
Outstanding actions to close the recommendation		Seek agreement with new auditors on how this can be progressed and include in the new LTFS.					
External Audit Comments – Nov 2022		The Christie Commission review in 2011 highlighted the need for the public sector in Scotland to review its budget to outcome reporting. As set out in a further Audit Scotland document that reviewed the progress made against the Christie report 10 years on there has been limited progress across the public sector in Scotland, except for as a result of COVID-19. As such, we still recommend that the Service develops a reporting output that shows how the budget is being allocated in terms of the outcomes that the Service is wanting to achieve.					
Rec No.	<b>Workforce Planning</b> Subject to ongoing work on the vision for the future, the Workforce and Strategic Resourcing Plan needs to be reviewed to clearly set out how it is aligned to the Strategic Plan, LTFS, and other key strategic documents – including any successor to the Transformation Programme.		Action Date Due	2nd Agreed Revised Date	Priority	% Complete	Status
2.5	Responsible Owner Agreed Response <b>Director of People</b> (formerly 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	30.09.2023	HIGH	75%	GREEN
Progress to Update		Workforce Planning and Resourcing activity is currently being progressed within the People Directorate and across the wider SFRS. A refreshed approach has been developed, based on evidence and data, including Resource Spending Review, Pension Remedy, Strategic Service Review Programme and Pay Award impacts. A thematic review of the 2022 Middle Manager campaign is underway to support forward planning and support improvements to current processes. Wide stakeholder engagement sessions are being scheduled to further enhance approaches to Workforce Planning and Resourcing Strategy. Updated Workforce Planning and Resourcing models have been developed to provide insight and enable timely decision making in the context of significant uncertainty around the Service's short to mid-term retirement profile. Options are being developed for short, medium- and long-term solutions to recruitment and resourcing which are being progressed via relevant governance routes.					
Outstanding actions to close the recommendation		Finalise our documented approach to Strategic Workforce Planning and progress this though the SFRS governance route.					
External Audit Comments – Nov 2022		As the target date is not yet due and the Service has only made 35% progress against the action, Deloitte have not performed any follow up.					
Rec No.	<b>Budget Setting</b> The budget report to the Board should set out the process through which the budget was developed, the extent to which there has been consultation and how this consultation was reflected in the budget, so as to enable the Board to satisfy themselves as to the robustness of that process in approving the budget.		Action Date Due	1 <sup>st</sup> Agreed Revised Date	Priority	% Complete	Status
2.6	Responsible Owner Agreed Response	Agreed, the budget setting process for 22/23 will include the consultation completed with budget holders, SLT and the Board.	31/03/2022	31/3/2023	MEDIUM	100%	BLUE*

	<b>Acting Director of Finance &amp; Procurement</b>						
Progress to Update	The approach for budget setting for resource and capital was included in the presentation to the Board on 22 <sup>nd</sup> February 2022. The budget approach for both resource and capital has been amended to include greater engagement. For resource budget an SLT sub group was established and this has shaped the budget allocation and decision making. For capital, more information was captured from budget holders on the rational for investment and the impact on asset backlogs etc. In addition, the allocation of capital was linked to the developed asset investment plan. The final resource budget report for 2023/24 included more detail on the consultation/engagement as part of the final document.						
Outstanding actions to close the recommendation							
External Audit Comments – Nov 2022	The final budget report presented to the Board did not set out the process through which the budget was developed, the level of consultation undertaken and how this was then reflected in the budget. We understand that the Service presented the approach for setting the budget in a presentation to the Board, however, this is not part of a formal document and is in the form of a powerpoint presentation. Further, there is no information on how any challenges through the consultation then resulted in any changes (or equally recorded if there were no changes).						
	<b>Capital Planning &amp; Asset Management</b> The Service should ensure that the Capital Programme is linked to the LTFS, AMS and Resource Budget, setting out how the Capital Programme progresses these and the anticipated consequences of the capital investment decisions on the resource budget over the period.	Action Date Due	1 <sup>st</sup> Agreed Revised Date	Priority	% Complete	Status	
Rec No. <b>2.8</b>	Responsible Owner Agreed Response  <b>Acting Director of Asset Management</b>	Agreed. The Service recognises that capital funding received is less than required to fully address the asset backlog from legacy services. SFRS has worked with Scottish Government to secure additional funding where possible and has agreed to share premises at 51 stations with other public sector organisations including police and ambulance service. SFRS has applied for funding to support decarbonisation of its activities and this includes fleet and property which will partially support addressing our asset backlog. SFRS will continue to work with Scottish Government to seek additional funding where this is available. Within this context, the Service will update the LTFS, based on the revised AMS and highlight the impacts on the resource budget.	31/03/2022	30/06/2023	MEDIUM	65%	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 Strategic Asset Management Plan document for Property, which is scheduled for completion on 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.						
External Audit Comments – Nov 2022	As the Service has revised the target date for this action to 30 June 2023 no follow up has been performed.						
	<b>Capital Planning &amp; Asset Management</b> Monitoring of performance against the Capital Programme should include summary information on the number of projects expected to be (or which have been) delivered in line with the original timescales and original budgets.	Action Date Due	Agreed Revised Date	Priority	% Complete	Status	
Rec No. <b>2.9</b>	Responsible Owner Agreed Response  <b>Acting Director of Asset Management</b>	Agreed. The Service already provides information on all major projects to the change portfolio committee and this provides information on time, cost and quality. The recommendation is to expand this to cover the timeline around all capital projects and to report at a summary level to the Board. In reality, the capital programme is delivered throughout the year to maximise the funding available which requires many projects to be delivered within the financial year. In line with the recommendation the Service will provide additional summary information on the delivery of projects against original timelines recognising the many detailed projects involved in the programme.	31/03/2022	31/05/2022	MEDIUM	100%	BLUE*

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		Report now includeS RAG status keys so as to ensure that the RAG status meaning is clear to all. Supporting evidence has been forwarded to Deloitte and awaiting outcome of their review.				
External Audit Comments – Nov 2022		In response to the recommendations raised in the previous year management have included RAG rating status on the capital monitoring and forecasting reports. The reports do not includes keys on them however, Deloitte have enquired with management as to what the RAG status means. They have noted that the milestone RAG status column indicates whether the project is in a red / amber/ green status depending on whether the projects are meeting original milestones / timescales set or not and whether the projects will be complete by 31/3/23. The budget RAG status column indicates whether the project is in a Red, Amber or Green status, depending on the percentage the project is under/(over) budget. The RAG status tolerances were shared with capital budget holders to help them determine the RAG status for each of the projects and the status of these are updated each month by budget holders and then reported at the monthly capital monitoring meetings. Given that this is not reported on the final report we recommend that the reports should include keys such that this can be easily identified.				
Rec No. <b>2.10</b>	<b>Workforce Planning</b> The Training Strategy should be clearly linked to the Strategic Plan and the Workforce and Strategic Resourcing Plan, including measurable actions and targets	Action Date Due	2nd Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Director of Training, Safety and Assurance</b>	The foreword of the Training Strategy specifically mentions the following “The Training Strategy supports the intended outcomes of the SFRS Strategic Plan 2019-22, the findings of the Training and Employee Development (TED) Review and compliments the People and Organisational Development (POD) Directorate plans”. With regards measurable actions and targets, 7 priorities (Actions) are identified with dates identified as quarters across a number of years. Recovery plans are now in place and they also support the delivery of the strategy with dates and targets. Within the Training Function the Continuous Improvement Plan Actions and Targets are set with dates and support the delivery of the Strategy. In recognising the comments made, the strategy will be reviewed to strengthen the link to the POD Resourcing Plans.	31/03/2022	31.08.2023	MEDIUM	80%
Progress to Update		The review of the Training Strategy 2020-25 was put on hold due to Industrial Action planning arrangements that took priority for the Function through Q3 and 4 2022/23. Further Instructor team days were given an extension and will now run from Apr through Jun’23 (Q1 2023/24). In summary this work was all put back a quarter as a result. This decision will continue to ensure an inclusive and comprehensive approach is taken and the engagement work will also assist the Function with the creation of a Training Vision Statement. A revised due date of end Aug ‘23 is now requested to enable the completion of this work and for it to be put through the appropriate governance.				
Outstanding actions to close the recommendation		Review and re-write the Training Strategy in 2023 in light of the production of a new SFRS Strategic Plan.				
External Audit Comments – Nov 2022		We note that the Training Continuous Improvement Plan reported to the People Committee in March 2022 on the progress against recruitment and how this linked to the workforce and strategic resourcing aspect. The Service has been refreshing its Strategic Plan which covers the period 2022-2025, which in turn will trigger a review of the Training Strategy 2020-2025 in order to ensure that the two align. The Service has stated that they anticipate this work commencing around October 2022 following the consultation and subsequent approval / launch of the Strategic Plan. As the strategic refresh is in progress we consider this action to remain open.				
Rec No. <b>2.11</b>	<b>Workforce Planning</b> Progress on implementing the Workforce and Strategic Resourcing Plan should be considered on a periodic basis the relevant committee or the Board, to ensure that there are effective targets in place and to assess performance against them.	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Director of People</b> (formerly 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	100%

Progress to Update	Ongoing workforce planning and resourcing activity is maintained as Business as Usual with resilient recruitment and promotional Holding Pools in place. Ongoing engagement and reporting within SFRS governance maintains oversight on current landscape and horizon scans for future risk. The refreshed Strategic Resourcing plan, once agreed, will be progressed via appropriate governance routes and a monthly report is produced for the Senior Leadership Team to ensure organisational awareness of any resourcing related risks.					
Outstanding actions to close the recommendation	Finalise our documented approach to Strategic Workforce Planning and progress this through the SFRS governance route.					
External Audit Comments – Nov 2022	The Service is currently revising its Strategic Workforce Planning and therefore as this is currently being refreshed no follow up has been performed against this action.					
Rec No. <b>2.12</b>	<b>Workforce Planning</b> The Workforce and Strategic Resourcing Plan should be reviewed to clearly set out the Target Operating Model for the entire workforce, and what actions it plans to take to transition from the current workforce to the workforce required in the future	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
Responsible Owner Agreed Response <b>Director of People</b> (formerly 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	100%	BLUE*
Progress to Update	Workforce Planning models have been enhanced to enable appropriate planning in the context of the Strategic Service Review Programme (including the impacts of the Service Deliver Model Programme) and uncertainties around the short and mid term retirement profile. This has enabled any potential changes to the TOM for different staff groups to be modelled and appropriate recruitment, promotion and development programmes to be planned and delivered to meet evolving organisational needs. Plans will continue to be reviewed and evolved in response as organisational change impacts are agreed.					
Outstanding actions to close the recommendation						
External Audit Comments – Nov 2022	The Service has not yet finalised its approach Strategic Workforce Planning and therefore no follow up on this action has been completed.					



EXTERNAL 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	60%	3	0	0	1	1	0	0	0	0
Rec No. <b>4.1</b>	<b>Performance Management Framework</b> 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.	Target Date	2 <sup>nd</sup> Agreed Revised Date		Priority	% Complete	Status					
	Responsible Owner Agreed Response <b>Director of Strategic planning, Performance &amp; Communications</b>	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	31/03/2023		HIGH	100%	BLUE*				
Progress to Update		The PMF reports on indicators which affect ‘Scotland’ and at present there is no national standards to benchmark selected indicators against. SFRS official statistics published each year does provide a ‘Great Britain’ comparison for fires, types of fire and resulting casualties but not for ‘organisational’ statistics. For local area consideration, work is still on-going through the NFCC to redesign EFRS family groups. Once complete this will allow SFRS to compare Local Senior Officer (LSO) areas to EFRS of similar geodemographic structure. The timescale for SFRS cannot be determined until conclusion of NFCC work (unknown). Reporting solutions (dashboards) have been rolled out to Service Delivery at a management level (Continuous Improvement Forums (CIF)) and in local solutions for LSO areas. This has been done using Power BI. These provide the means for localised comparison of operational activity and for some community safety engagement such as Home Fire Safety Visits. Improvements in all aspects of data management is required in order to broaden local comparisons to organisational data which is now a focus of the Data Governance Group. There is no update on Fire Service family groupings from NFCC. Engagement is still on-going with Heads of Function to identify which key indicators within their area of business can be built to demonstrate success towards the Strategic Plan. The draft PMF in that respect is delayed but planned steps have been revised aiming to have document with SMB on the 15 <sup>th</sup> February and still presented to the Board on the 31 <sup>st</sup> March										
Outstanding actions to close the recommendation		Action has been marked as 100% complete as we have identified how local areas can consider operational performance across other areas. This is done to suit their management arrangements where the ‘good practice’ can be shared in settings such as CIF.										
External Audit Comments – Nov 2022		The Service has revised its target implementation date for this action twice and the latest revised target date is 31 January 2023. The Service has not yet refreshed its Performance Management Framework and therefore this action remains open and no follow up has been performed by Deloitte.										
Rec No. <b>4.2</b>	<b>Performance Data</b> Performance reports should include targets and trend data to enable a meaningful assessment of performance.	Target Due	Agreed Revised Date		Priority	% Complete	Status					
	Responsible Owner Agreed Response <b>Director of Strategic planning, Performance &amp; Communications</b>	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	100%	BLUE*				
Progress to Update		Work has taken place to investigate how both the UK FRS sector and other public sector organisations (NHS) present performance data to stakeholders. As part of SFRS wider program of work in improving data management (Data Governance Group) and Service wide Data Literacy, we are also aiming to implement a standard process for practical performance management mirroring what takes place elsewhere in public sector. We are upskilling within the Business Intelligence team to better inform all business areas what constitutes practical performance measurement, and help all to rethink the way we measure and drive organisational success. One demonstrable way this is being done is using statistical process control charts (XmR) which will help decision makers stop reacting to noise and only consider true signals of change. These changes have been										

	implemented. The new PMF for 23-24 has been approved by the board and the new reporting dashboards will be provided for Q1 reporting in 23-24 and be modified throughout the remainder of the year.						
Outstanding actions to close the recommendation							
External Audit Comments – Nov 2022		The Service has revised its implementation date from 31/3/22 to 31/3/23. The Service is redesigning its Performance Management Framework to then include targets against agreed benchmarks.					
Rec No. <b>4.3</b>	<u>Performance Management Framework</u> 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	2 <sup>nd</sup> Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response  <b>Director of Service Development</b>	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 2 <sup>nd</sup> cohort of training delivered by NHS. However, the Embedding of those skills, practices and frameworks that allow for self-assessment and continued improvement across SFRS that is seen as sustainable would be our next maturity step. In addition, the forward-looking objective has to be how we integrate self-assessment into our existing planning and review frameworks, along with how we introduce a process of identification and prioritisation of improvement to ensure we align organisation resources appropriately. Lastly, we need to consider how we might bring transparency and visibility to the results of these assessments and share widely within the organisation and highlight agreed actions resulting from it. 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	30/06/2023	HIGH	85%	GREEN
Progress to Update		Work is underway to produce the report which will be submitted via the new portfolio governance arrangements launching in FYQ1 2023/24. The report due to be presented in June, will be providing recommendations which require investment, including benefits review and outline business case. The report will provide a summary of the Service Improvement Framework, which includes the new Foundation Improvement Course launching next week. A summary of the findings of the EFQM Test of Change, local improvement activity and national strengths/areas for improvement, and staff responses to the self-assessment process. Recommendation with Options Appraisal on future use of EFQM within the wider service and the Strategic Spending Review Programme. Recommendations for further development work to continue to stretch current Improvement capabilities to a Business Operational Excellence Framework in support of the Strategic Service Review Programme will also be considered.					
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					
External Audit Comments – Nov 2022		The Service has revised its implementation date to be 31/3/23 from 31/3/22, as such we have not performed any follow up in respect of this.					
Rec No.	<u>Equalities</u> 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	1 <sup>st</sup> Agreed Revised Date	Priority	% Complete	Status	

4.5	Responsible Owner Agreed Response <b>Director of People</b> (formerly Director of People and Organisational Development)	Agreed. This will be collated throughout the year and summarised for the Annual Report.	31/12/2022	31/03/2024	MEDIUM	90%	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 Service has issued a series of internal communications to encourage disclosure of sensitive information and improve completion rates for a more robust data set. Communications have provided information on the purpose of collecting sensitive data, the reason behind trying to improve disclosure rates and detail on how data is used, stored and access rights. The People Directorate has planned a workshop for Q2 2023 to identify the key equalities business intelligence data required to provide trend data on the impact of employment practices and employee experience of those practices.					
Outstanding actions to close the recommendation		More qualitative evidence will be captured through direct employee engagement. A Maternity Returners Questionnaire, to evaluate the experiences of the implementation of the Service's pregnancy and maternity practices, is progressing through governance. This action remains amber due to the restructuring of the People Directorate and the changes to the setting of measurement criteria originating from Scottish Government, the National Office for Statistics and the Consortium of Scottish Local Authorities. The original action due date was affected by changing guidance emerging from Scottish Government and the Office for National Statistics relating to the categorisation of the protected characteristics, this in turn has had an impact on the ability of SFSR to be able to capture, analyse and report that data. Moreover, staffing changes across the People Directorate and the work to progress a renewed directorate operating model has impacted on timeframes.					
External Audit Comments – Nov 2022		We have been provided with the SFRS Mainstreaming and Equality Outcomes Report which was published in July 2021. This included case studies which demonstrated how the Service was reducing its inequalities. Additional reporting has been provided to the Senior Leadership Team post year-end. The reporting currently does not include trend data, which we recognise is as a result of not all individuals providing data on their protected characteristics, to demonstrate where inequalities are being reduced and where further work is required. The Service should consider what reporting could be provided in this area.					

EXTERNAL 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	100%	0	1	0	0	0	0	0	0	0
Rec No.	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						
1	Responsible Owner Agreed Response <b>Director of Finance &amp; Contractual Services</b>	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	100%	BLUE*						
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. The elements of Covid recovery have been included in the resource budget for 2023/24											
Outstanding actions to close the recommendation													

**APPENDIX B**

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

**EXTERNAL AUDIT 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	31.01.2023	14.03.2023	-	-	✓	-	100%	BLUE*
3	Acting Director of Finance & Procurement	MEDIUM	31/10/2022	-	31.08.2022	-	-	✓	-	100%	BLUE
4	Acting Director of Finance & Procurement	MEDIUM	31/10/2022	-	31.08.2022	-	-	✓	-	100%	BLUE*
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	31.10.2024	29.05.2023	-	✓	-	-	25%	GREEN
8	Acting Director of Finance & Procurement	LOW	31/10/2022	-	30.05.2022	-	-	✓	-	100%	BLUE

EXTERNAL AUDIT 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	88%	1	4	2	0	0	1	0	0	0
Rec No. <b>2</b>	<b>Management Review</b> 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	2nd Agreed Revised Date	Priority	% Complete	Status						
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	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	31/01/2023	MEDIUM	100%	BLUE*					
Progress to Update		Review of checklist is included in the year end process. Checklists have been received from Deloitte and will be used to review the Draft Annual Report and Accounts. Checklists will be reviewed for changes and incorporated in final document. Reviews took place and adjustments made. The only outstanding task is to complete and sign the Annual Report of Accounts. The original date was based on the date of signing being 27 October 2022. This was delayed and took place on 26 January 2023.										
Outstanding actions to close the recommendation		Action considered to be closed. Review of the FReM checklist to ensure changes are incorporated and carry out peer review is part of the year end process.										
External Audit Comments as per 2021/22 Update - 23/01/23		During 2021/22 we have identified some required changes as part of the initial draft that was provided to audit, however, these were not of the same scale as in prior year. We consider this action still open.										
Rec No. <b>4</b>	<b>Holiday Pay Accrual Calculation</b> From our work in respect of the holiday pay accrual, we understand that one individual is responsible for the preparation of the holiday pay accrual. Management should look to plan for the future and ensure that within the wider team there are people who are able to cover this role to add greater resilience to the preparation of key working papers.	Action Date Due	Agreed Revised Date	Priority	% Complete	Status						
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	The long-term aim is to automate this process within our HR/Finance systems. The Decision Support Manager will work with the Finance Business Partner to increase resilience for this task going forward.	31/10/2022	n/a	MEDIUM	100%	BLUE*					
Progress to Update		The balance has been reviewed by management and is no longer considered necessary and has therefore been removed.										
Outstanding actions to close the recommendation												
External Audit Comments as per 2021/22 Update - 23/01/23		We have identified similar issues in the current period and consider this action to remain open										
Rec No. <b>7</b>	<b>Impairment Review</b> Non-current assets that are not subject to the formal revaluation review in the year should be reviewed for impairment indicators. As part of the year-end financial reporting process this should be documented in a management paper clearly setting out the process and discussions that have taken place. This should address impairment indicators for each asset class i.e. Vehicles, ICT Equipment, Operational Equipment.	Action Date Due	Agreed Revised Date	Priority	% Complete	Status						

**OFFICIAL**

	Responsible Owner Agreed Response <b>Acting Director of                  Finance &amp; Procurement</b>	The SFRS will carry out an annual review for different categories of assets to take into account potential changes in value.	31/10/2023	new date requested 31.10.2024	LOW	25%	GREEN
Progress to Update	Impairment reviews have been carried out in previous years on Ops Equipment and Heritage Assets. Reviews of ICT completed. Vehicles has started and 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. ICT and Intangible Assets reviews completed and adjusted where necessary.						
Outstanding actions to close the recommendation	The work required to complete the action is to carry out an impairment review of vehicles. This was planned to be done as part of the year end processes for 2022/23, however additional work involved in implementing IFRS 16 Leases has led to the continuation of this work being delayed and is expected to be completed on time. Change date to 31 October 2024 in line with expected completion of audit and approval of Accounts for sign-off.						
External Audit Comments as per 2021/22 Update - 23/01/23	From our work, we have identified that management have not completed this action and we consider it open in the current period.						

**APPENDIX C**

**EXTERNAL AUDIT FINAL ISA260 SFRS 2022 REPORT dated 23 January 2023 – OTHER SIGNIFICANT FINDINGS – INTERNAL CONTROLS**

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

Dashboard

\* Marked Complete subject to confirmation from External Audit

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	MEDIUM	31.12.2023	-	29.05.2023	-	✓	-	-	50%	GREEN
2	Acting Director of Finance & Procurement	LOW	30.04.2023	-	29.05.2023	-	✓	-	-	100%	BLUE*
3	Acting Director of Finance & Procurement	LOW	27.06.2023	-	29.05.2023	-	✓	-	-	0%	GREEN
4	Acting Director of Finance & Procurement	LOW	31.12.2023	-	29.05.2023	-	✓	-	-	75%	GREEN
5	Acting Director of Finance & Procurement	LOW	31.12.2023	-	29.05.2023	-	✓	-	-	75%	GREEN
6	Acting Director of Finance & Procurement	LOW	31.12.2023	-	29.05.2023	-	✓	-	-	50%	GREEN
7	Acting Director of Finance & Procurement	LOW	31.12.2023	-	29.05.2023	-	✓	-	-	75%	GREEN
8	Acting Director of Finance & Procurement	LOW	31.12.2023	-	29.05.2023	-	✓	-	-	75%	GREEN
9	Acting Director of Finance & Procurement	LOW	31.12.2023	-	29.05.2023	-	✓	-	-	50%	GREEN
10	Acting Director of Finance & Procurement	LOW	31.12.2023	-	29.05.2023	-	✓	-	-	75%	GREEN
11	Acting Director of Finance & Procurement	LOW	31.12.2023	-	29.05.2023	-	✓	-	-	75%	GREEN
12	Acting Director of Finance & Procurement	LOW	31.12.2023	-	29.05.2023	-	✓	-	-	75%	GREEN
13	Acting Director of Finance & Procurement	LOW	31.12.2024	-	29.05.2023	✓	-	-	-	0%	GREEN
14	Acting Director of Finance & Procurement	LOW	31.12.2023	-	29.05.2023	-	✓	-	-	50%	GREEN

EXTERNAL AUDIT FINAL ISA260 SFRS 2022 REPORT dated 23 January 2023 – 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
		14	7%	0	0	1	0	1	12	0	0	0
Rec No. <b>1</b>	<b>Property, Plant &amp; Equipment</b> Management revalue 50% of their land and buildings annually as part of their revaluation of Property, Plant and Equipment. Accounting standards permit this so long as the valuation of assets not revalued in the year remains materially accurate at the year-end date. We have undertaken a review based on the Build Cost Indices (BCIS) for those assets not revalued in the year and have determined that the valuation is not materially misstated. Management did not preform this assessment themselves, and with the significant movement in the BCIS rates in the current period, driven by the current macroeconomic climate, we recommend that in future periods management perform an assessment of the movement in BCIS and the impact on the assets not valued in the period and provide this assessment to the auditors.	Action Date Due	Agreed Revised Date	Priority	% Complete	Status						
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	The SFRS will seek early discussions with auditors to determine expectations relating to revaluation of properties	31/12/2023	n/a	MEDIUM	50%	GREEN					
Progress to Update	A meeting was held with Audit Scotland to discuss requirements. An assessment of any change in valuations for those properties not included in the rolling programme will be included in the overall valuation report.											
Outstanding actions to close the recommendation	Valuations still to be carried out and resulting figures incorporated into the Accounts.											
Rec No. <b>2</b>	<b>Management Paper</b> From our work in respect of IFRS 16, Leases, we identified that management do not routinely prepare management accounting papers. Whilst we understand that the Service estimates the impact of IFRS 16 to not be material, it is good practice that where there is a key judgement or new accounting standard, that a management paper is completed and provided to both audit and ARAC.	Action Date Due	Agreed Revised Date	Priority	% Complete	Status						
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	We will review our approach to management papers and discuss with the new auditors.	30/4/2023	n/a	LOW	100%	BLUE*					
Progress to Update	SFRS has planned for the introduction of IFRS 16 and reported on this to the ARAC in previous years. The budgetary impact has been included in the Accounting Policies paper for the ARAC meeting on 6 April 2023.											
Outstanding actions to close the recommendation	ARAC to note contents of the Accounting Policies paper on 6 April 2023.											
Rec No. <b>3</b>	<b>National Fraud Initiative</b> As part of our work in respect of the National Fraud Initiative (NFI) we identified that the self-appraisal checklist was not reviewed by ARAC. We recommend that the Key Contact and ARAC should review the self-appraisal checklist as a means of monitoring the body's planning and progress with the NFI exercise going forward.	Action Date Due	Agreed Revised Date	Priority	% Complete	Status						
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	The NFI process is treated as business as usual and the outcomes are already reported to the Good Governance Board as well as ARAC. The Service has the responsibility to ensure that the process is carried out while the ARAC has the role to scrutinise the outcomes of the exercise.	27/06/2023	n/a	LOW	50%	GREEN					
Progress to Update	Information on the NFI process has been reported to the Good Governance Board with a paper prepared for the Audit and Risk Assurance Committee meeting on 27th June											



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	2023.						
Outstanding actions to close the recommendation		Report to be presented to Audit and Risk Assurance Committee on 27 June 2023.					
Rec No. 4	<b>Prepayments</b> As part of our unrecorded liabilities work we identified that management have received an invoice which is for a future period and have recorded this within the ledger on receipt and recorded Dr Expenditure Cr Accruals. However, they posted Cr Expenditure Dr Prepayments. This results in the residual entries being Dr Prepayments Cr Accruals, which is grossing up the balance sheet. We recommend that management revise their processes to ensure that only items which have been paid and relate to future periods are included within prepayments and only items which have not yet been paid and relate to the current period are included within accruals.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	We will review and update internal processes to ensure accuracy going forward.	31/12/2023	n/a	LOW	75%	GREEN
Progress to Update		This point was raised as part of year end debrief. Checks will be carried out to review prepayments and when payments are made.					
Outstanding actions to close the recommendation		Complete the Annual Accounts and successfully pass audit scrutiny. This will become business as usual.					
Rec No. 5	<b>Classification within Trade Payables and Accruals</b> As part of our work in respect of liabilities we have identified classification errors between trade payables and accruals. We recommend that management refresh their processes in respect of the classification between liability categories to ensure that items are correctly classified.		Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	We commit to review our processes to provide required information.	31/12/2023	n/a	LOW	75%	GREEN
Progress to Update		This point was raised as part of year end debrief. Balances will be reviewed to consider appropriateness of classification.					
Outstanding actions to close the recommendation		Complete the Annual Accounts and successfully pass audit scrutiny. This will become business as usual.					
Rec No. 6	<b>Provision and accrual classifications</b> As part of our accruals work we identified classification errors in respect of provisions and accruals. We recommend that management refresh their processes in respect of the classification between liability categories to ensure that items are correctly classified.		Target Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	We commit to reviewing categorisation annually based on up to date information.	31/12/2023	n/a	LOW	50%	GREEN
Progress to Update		Noted in year end debrief.					

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Outstanding actions to close the recommendation		Complete the Annual Accounts and successfully pass audit scrutiny. This will become business as usual.				
Rec No. 7	<p><b>Purchase Order Recording</b></p> <p>As part of our accruals work we identified that a purchase order (PO) was cancelled when work was no longer required, however, an associated accrual has been recorded incorrectly and this accrual was then not removed. We recommend that management review their processes for the recording of POs and then the impact this has on accruals to ensure that POs are only recorded within expenditure when the work has been completed and that where a PO is cancelled that there is a check to ensure that if there is an associated accrual that this is also reversed.</p>	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	<p>Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b></p>	We will review and update internal procedures to ensure accuracy going forward.	31/12/2023	n/a	LOW	75%
Progress to Update		Noted in year-end debrief.				
Outstanding actions to close the recommendation		Complete the Annual Accounts and successfully pass audit scrutiny. This will become business as usual.				
Rec No. 8	<p><b>Assets Held for sale (AHFS)</b></p> <p>As part of our work in respect of Property, Plant and Equipment we identified that the AHFS net book value was negative, which management have detailed is a result of rounding of the years. Property, Plant and Equipment assets should not be reported at a negative net book value. We recommend that management implement a process which ensures that assets cannot be held at a negative net book value and that there is a system check that ensures that asset values cannot reduce below £0.</p>	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	<p>Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b></p>	While the values are trivial, we will review and adjust	31/12/2023	n/a	LOW	75%
Progress to Update		Noted in year-end debrief. Adjustment to be made as required.				
Outstanding actions to close the recommendation		Complete the Annual Accounts and successfully pass audit scrutiny.				
Rec No. 9	<p><b>Loss on disposal of assets</b></p> <p>As part of our work in respect of Property, Plant and Equipment disposals we identified that management have not disclosed the loss of disposal of assets where they have paid for the assets to be disposed of within note 26 and also the cash flow statement. We recommend that management implement a process and control to capture where there has been a disposal of Property, Plant and Equipment and the associated cost of this disposal, including where the Service pays for an asset to be removed in order to provide these disclosures in future reporting periods.</p>	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	<p>Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b></p>	Procedures will be updated to ensure that disposal costs are included in the calculation of gain or loss on disposal of assets.	31/12/2023	n/a	LOW	50%
Progress to Update		Noted. This will form part of business as usual. Information will be gathered to ensure correct treatment.				

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Outstanding actions to close the recommendation		Complete the Annual Accounts and successfully pass audit scrutiny. This will become business as usual.				
Rec No. 10	<p><b>Provisions Disclosure</b></p> <p>As part of our review of the financial statements we identified that management had not split their provisions disclosure between short term and long term. The initial disclosure, and review of historic trends suggested that on average circa 25% of the provision is short term and the remaining is long term. We recommend that management refresh their processes for determining the provisions split and should ensure that they are explicitly considering the likely timing of payment.</p>	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	<p>Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b></p>	Agreed.	31/12/2023	n/a	LOW	75%
Progress to Update		Noted. Change was made in 2021/22 Accounts.				
Outstanding actions to close the recommendation		Provisions at 31 March 2023 to be reviewed and agreed. This process to become business as usual.				
Rec No. 11	<p><b>Provisions</b></p> <p>Following challenge by audit, management have identified that the legacy service employee related liabilities provision included within the financial statements is not a valid provision. As this is clearly trivial, it is planned that this will be reversed in financial year 2022/23. We recommend that management ensure that they review their provisions balance and prepare a management paper to support the balances included within this note, with explicit reference to IAS37 when considering whether the previously recorded provisions continue to be appropriate to be recorded.</p>	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	<p>Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b></p>	Reviews will be carried out and recorded to ensure provisions are valid.	31/12/2023	n/a	LOW	75%
Progress to Update		Noted. The balance noted has been amended in 2022/23 Accounts.				
Outstanding actions to close the recommendation		Provisions at 31 March 2023 to be reviewed and agreed. This process to become business as usual.				
Rec No. 12	<p><b>Trade Receivables</b></p> <p>As part of our work inn respect of Trade Receivables we have identified that management have incorrectly included within the year-end balance money which has been settled at the year-end date and is therefore not a valid year-end Trade receivable. Management should review their processes for the recording of Trade Receivables balance to ensure that they are matching receipts to the Trade Receivables balance such that when the item is paid, the associated Trade Receivable is removed from the general ledger.</p>	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	<p>Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b></p>	Procedures will be updated and reviews undertaken to ensure treatment is correct.	31/12/2023	n/a	LOW	75%
Progress to Update		Noted in year end debrief. Action will be taken to determine a method to identify similar transactions.				

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Outstanding actions to close the recommendation		Complete the Annual Accounts and successfully pass audit scrutiny. This will become business as usual.				
Rec No. <b>13</b>	<b>FFPS: Booth Case</b> In March 2019, the High Court ruled in favour of an individual challenging the exclusion of certain pay allowances (paid to firefighters in addition to basic pay) from the definition of Pensionable Salary used in relation to their benefit entitlement in the Firefighters' Pension Scheme (Wales) ("Booth v Mid and West Wales"). As a result of this judgement, it was decided that certain pay supplements awarded to Instructors and Fire Investigation Officers in the SFRS should be pensionable for the purposes of calculating benefit entitlements in the FPS. GAD have advised that they will review the position again once further information on the retrospective impact of this change is available. We recommend that this should be revisited for the 2023 year-end when further information should be available to make a reliable estimate for inclusion in the 2023 accounts.	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	Agreed	31/12/2024	n/a	LOW	0%
Progress to Update		The SPPA will set up a working group to progress this task which in turn will provide the information that will allow GAD to include the impact in the IAS19 Pension benefit reports. This work has still to be done. The SFRS will engage with the SPPA and GAD on progress however may be 2023/24 Accounts before the impact can be quantified.				
Outstanding actions to close the recommendation		GAD have noted that they will not have the correct information to allow incorporation in the 2022/23 Accounts. The Action due date is based on inclusion in 2023/24 Accounts.				
Rec No. <b>14</b>	<b>Remuneration Report</b> As part of our work on the remuneration report, we identified errors in respect of the pension related benefits, time apportioning of pension benefit and inconsistencies within the disclosure of the percentile pay ratio and the lowest paid range disclosure. We recommend that management refresh their review process for the current period, to ensure that all of these items are captured.	Action Date Due	Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response <b>Acting Director of Finance &amp; Procurement</b>	Amendments to be made	31/12/2023	n/a	LOW	50%
Progress to Update		Noted in year-end debrief, amendments will be made in 2022/23 Accounts where necessary.				
Outstanding actions to close the recommendation		Complete the Annual Accounts and successfully pass audit scrutiny.				



<b>Report to:</b>	<b>AUDIT AND RISK ASSURANCE COMMITTEE</b>												
<b>Meeting Date:</b>	<b>27 JUNE 2023</b>												
<b>Report Title:</b>	<b>NATIONAL FRAUD INITIATIVE</b>												
<b>Report Classification:</b>	<b>For Scrutiny</b>	<b>SFRS Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u></b>					<a href="#">A</a>	<a href="#">B</a>	<a href="#">C</a>	<a href="#">D</a>	<a href="#">E</a>	<a href="#">F</a>	<a href="#">G</a>
<b>1</b>	<b>Purpose</b>												
1.1	The purpose of the report is to provide the Audit and Risk Assurance Committee (ARAC) with details on activity undertaken as part of the National Fraud Initiative (NFI) and additional actions recommended by External Audit.												
<b>2</b>	<b>Background</b>												
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 assists in the detection of fraud, overpayments and error and helps external auditors assess the arrangements that public bodies have in place.												
2.2	Audit Scotland carries out the NFI process under powers within the Criminal Justice and Licensing (Scotland) Act 2010. The Code of Data Matching Practice sets out further guidance on data governance which all public bodies participating in data matching must have regard to. The data matching is carried out by Audit Scotland under part 2A of the Public Finance and Accountability (Scotland) Act 2000.												
2.3	Deloitte provided their External Audit update report to Members and the Auditor General for Scotland on the 2021/22 audit in January 2023. In relation to Internal Control, Deloitte identified that the NFI Self-Appraisal Checklist was not reviewed by ARAC and recommended that the Key Contact and ARAC should review the checklist as a means of monitoring the body's planning and progress with the NFI exercise going forward.												
<b>3</b>	<b>Main Report/Detail</b>												
3.1	The NFI works by using data matching to compare a range of information held on participating bodies' systems, identifying potential inconsistencies or circumstances that could indicate fraud or error. A match does not automatically mean that there is fraud or error and investigations are required to enable the correct conclusion to be drawn for each match.												
3.2	Data is uploaded by 1200 participating organisation from across the public and private sectors to the secure NFI website at the beginning of October for each exercise. Matches are processed by Audit Scotland between October and the following January with matches returned to the bodies for investigation.												

3.3	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 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.
3.4	<p>The NFI Self-Appraisal Checklist is used by the Key Contact to ensure SFRS manages the process, aligned to guidance, to reduce fraud or error within the Service. The process is undertaken during a two-year period with SFRS undertaking 100% of matches provided. Activities undertaken include:</p> <ul style="list-style-type: none"> <li>• Engagement with the NFI Team, based within Audit Scotland, to receive training on the system and guidance on new areas of risk to ensure SFRS activities align with the requirements of the exercise.</li> <li>• Completion of all matches received as part of the exercise, reporting any areas of significant risk to the Acting Director of Finance and Procurement for further investigation/discussion.</li> <li>• Investigation of potential conflicts, identified through received matches, in conjunction with responsible Functions/Sections and monitoring of remedial actions taken to minimise the risk of reoccurrence.</li> <li>• Reporting on the outcomes of matches within the NFI portal and through the internal governance process to the Good Governance Board and the Audit and Risk Assurance Committee.</li> </ul>
3.5	The Service continually monitors our approach to the management of fraud, risk and error and positive outcomes, achieved through the NFI process, can be demonstrated by reduced numbers of matches, reduced errors and also through additional controls implemented.
3.6	During the last exercise, aligned to discussions with ARAC, the recording of interests has been revised. Whilst all interests identified as part of the process were investigated an interest form will now be completed and published where required. The recording form has been revised with responsible Managers required to confirm their knowledge of the interest and to provide information on required actions to minimise potential conflicts.
3.7	Aligned to the Deloitte report, the Self-Assessment Checklist is not currently reviewed by the Audit and Risk Assurance Committee. The NFI process has traditionally been undertaken as a BAU activity within Finance and Procurement, using the Audit Scotland NFI Team and the Checklist as a source of information and training to the inhouse team allowing SFRS to fulfil its obligations.
3.8	The Self-Assessment Checklist has been attached in Appendix A, with Appendix B outlining some of the considerations made within each part of the checklist as the NFI exercise is progressed. The Audit and Risk Assurance Committee is asked to review the checklist, and current activities, and consider any additional engagement required to enhance internal governance arrangements.
<b>4</b>	<b>Recommendation</b>
4.1	<p>The Audit and Risk Assurance Committee is asked to:</p> <ul style="list-style-type: none"> <li>• Scrutinise the National Fraud Initiative report.</li> <li>• Consider additional engagement required in relation to the Self-Appraisal Checklist.</li> </ul>
<b>5</b>	<b>Key Strategic Implications</b>
5.1	<b>Risk</b>
5.1.1	The report 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 and minimises the risk of fraud to the Service.
5.2 5.2.1	<b>Financial</b> The report identifies activity undertaken as part of the National Fraud Initiative minimising the risk of fraud and associated financial loss to the Service.
5.3 5.3.1	<b>Environmental &amp; Sustainability</b> Any implications arising from the report will be managed by the relevant Directorate.
5.4 5.4.1	<b>Workforce</b> Any implications arising from the report will be managed by the relevant Directorate.
5.5 5.5.1	<b>Health &amp; Safety</b> Any implications arising from the report will be managed by the relevant Directorate.
5.6 5.6.1	<b>Health &amp; Wellbeing</b> Any implications arising from the report will be managed by the relevant Directorate.
5.7 5.7.1	<b>Training</b> Any implications arising from the report will be managed by the relevant Directorate.
5.8 5.8.1	<b>Timing</b> The report is provided to the Audit and Risk Assurance Committee following the External Audit update report to Members and the Auditor General for Scotland on the 2021/22 audit in January 2023.
5.9 5.9.1	<b>Performance</b> The report provides information on the NFI exercise to assist in the detection of fraud, overpayments and error and to help external auditors assess the arrangements that public bodies have in place.
5.10 5.10.1	<b>Communications &amp; Engagement</b> Any implications arising from the report will be managed by the relevant Directorate.
5.11 5.11.1	<b>Legal</b> Any implications arising from the report will be managed by the relevant Directorate.
5.12 5.12.1	<b>Information Governance</b> DPIA completed - No. Data matching by Audit Scotland is subject to a Code of Practice. This may be found on the <b>Audit Scotland website</b> .
5.13 5.13.1	<b>Equalities</b> EHRIA completed - No. Where an equalities assessment is required this will be determined by the responsible Directorate and progressed accordingly.
5.14 5.14.1	<b>Service Delivery</b> Any implications arising from the report will be managed by the relevant Directorate.
<b>6</b>	<b>Core Brief</b>
6.1	Not applicable

<b>7</b>	<b>Assurance (SFRS Board/Committee Meetings ONLY)</b>	
7.1	<b>Director:</b>	John Thomson, Acting Director of Finance and Procurement
7.2	<b>Level of Assurance:</b>	<del>Substantial</del> / <b>Reasonable</b> / <del>Limited</del> / <del>Insufficient</del>
7.3	<b>Rationale:</b>	<p>The report is based upon work undertaken by Audit Scotland and investigations undertaken through the Verification Team aligned to data matches. Where errors have been identified these have been investigated and corrected and where interests have been noted, but not recorded within the GHI register, the register has been amended to reflect this information.</p> <p>Additional work is being undertaken in relation to awareness and ownership within the Service in reporting relevant interests, with ongoing work to mature the process.</p>
<b>8</b>	<b>Appendices/Further Reading</b>	
8.1	Appendix A – NFI Self-Appraisal Checklist	
8.2	Appendix B – Example Return on Self-Appraisal	
<b>Prepared by:</b>		David Johnston, Risk and Audit Manager
<b>Sponsored by:</b>		John Thomson, Acting Director of Finance and Procurement
<b>Presented by:</b>		John Thomson, Acting Director of Finance and Procurement
<b>Links to Strategy and Corporate Values</b>		
<p>External Audit forms part of the Services Governance arrangements and links back to Outcome 5 of the 2022-25 Strategic Plan, specifically Objectives 5.1 and 5.6:</p> <p><b>Outcome 5: We are a progressive organisation, use our resources responsibly and provide best value for money to the public.</b></p> <ul style="list-style-type: none"> <li>Objective 5.1: Remaining open and transparent in how we make decisions</li> <li>Objective 5.6: Managing major change projects and organisational risks effectively and efficiently</li> </ul>		
<b>Governance Route for Report</b>		<b>Meeting Date</b>
<i>Audit and Risk Assurance Committee</i>		<i>27 June 2023</i>
		<b>Report Classification/Comments</b>
		<i>For Scrutiny</i>



# National Fraud Initiative

Self-appraisal checklist



 AUDIT SCOTLAND

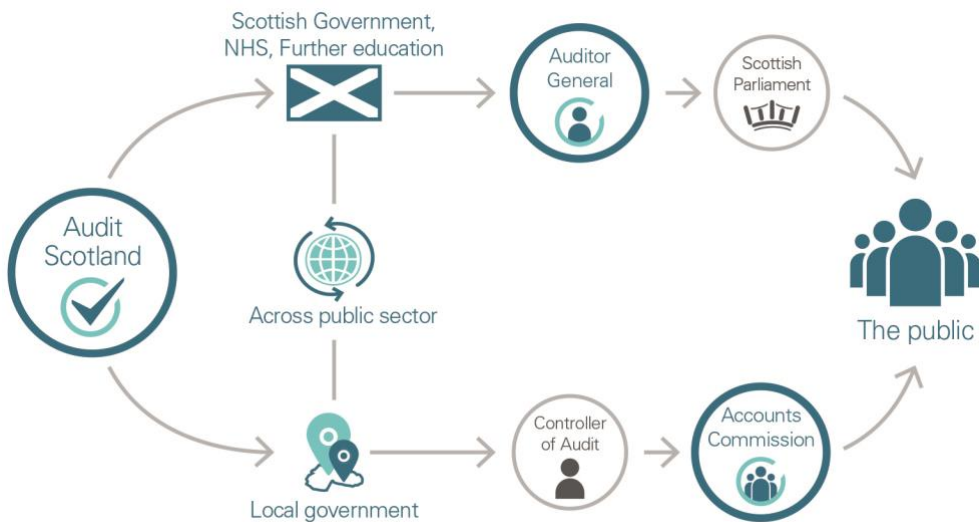
Prepared by Audit Scotland

July 2020

## Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



## About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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# Background

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

**2.** It means that public bodies can take action if any fraud or error has taken place, and it allows auditors to assess fraud prevention arrangements which those bodies have.

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# Self-appraisal checklist

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3. [Appendix 1](#) includes a two-part checklist that we encourage all participating bodies to use to self-appraise their involvement in the NFI prior to and during the NFI exercises.
4. Part A is designed to assist audit committee members when reviewing, seeking assurance over or challenging the effectiveness of their body's participation in the NFI.
5. Part B is for officers involved in planning and managing the NFI exercise.

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# How to work more efficiently

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**6.** Audit Scotland continues to encourage organisations to review and investigate NFI matches efficiently and effectively. This enables them to make better use of their limited resources. Some suggestions for improving efficiency and effectiveness are included at [Appendix 2](#).

# Appendix 1

## Self appraisal checklist

Part A: For those charged with governance	Yes/No/Partly	Is action required?	Who by and when?
<b>Leadership, commitment and communication</b>			
1. Are we aware of emerging fraud risks, eg due to Covid-19, and taken appropriate preventative and detective action?			
2. Are we committed to NFI? Has the council/board, audit committee and senior management expressed support for the exercise and has this been communicated to relevant staff?			
3. Is the NFI an integral part of our corporate policies and strategies for preventing and detecting fraud and error?			
4. Have we considered using the point of application data matching service offered by the NFI team, to enhance assurances over internal controls and improve our approach to risk management?			
5. Are NFI progress and outcomes reported regularly to senior management and elected/board members (eg, the audit committee or equivalent)?			
6. Where we have not submitted data or used the matches returned to us, eg council tax single person discounts, are we satisfied that alternative fraud detection arrangements are in place and that we know how successful they are?			
7. Does internal audit, or equivalent, monitor our approach to NFI and our main outcomes, ensuring that any weaknesses are addressed in relevant cases?			

<b>Part A: For those charged with governance</b>	<b>Yes/No/Partly</b>	<b>Is action required?</b>	<b>Who by and when?</b>
8. Do we review how frauds and errors arose and use this information to improve our internal controls?			
9. Do we publish, as a deterrent, internally and externally the achievements of our fraud investigators (eg, successful prosecutions)?			

<b>Part B: for the NFI key contacts and users</b>	<b>Yes/No/Partly</b>	<b>Is action required?</b>	<b>Who by and when?</b>
<b>Planning and preparation</b>			
1. Are aware of emerging fraud risks, eg due to Covid-19, and taken appropriate preventative and detective action?			
2. Are we investing sufficient resources in the NFI exercise?			
3. Do we plan properly for NFI exercises, both before submitting data and prior to matches becoming available? This includes considering the quality of data.			
4. Is our NFI Key Contact (KC) the appropriate officer for that role and do they oversee the exercise properly?			
5. Do KCs have the time to devote to the exercise and sufficient authority to seek action across the organisation?			
6. Where NFI outcomes have been low in the past, do we recognise that this may not be the case the next time, that NFI can deter fraud and that there is value in the assurances that we can take from low outcomes?			
7. Do we confirm promptly (using the online facility on the secure website) that we have met the fair processing notice requirements?			



Part B: for the NFI key contacts and users	Yes/No/Partly	Is action required?	Who by and when?
8. Do we plan to provide all NFI data on time using the secure data file upload facility properly?			
9. Have we considered using the the point of application data matching service offered by the NFI team to enhance assurances over internal controls and improve our approach to risk management?			
<b>Effective follow up of matches</b>			
10. Do all departments involved in NFI start the follow-up of matches promptly after they become available?			
11. Do we give priority to following up high-risk matches, those that become quickly out-of-date and those that could cause reputational damage if a fraud is not stopped quickly?			
12. Are we investigating the circumstances of matches adequately before reaching a 'no issue' outcome, in particular?			
13. (In health bodies) Are we drawing appropriately on the help and expertise available from NHS Scotland Counter Fraud Services?			
14. Are we taking appropriate action in cases where fraud is alleged (whether disciplinary action, penalties/cautions or reporting to the Procurator Fiscal)? Are we recovering funds effectively?			
15. Do we avoid deploying excessive resources on match reports where early work (eg, on high-risk matches) has not found any fraud or error?			
16. Where the number of high-risk matches is very low, are we adequately considering the medium and low-risk matches before we cease our follow-up work?			

Part B: for the NFI key contacts and users	Yes/No/Partly	Is action required?	Who by and when?
17. Overall, are we deploying appropriate resources on managing the NFI exercise?			
<b>Recording and reporting</b>			
18. Are we recording outcomes properly in the secure website and keeping it up-to-date?			
19. Do staff use the online training modules and guidance on the secure website, and do they consult the NFI team if they are unsure about how to record outcomes (to be encouraged)?			
20. If, out of preference, we record some or all outcomes outside the secure website, have we made arrangements to inform the NFI team about these outcomes?			

# Appendix 2

## How to work more efficiently

<i>Concerns</i>	<i>How to work more efficiently</i>
Many participants are not using the latest time-saving enhancements to the NFI software.	Ensure staff within the organisations that take part in the NFI keep up-to-date with new features of the web application and good practice by reading the guidance notes and watching the online training modules before they begin work on the matches.
Matches that are time critical and could identify an overpayment are not acted on first.	Key contacts should schedule staff resources so that time-critical matches, such as housing benefit to students and payroll to immigration, can be dealt with as soon as they are received.
Investigations across internal departments are not coordinated resulting in duplication of effort or delays in identifying overpayments.	Key contacts should coordinate investigations across internal departments and, for example, organise joint investigation of single person discount matches involving housing benefit, to ensure all relevant issues are actioned.
Disproportionate time is spent looking into every match in every report.	Use the tools within the web application to help prioritise matches that are the highest risk. This will save time and free up staff for the most important investigations.
Enquiries from other organisations that take part in the NFI are not always responded to promptly.	Prioritise responses to enquiries from other organisations so investigations can be progressed.
Data quality issues that are highlighted within the web application are not addressed before the next NFI exercise.	Review the quality of the data supplied before the next exercise as external providers normally have to phase in changes to extraction processes. Better data quality will improve the quality of resulting matches.

Source: Cabinet Office NFI team

# National Fraud Initiative

## Self-appraisal checklist

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<b>Part A:</b>	<b>Yes/No/Partly</b>	<b>Is action required?</b>	<b>Who by and when?</b>
<b>For those charged with governance</b>			
<b>Leadership, commitment and communication</b>			

**1. Are we aware of emerging fraud risks, eg due to Covid-19, and taken appropriate preventative and detective action?**

The NFI exercise and discussion with the NFI Team allows an understanding of any additional risks that the Service may be exposed to. SFRS Datasets provided through NFI are small compared to Councils and risks identified for these areas, i.e. Covid emergency Loans, do not apply to the Service.

Cyber Training, maintaining financial controls and activities undertaken by the Verification Team are some of the controls in place to ensure awareness of potential risks is maintained, with all contributing towards the management and monitoring of fraud within the Service.

Engaging with Functions and Sections allows additional awareness to be provided within the Service, aimed at reducing the potential for fraud to impact.

**2. Are we committed to NFI? Has the council/board, audit committee and senior management expressed support for the exercise and has this been communicated to relevant staff?**

The management of the NFI process is undertaken through the Verification Team, based within Finance and Procurement, and supported by relevant Functions/Sections of the Service. Full support is provided during the exercise and all matches provided are investigated.

Reporting and Scrutiny on NFI activity is undertaken biannually through the Audit and Risk Assurance Committee (ARAC) outlining areas identified, actions taken and any new controls developed. This is aligned to Cabinet and Audit Scotland reporting on the exercise.

Staff involved in the NFI process have received training and those involved in the capture of data understand their role and receive updates on activities required through the Key Contact, or relevant members of the Verification Team.

Those providing information from within Functions/Sections are aware of the priority given to the NFI process and participation is high.

**3. Is the NFI an integral part of our corporate policies and strategies for preventing and detecting fraud and error?**

The NFI exercise is part of the Verification Teams normal activities and is integrated within a number of frameworks and policies:

- Outlined within Gifts, Hospitality and Interests Policy and used as part of investigating and reporting on Interests
- The NFI framework is not specifically referenced within the Anti-Fraud and Corruption Policy but it informs the process for reviewing, managing and reporting on Fraud within the Service.
- NFI is not specifically mentioned within the Annual Governance Framework but the principles are contained within the controls embedded within the Service. The Fraud Risk Assessment allows senior officers to review potential fraud risks with work undertaken through NFI then feeding into direct discussions with the relevant Directorate to manage any additional risks identified.

**4. Have we considered using the point of application data matching service offered by the NFI team, to enhance assurances over internal controls and improve our approach to risk management?**

The Key Contact discussed this directly with the NFI Team and was advised that these additional chargeable options would provide no additional benefit to the datasets relevant to the Service.

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Other systems are utilised within the Service to minimise the potential of fraud such as CreditSafe used by the Compliance Team in managing suppliers.

### **5. Are NFI progress and outcomes reported regularly to senior management and elected/board members (eg, the audit committee or equivalent)?**

A bi-annual report is prepared for ARAC outlining activities undertaken, controls in place and action taken to correct errors or recover money owed to the Service. Information is also provided through the Internal Audit Follow Up Group and quarterly reports to the Good Governance Board.

The last ARAC report was provided on 28<sup>th</sup> June 2022.

### **6. Where we have not submitted data or used the matches returned to us, eg council tax single person discounts, are we satisfied that alternative fraud detection arrangements are in place and that we know how successful they are?**

SFRS submit 100% of the datasets requested by NFI and aim to investigate 100% of the matches issued.

### **7. Does internal audit, or equivalent, monitor our approach to NFI and our main outcomes, ensuring that any weaknesses are addressed in relevant cases?**

Internal Audit is currently provided through AZETS. Discussion on NFI with AZETS identify that work related to NFI is outwith their remit. Activity undertaken through NFI may be provided as part of evidence to Internal audit depending upon the nature of audits being undertaken.

External Audit have requested information on activities undertaken and are provided with any information required.

### **8. Do we review how frauds and errors arose and use this information to improve our internal controls?**

As part of the NFI exercise the Key Contact would help identify and highlight any potential lack of control and hold discussions with the relevant Function/Section.

An example of additional controls identified would related to the Gifts, Hospitality and Interests framework. The recording template was updated to reflect potential risks identified through NFI with the responsible manager confirming their awareness of any potential conflict and identifying any additional controls to minimise risk.

### **9. Do we publish, as a deterrent, internally and externally the achievements of our fraud investigators (eg, successful prosecutions)?**

A quarterly update is provided to ARAC detailing any areas of identified fraud. A recent example would relate to the Internal Audit investigation undertaken into Fire Kit.

The report on the NFI exercise is reported to ARAC and is contained within the Public Papers published on the SFRS webpage ensuring wider awareness of any identified risk.

Engagement with relevant Functions/Sections in relation to matches and any required risk management ensures an awareness is retained within the relevant area.

**Part B: Yes/No/Partly Is action required? Who by and when?**  
**for the NFI key contacts and users**  
**Planning and preparation**

**1. Are aware of emerging fraud risks, eg due to Covid-19, and taken appropriate preventative and detective action?**

The NFI exercise and discussion with the NFI Team allows an understanding of any additional risks that the Service may be exposed to. SFRS Datasets provided through NFI are small compared to Councils and risks identified for these areas, i.e. Covid emergency Loans, do not apply to the Service.

Cyber Training, maintaining financial controls and activities undertaken by the Verification Team are some of the controls in place to ensure awareness of potential risks is maintained, with all contributing towards the management and monitoring of fraud within the Service.

Engaging with Functions and Sections allows additional awareness to be provided within the Service, aimed at reducing the potential for fraud to impact.

**2. Are we investing sufficient resources in the NFI exercise?**

The Verification Team undertake required matches as part of business as usual activities, with full support offered through responsible Functions/Sections.

**3. Do we plan properly for NFI exercises, both before submitting data and prior to matches becoming available? This includes considering the quality of data.**

The Systems Team within Finance and Procurement will provide relevant data in advance of the exercise and are kept informed of any communications from NFI. This liaison with the Systems Team ensures they are aware of the process to ensure required reports provide all information requested, in the correct format.

The Verification Team are kept informed of any updates or other relevant information from NFI through the Key Contact.

Data quality is reviewed where matches are received and whether there is a mismatch between data provided and data received. Corrective action is undertaken internally if SFRS data is found to be incorrect and information is returned to NFI, via their portal, confirming accuracy of data. Any other organisation holding similar information is then notified through the NFI portal to check the accuracy of their information.

**4. Is our NFI Key Contact (KC) the appropriate officer for that role and do they oversee the exercise properly?**

The Key Contact was previously part of the in-house internal audit team and now supervises the Verification Team within Finance and Procurement. They also have responsibility of liaising with Internal Audit to maintain awareness of any relevant areas of risk for the Service and ensures the NFI process is led effectively.

**5. Do KCs have the time to devote to the exercise and sufficient authority to seek action across the organisation?**

The NFI process is part of the Verification Teams normal work activity and is sufficiently resourced with authority to undertake all required work.

**6. Where NFI outcomes have been low in the past, do we recognise that this may not be the case the next time, that NFI can deter fraud and that there is value in the assurances that we can take from low outcomes?**

Each process/match is undertaken in a formal and consistent manner with an awareness that the risk facing the Service may change.

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The NFI framework is a valuable analytical tool to the Service and adds value to other similar processes undertaken.

### **7. Do we confirm promptly (using the online facility on the secure website) that we have met the fair processing notice requirements?**

Yes, the NFI timetable is adhered to with communications issued, in various formats, to ensure the Service is aware that the exercise is due to start and the background to it.

### **8. Do we plan to provide all NFI data on time using the secure data file upload facility properly?**

Yes. The Key Contact works with the Finance Systems Team to ensure data is provided as and when required using the NFI portal.

### **9. Have we considered using the point of application data matching service offered by the NFI team to enhance assurances over internal controls and improve our approach to risk management?**

The Key Contact discussed the use of Fraudhub directly with the NFI Team and was advised that these additional chargeable options would provide no additional benefit to the datasets relevant to the Service.

Other systems are utilised within the Service to minimise the potential of fraud such as CreditSafe used by the Compliance Team in managing suppliers.

### **Effective follow up of matches**

### **10. Do all departments involved in NFI start the follow-up of matches promptly after they become available?**

The Verification Team are responsible for initiating the process, aligned to the priority of the matches, and liaise promptly with all relevant Functions/Sections in progressing this work.

### **11. Do we give priority to following up high-risk matches, those that become quickly out-of-date and those that could cause reputational damage if a fraud is not stopped quickly?**

There is a priority to the High Risk matches identified by the NFI tool, however, for SFRS, all matches are judged to carry a risk to the Service so all matches are investigated.

### **12. Are we investigating the circumstances of matches adequately before reaching a 'no issue' outcome, in particular?**

The NFI process ensures liaison with responsible areas and the provision of information to ensure any judgement made is informed.

### **13. (In health bodies) Are we drawing appropriately on the help and expertise available from NHS Scotland Counter Fraud Services?**

Not applicable

### **14. Are we taking appropriate action in cases where fraud is alleged (whether disciplinary action, penalties/cautions or reporting to the Procurator Fiscal)? Are we recovering funds effectively?**

Yes, where potential fraud or errors have been identified appropriate action is taken by the responsible Function/Section aligned to relevant policies or procedures.

### **15. Do we avoid deploying excessive resources on match reports where early work (eg, on high-risk matches) has not found any fraud or error?**

Yes. NFI Work is part of the normal activities of the Verification Team and is undertaken effectively. Where matches are received the Service will always work to ensure all matches are investigated appropriately, effectively utilising the resources available within the Service.



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**16. Where the number of high-risk matches is very low, are we adequately considering the medium and low-risk matches before we cease our follow-up work?**

There is a priority to the High Risk matches identified by the NFI tool, however, for SFRS, all matches are judged to carry a risk to the Service so all matches are investigated.

**17. Overall, are we deploying appropriate resources on managing the NFI exercise?**

Yes

**Recording and reporting**

**18. Are we recording outcomes properly in the secure website and keeping it up-to-date?**

Yes. All communication & outcomes are reported through the NFI Portal.

**19. Do staff use the online training modules and guidance on the secure website, and do they consult the NFI team if they are unsure about how to record outcomes (to be encouraged)?**

Yes. NFI provide training prior to work starting on the new exercise.

**20. If, out of preference, we record some or all outcomes outside the secure website, have we made arrangements to inform the NFI team about these outcomes?**

SFRS will use the NFI portal for work undertaken.



<b>Report to:</b>	<b>AUDIT AND RISK ASSURANCE COMMITTEE</b>							
<b>Meeting Date:</b>	<b>27 JUNE 2023</b>							
<b>Report Title:</b>	<b>QUARTERLY UPDATE OF GIFTS, HOSPITALITY &amp; INTERESTS REGISTER</b>							
<b>Report Classification:</b>	<b>For Scrutiny</b>	<b>SFRS Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u></b>						
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>
<b>1</b>	<b>Purpose</b>							
1.1	The purpose of this report is to provide the Audit & Risk Assurance Committee (ARAC) with the 2023/24 Q1 update on the Gifts, Hospitality and Interests (GHI) Register.							
<b>2</b>	<b>Background</b>							
2.1	The Scottish Fire and Rescue Service (SFRS) Gifts, Hospitality and Interests policy establishes a formal and consistent approach in relation to the offer, refusal and acceptance of gifts and hospitality and ensures that conflicts of interest are identified and avoided where possible.							
2.2	The policy reflects the general underlying principle that SFRS will operate in an open and transparent manner and aims to ensure that the conduct of all staff is impartial, honest and beyond reproach at all times, ensuring that SFRS suffers no reputational damage							
2.3	As part of the policy the Director of Financial 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 & Risk Assurance Committee (ARAC) and Good Governance Board (GGB) for noting. The Risk & Audit Section will be responsible for managing any relevant information.							
<b>3</b>	<b>Main Report/Detail</b>							
3.1	The Gifts, Hospitality and Interests (GHI) register for 2023/24, up to 12 June 2023, identifies 2 entries, with further information identified within Appendix A to this report. Separately, a further 8 declarations, under the £50 threshold, were received but not published.							
3.2	Following the previous report to ARAC on 6 April 2023 a further 2 hospitality entries were added to the 2022/23 GHI register. These entries related to hospitality and an invite to an overseas event. Both invites were declined. The GHI register published on the website has been update to include this information.							
3.3	Engagement in relation to gifts, hospitalities and interests has continued with meetings held with Directorates Management Teams, Local Senior Officer (LSO) meetings and Functional meetings to communicate the requirements of the policy and examples of declarations that need to be made. Engagement sessions will continue during 2023/24.							

3.4	Work has been undertaken to consider the alignment between gifts and hospitality offered and interests declared against the relationship between the Service and the supplier. The spend against each supplier has been identified and discussions held with procurement to identify whether any additional work required to manage this spend more appropriately.
<b>4</b>	<b>Recommendation</b>
4.1	The report is provided to the Audit & Risk Assurance Committee for scrutiny.
<b>5</b>	<b>Key Strategic Implications</b>
5.1	<b>Risk</b>
5.1.1	The report 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 and minimises the risk of fraud to the Service.
5.2	<b>Financial</b>
5.2.1	The report identifies declarations made in relation to Gifts, Hospitality and Interests, minimising the risk of fraud and associated financial loss to the Service.
5.3	<b>Environmental &amp; Sustainability</b>
5.3.1	Any implications arising from the report will be managed by the relevant Directorate.
5.4	<b>Workforce</b>
5.4.1	Any implications arising from the report will be managed by the relevant Directorate.
5.5	<b>Health &amp; Safety</b>
5.5.1	Any implications arising from the report will be managed by the relevant Directorate.
5.6	<b>Health &amp; Wellbeing</b>
5.6.1	Any implications arising from the report will be managed by the relevant Directorate.
5.7	<b>Training</b>
5.7.1	Any implications arising from the report will be managed by the relevant Directorate.
5.8	<b>Timing</b>
5.8.1	The report is provided to the Audit and Risk Assurance Committee on a quarterly basis as required.
5.9	<b>Performance</b>
5.9.1	The report provides information on declarations received and actions taken to increase awareness and ownership within the Service, the result of which will be increased levels of reporting.
5.10	<b>Communications &amp; Engagement</b>
5.10.1	Any implications arising from the report will be managed initial through Finance and Procurement and by the relevant Directorate to ensure policy is adhered to.
5.11	<b>Legal</b>
5.11.1	Any implications arising from the report will be managed by the relevant Directorate.
5.12	<b>Information Governance</b>
5.12.1	DPIA completed – Yes, in relation to the Gifts, Hospitality and Interests Policy.

5.13 5.13.1	<b>Equalities</b> EHRIA completed – Yes, in relation to the Gifts, Hospitality and Interests Policy.	
5.14 5.14.1	<b>Service Delivery</b> Any implications arising from the report will be managed by the relevant Directorate.	
<b>6</b>	<b>Core Brief</b>	
6.1	Not applicable	
<b>7</b>	<b>Assurance (SFRS Board/Committee Meetings ONLY)</b>	
7.1	<b>Director:</b>	John Thomson, Acting Director of Finance and Procurement
7.2	<b>Level of Assurance:</b>	Substantial/Reasonable/ <b>Limited</b> /Insufficient
7.3	<b>Rationale:</b>	It is acknowledged that further work is required to mature the GHI framework and build additional ownership and awareness throughout the Service, ensuring declarations received are accurate and timely.
<b>8</b>	<b>Appendices/Further Reading</b>	
8.1	Appendix A – 2023/24 SFRS Gifts, Hospitality and Interests Register	
<b>Prepared by:</b>		
Hazel Buttery, Fraud, Risk & Compliance Officer		
<b>Sponsored by:</b>		
John Thomson, Acting Director of Finance & Procurement		
<b>Presented by:</b>		
David Johnston, Risk and Audit Manager		
<b>Links to Strategy and Corporate Values</b>		
External Audit forms part of the Services Governance arrangements and links back to Outcome 5 of the 2022-25 Strategic Plan, specifically Objectives 5.1 and 5.6:		
<b>Outcome 5: We are a progressive organisation, use our resources responsibly and provide best value for money to the public.</b>		
<ul style="list-style-type: none"> <li>• Objective 5.1: Remaining open and transparent in how we make decisions</li> <li>• Objective 5.6: Managing major change projects and organisational risks effectively and efficiently</li> </ul>		
<b>Governance Route for Report</b>		<b>Meeting Date</b>
<i>Audit and Risk Assurance Committee</i>		<i>27 June 2023</i>
		<b>Report Classification/ Comments</b>
		<i>For Scrutiny</i>



## SCOTTISH FIRE AND RESCUE SERVICE

## Audit Risk and Assurance Committee



Report No: C/ARAC/31-23

Agenda Item: 14

<b>Report to:</b>	<b>AUDIT AND RISK ASSURANCE COMMITTEE</b>						
<b>Meeting Date:</b>	<b>27 JUNE 2023</b>						
<b>Report Title:</b>	<b>ORGANISATIONAL SECURITY UPDATE</b>						
<b>Report Classification:</b>	<b>For Scrutiny</b>	<b>SFRS Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u></b>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
<b>1</b>	<b>Purpose</b>						
1.1	The purpose of this paper is to present to the Audit and Risk Assurance Committee (ARAC) an update on the Scottish Fire and Rescue Service's (SFRS) work towards a co-ordination of Organisational Security and progress against the recommendations made in the McClumpha Associates report.						
<b>2</b>	<b>Background</b>						
2.1	ARAC will be aware that SFRS had started to assess its overall approach to organisational security through the Strategic Security Board. As part of this work it had been agreed by that board that a fuller assessment of organisational security was required.						
2.2	The full assessment made a total of thirteen prioritised recommendations and these were accepted by the Service. The recommendations are outlined in a stepped programme over a short, medium, and long term to ensure that SFRS can introduce an organisation wide security management system that provides security assurance now and will meet the continually evolving threat and risk landscape for the future.						
2.3	The overall aim of this work is to implement effective security management for the Service. Once established, an effective protective security regime will be based on the successful coordination and integration of physical, cyber, information and people related security measures to keep critical assets secure.						
<b>3</b>	<b>Main Report/Detail</b>						
3.1	Following a number of security events experienced by the SFRS and in response to significant national events, along with increased threats such as terrorism (including insider threat, marauding terror attacks, organised crime, activists etc.), there is a risk that the Service has inadequate organisational security because of a lack of up to date security arrangements resulting in risk to staff and the public. This is reflected within the SFRS Risk Register. A lack of progress or failure to implement appropriate and proportionate security practices will impact in terms of security effectiveness.						
3.2	Positive and visible Board/Strategic Leadership Team (SLT) level support for protective security is vital to demonstrate to staff the value placed on personnel and people security policies and procedures. As part of an overarching protective security strategy, strong security governance and leadership will:						

	<ul style="list-style-type: none"> <li>• Ensure consistency and clear lines of responsibility for the management of security risk</li> <li>• Ensure proportionate and cost-effective use of resources</li> <li>• Foster a multi-disciplinary approach to countering the insider threat</li> <li>• Provide a strong example that develops and underpins an effective security culture.</li> <li>• Provide essential management information for the purposes of security planning</li> </ul>
3.3	<p>The Benefits of an effective security culture include;</p> <ul style="list-style-type: none"> <li>• A workforce that are more engaged with, and take responsibility for, security issues</li> <li>• Increased compliance with protective security measures</li> <li>• Reduced risk of insider incidents</li> <li>• Awareness of the most relevant security threats</li> <li>• Employees are more likely to think and act in a security conscious manner</li> </ul>
3.4	<p><b>Our approach</b></p>
3.4.1	<p><b>SFRS Security Policy</b> - A single SFRS wide security policy has been developed, and has been submitted to formal governance process. The policy has been developed in conjunction with members of the Organisational Security Board (OSB) and sets the strategic intention for the Service and demonstrates our commitment to the corporate expectations for security and provides direction upon which a Security Management System can be built to secure the organisation from security related threats.</p>
3.4.2	<p>Previously, there has been no integrated security policy providing SFRS with organisation wide security management oversight and assurance. Establishing such a policy should provide improved integration of security issues across the organisation and assist in improved and proactive security planning to strengthen business continuity and security resilience planning between Directorates.</p>
3.4.3	<p><b>SFRS Security Risk, Threat &amp; Vulnerability Assessment</b> - A methodology for assessment of security threat, vulnerability and risk methodology has been developed in conjunction with McClumpha Associates.</p>
3.4.4	<p>It is recommended that the SFRS use this approach as a means to inform understanding of organisational security risk. Such an approach provides the means to consider the following:</p> <ul style="list-style-type: none"> <li>• What assets require protection?</li> <li>• What security threats are currently facing the organisation?</li> <li>• What level of security risk is the organisation exposed to?</li> <li>• What is the organisation's security risk appetite?</li> <li>• What level of protective security is proportionate?</li> </ul>
3.4.5	<p>Initial discussions have taken place with stakeholders to explore the potential to incorporate this process within extant arrangements during audits/assessments of SFRS premises with end user engagement and assurance feedback process.</p>
3.4.6	<p>The intended benefits of using this approach would be:</p> <ul style="list-style-type: none"> <li>• improved organisational oversight</li> <li>• greater clarity on risk</li> <li>• improved operational conformance</li> <li>• enhanced security 'mindfulness'</li> <li>• reduced organisational risk</li> <li>• enhanced reputation</li> <li>• integrated facilitation of security risk management throughout SFRS</li> </ul>

<p>3.4.7</p>	<p><b>LCMS Security Awareness Training Package:</b> A training package has been developed and has been available to operational staff in Q1 23/24 on LCMS. This package introduces the principles of security behaviours and is an essential component to any protective security regime and assists in the development of an appropriate security culture within SFRS. The training is also role relevant for support service colleagues and will form part of revised induction program and ongoing maintenance of skills. The package is now under further development and will form part of the training for operational competence cyclical training plan.</p>
<p>3.4.8</p>	<p><b>Security Communication Strategy:</b> As part of the ongoing I-Hub redevelopment, out of date/irrelevant security information is being removed from document library. It is intended that a main security 'tile' will be added to the home page that will link to cyber, information, people and physical security materials. In 2023, the intention is to issue quarterly security alerts with the focus being on one strand of security and alternate between each quarter. Work will take place with each responsible owner to develop engaging and informative content to ensure that timely relevant materials are provided to support overall improved organisational security awareness.</p>
<p>3.4.9</p>	<p><b>Vetting Policy:</b> A draft staff vetting policy has been created and shared with members of the Organisational Security Group, once developed it will be consulted upon and seek initial formal approval. The suggested vetting process seeks to provide a level of assurance as to a person's trustworthiness, integrity and reliability. It is intended that this process will reassure the public that appropriate checks are conducted on individuals in positions of trust, support public confidence and will provide mitigation against the security risks posed by insider threat. The draft policy will be further developed by HROD before submission to the People Board.</p>
<p>3.4.10</p>	<p><b>Annual Station Audit:</b> Specific security focussed questions have been added to the Annual Station Audit (OA02) form and cover elements from physical, cyber, information and people security. This approach will allow the SFRS to create a base line of current security practices and inform future improvements and areas of specific focus as part of our Operational assurance recording and reporting system.</p>
<p>3.4.11</p>	<p><b>Security event reporting process:</b> A working group has been formed to review and develop the current security event reporting process. The review includes the 'Breach of security incident reporting form' &amp; new 'Lost or stolen equipment report' and seeks to improve the process and reporting mechanisms to ensure timely, accurate &amp; effective security event reporting. Improvements to the security event reporting process will require support from ICT colleagues to develop the forms and onward reporting mechanisms. It is hoped this will also assist in the collation of accurate information and inform of any potential trends and potential security improvements.</p>
<p>3..5</p>	<p>A summary of intended benefits of an organisational wide approach are as follows;</p> <ul style="list-style-type: none"> <li>• Timeous progression of existing recommendations for Organisational Security</li> <li>• Improved security and business continuity arrangements across SFRS</li> <li>• Security and business continuity governance and ownership embedded into SFRS policies and procedures</li> <li>• SFRS is better able to demonstrate itself as a risk resilient organisation and ensure proportionate levels of security and assurance.</li> <li>• Implementation of processes and procedures to mitigate identified risks,</li> <li>• Improved learning from security and business continuity lessons learned</li> <li>• Approved senior level accountable sponsor with fully informed picture of organisational security risk.</li> <li>• Approved overarching organisational policy &amp; governance to ensure effective security management oversight and assurance.</li> </ul>



3.6	<ul style="list-style-type: none"> <li>• Formal cross directorate process for security integration leading to improved aggregation of security/business continuity concerns across organisation.</li> <li>• Improved service wide assessment of threat and vulnerability for security.</li> </ul> <p>Resourcing of the Organisational Security role ceases on the 30<sup>th</sup> June. A business case for future resourcing was agreed in principal by SLT but has not yet been progressed. A detailed plan of recommended next steps is being developed and will be presented as part of the final project report.</p>
<b>4</b>	<b>Recommendation</b>
4.1	ARAC are asked note the organisational security progress.
4.2	The vetting policy will be developed further ahead of submission to the People Board.
4.3	It is recommended that the security event reporting review is completed to assist with timely, accurate reporting of security events.
<b>5</b>	<b>Key Strategic Implications</b>
5.1 5.1.1	<p><b>Risk</b></p> <p>It is anticipated that the proposals contained within this report will strengthen governance, management and implementation of security arrangements across the SFRS, thereby supporting the management of risk within the Service.</p>
5.2 5.2.1	<p><b>Financial</b></p> <p>There are some strategic financial implications arising from the recommendations set out in this paper. Detailed business case has previously been presented to SLT outlining resourcing requirements for a small organisational security team to fully embed/develop the work stream.</p>
5.3 5.3.1	<p><b>Environmental &amp; Sustainability</b></p> <p>There are no key strategic Environmental &amp; Sustainability Implications arising from the recommendations set out in this paper.</p>
5.4 5.4.1	<p><b>Workforce</b></p> <p>The proposals contained within this report will support the continued Executive/Strategic level oversight of all workforce related matters and will have some impacts on workforce planning and management arrangements.</p>
5.5 5.5.1	<p><b>Health &amp; Safety</b></p> <p>There are health and safety implications arising from the recommendations set out in this paper and the statutory requirements under the Health and Safety at Work Act 1974.</p>
5.6 5.6.1	<p><b>Health &amp; Wellbeing</b></p> <p>There are no key strategic health &amp; wellbeing implications arising from the recommendations set out in this paper.</p>
5.7 5.7.1	<p><b>Training</b></p> <p>There are minor training implications arising from the recommendations set out in this paper.</p>
5.8 5.8.1	<p><b>Timing</b></p> <p>Detailed key deliverables are set out in the McClumpha report and progress against these will be managed by the Organisational Security role are presented in this paper. The role is currently funded until June 2023 after which progress and oversight will cease.</p>

5.9 5.9.1	<b>Performance</b> This report contains progress against the key recommendations outlined in the McClumpha report. It is anticipated that the recommendations will support the SFRS in meeting its responsibilities to effectively manage organisational security management.	
5.10 5.10.1	<b>Communications &amp; Engagement</b> Information relating to these arrangements have been issued to relevant stakeholders. This can be more widely communicated as appropriate in support of development of security arrangements.	
5.11 5.11.1	<b>Legal</b> Failure to ensure organisational security would lead to a failure of SFRS to deliver statutory obligations outlined in the following Acts; Fire (Scotland) Act 2005 Civil Contingencies Act 2004 Section 1 Islands (Scotland) Act 2018 Part 3 Data Protection Act 2018 Health and Safety at Work Act 1974 General Data Protection Regulation (GDPR). Article 5(1)(f) & Article 32	
5.12 5.12.1	<b>Information Governance</b> The recommendations contained within this report will improve consistency around organisational security arrangements and information management. They further improve practices around GDPR and the mitigate the threat of cyber security attacks.	
5.13 5.13.1	<b>Equalities</b> There are no key strategic equalities implications arising from the recommendations set out in this paper.	
5.14 5.14.1	<b>Service Delivery</b> The recommendations within this report are intended to strengthen our security arrangements and management of performance across the organisation to develop as a risk resilient organisation.	
<b>6</b>	<b>Core Brief</b>	
6.1	Not applicable	
<b>7</b>	<b>Assurance (SFRS Board/Committee Meetings ONLY)</b>	
7.1	<b>Director:</b>	Mark McAteer, Director of Strategic Planning, Performance and Communications
7.2	<b>Level of Assurance: (Mark as appropriate)</b>	Substantial/Reasonable/ <b>Limited</b> /Insufficient
7.3	<b>Rationale:</b>	The paper sets out the progress on developing a coherent and corporate Organisational Security approach within SFRS and details the processes, toolkits and frameworks that have been developed for this. Those frameworks and processes are now entering their implementation phases. Until the implementation of the approach has been assessed in due course we cannot at this point offer a higher level of assurance.
<b>8</b>	<b>Appendices/Further Reading</b>	
8.1	None	
<b>Prepared by:</b>		Matt Mason, Area Commander
<b>Sponsored by:</b>		Richard Whetton, Head of Governance, Strategy and Performance
<b>Presented by:</b>		Richard Whetton, Head of Governance, Strategy and Performance

<b>Links to Strategy and Corporate Values</b>		
<p>SFRS Strategic Plan 2022-25 Outcome One - Community safety and wellbeing improves as we deploy targeted initiatives to prevent emergencies and harm.</p> <p>SFRS Strategic Plan 2022-25 Outcome Two - Communities are safer and more resilient as we respond effectively to changing risks.</p> <p>SFRS Strategic Plan 2022-25 Outcome Three - We value and demonstrate innovation across all areas of our work.</p> <p>SFRS Strategic Plan 2022-25 Outcome Five - We are a progressive organisation, use our resources responsibly and provide best value for money to the public.</p>		
<b>Governance Route for Report</b>	<b>Meeting Date</b>	<b>Report Classification/ Comments</b>
<i>Audit and Risk Assurance Committee</i>	<i>27 June 2023</i>	<i>For scrutiny</i>

## SCOTTISH FIRE AND RESCUE SERVICE

## Audit and Risk Assurance Committee



Report No: C/ARAC/34-23

Agenda Item: 15

<b>Report to:</b>	<b>AUDIT AND RISK ASSURANCE COMMITTEE</b>							
<b>Meeting Date:</b>	<b>27 JUNE 2023</b>							
<b>Report Title:</b>	<b>ANNUAL GOVERNANCE STATEMENT FOR ACCOUNTING PERIOD 2022/23</b>							
<b>Report Classification:</b>	<b>For Scrutiny</b>	<b>Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u></b>						
		<a href="#">A</a>	<a href="#">B</a>	<a href="#">C</a>	<a href="#">D</a>	<a href="#">E</a>	<a href="#">F</a>	<a href="#">G</a>
<b>1</b>	<b>Purpose</b>							
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 2023.							
<b>2</b>	<b>Background</b>							
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 6 April 2023, the Audit and Risk Assurance Committee (ARAC) considered the SFRS's approach for preparing the AGS for the year ended March 2023. 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: <ul style="list-style-type: none"> <li>• ARAC Annual Report</li> <li>• Views of Internal Audit</li> <li>• Views of External Audit</li> <li>• Assurances from Executive Directors and Senior Managers using the self-assessment Certificate of Assurance process</li> </ul>							
2.4	Furthermore, inspection work carried out by independent bodies such as His 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.							
<b>3</b>	<b>Main Report/Detail</b>							
3.1	In preparing the AGS 2022/23, 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 2022/23 will be presented to the Board on 26 October 2023.
3.3	The existing Equality Impact Assessment – SFRS Corporate Governance Arrangements, has been reviewed and updated March 2023 and presented to the Board in April 2023 as part of the <a href="#">Annual Governance Review of Board and Committee related items</a> , there are no issues arising from the matters raised within this report.
<b>4</b>	<b>Recommendation</b>
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.
<b>5</b>	<b>Key Strategic Implications</b>
5.1	<b>Risk</b>
5.1.1	Evidence gathering in support of the AGS requires all Strategic and Directorate level risks to be reviewed. From this exercise no significant risks have been reported and/or identified for 2022/23.
5.2	<b>Financial</b>
5.2.1	Evidence gathered in support of the AGS demonstrates internal controls in place within SFRS related to finance management.
5.3	<b>Environmental &amp; Sustainability</b>
5.3.1	Evidence gathered in support of the AGS demonstrates internal controls in place within SFRS related to risk and compliance related to Environmental impacts.
5.4	<b>Workforce</b>
5.4.1	Evidence gathered in support of the AGS demonstrates internal controls in place within SFRS related to our workforce and human resources.
5.5	<b>Health &amp; Safety</b>
5.5.1	Evidence gathered in support of the AGS demonstrates internal controls in place within SFRS related to health and safety management.
5.6	<b>Health &amp; Wellbeing</b>
5.6.1	Evidence gathered in support of the AGS demonstrates internal controls in place within SFRS related to staff wellbeing.
5.7	<b>Training</b>
5.7.1	Evidence gathered in support of the AGS demonstrates internal controls in place within SFRS related to staff training linked to business areas reviewed. The SFRS Learning and Content Management System (LCMS) is available to support those responsible for completing Internal Control Checklists and Certificates of Assurance.
5.8	<b>Timing</b>
5.8.1	The AGS is scheduled to be presented to the Board as a part of the Annual Report and Audited Accounts for 2022/23 on 26 October 2023.
5.9	<b>Performance</b>
5.9.1	Assurance can be provided that effective and standardised systems of control are in place and operating effectively. 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 to enhance the effectiveness of our risk management and

	internal control arrangements. These areas of further development are fully captured within the Improvement Action Plans which are reported through Good Governance Board (GGB) and link where appropriate to Corporate Risks through Strategic and Directorate Risk Registers building this into our business as usual processes.	
5.10	<b>Communications &amp; Engagement</b>	
5.10.1	As most of the evidence gathering in support of the AGS is coordinated by Deputy Directors, the process for producing this year's AGS including the key changes were detailed to the Senior Management Board (SMB) in March 2023. Follow-up support and Fraud Risk Assessment input was also provided by the Corporate Business Manager Risk and Audit Manager respectively.	
5.11	<b>Legal</b>	
5.11.1	The production of the AGS is a requirement of the SPFM which sets out relevant statutory, requirements with regard to the proper handling and reporting of public funds.	
5.12	<b>Information Governance</b>	
5.12.1	No Data Protection Impact Assessment is required as no personal data is involved in this process.	
5.13	<b>Equalities</b>	
5.13.1	Evidence gathered in support of the AGS demonstrates internal controls in place within SFRS related to equality and diversity. The existing Equality Impact Assessment – SFRS Corporate Governance Arrangements, has been reviewed and updated as part of the <a href="#">Annual Governance Review of Board and Committee related items April 2023</a> . There are no issues arising from the matters raised within this report.	
5.14	<b>Service Delivery</b>	
5.14.1	Evidence gathering in support of the AGS requires all Directors and Heads of Function to review internal controls, fraud risk management and establish any related Improvement Action Plans. From this exercise no significant risks have been reported and/or identified for 2022/23.	
6	<b>Core Brief</b>	
6.1	Not applicable	
7	<b>Assurance (SFRS Board/Committee Meetings ONLY)</b>	
7.1	<b>Director:</b>	Mark McAteer, Director of Strategic Planning, Performance and Communications
7.2	<b>Level of Assurance: (Mark as appropriate)</b>	<b>Substantial/Reasonable/Limited/Insufficient</b>
7.3	<b>Rationale:</b>	This assurance is based on the statement itself which confirms that SFRS has a proven and sound system of risk management and internal control arrangements in place that supports the achievement of our strategic aims and objectives, which is underpinned by our robust policies and procedures. No significant issues during 2022/23 have been identified.
8	<b>Appendices/Further Reading</b>	
8.1	Appendix A – Annual Governance Statement for the Accounting Period 2022/23	
<b>Prepared by:</b>	Marion Lang, Corporate Business and Admin Manager Kevin Murphy, Group Commander, Board Support David Johnston, Risk and Audit Manager	

<b>Sponsored by:</b>	Mark McAteer, Director of Strategic Planning, Performance and Communications	
<b>Presented by:</b>	Mark McAteer, Director of Strategic Planning, Performance and Communications	
<b>Links to Strategy and Corporate Values</b>		
Links to Strategic Plan 2023-25, Outcome 5: We are a progressive organisation, use our resources responsibly and provide best value for money to the public.		
<b>Governance Route for Report</b>	<b>Meeting Date</b>	<b>Report Classification/ Comments</b>
<i>Audit and Risk Assurance Committee – Arrangements for Preparing Annual Governance Statement for 2022/23</i>	<i>6 April 2023</i>	<i>For Scrutiny</i>
<i>Strategic Leadership Team - Annual Governance Statement for 2022/23</i>	<i>1 June 2023</i>	<i>For Scrutiny</i>
<i>Good Governance Board - Annual Governance Statement for 2022/23</i>	<i>14 June 2023</i>	<i>For Information</i>
<i>Audit and Risk Assurance Committee - Annual Governance Statement for 2022/23</i>	<i>27 June 2023</i>	<i>For Scrutiny</i>



## **Annual Governance Statement (AGS)**

### **For Accounting Period 2022/23**

#### **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 2022/23 the SFRS Board ('the Board') comprised of twelve Non-Executive Members including the Non-Executive Chair.

##### **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) in place that outlines 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 within the [Annual Governance Review of Board and Committee related items](#).

During 2022/23 the Board met seven times in public using a blended approach of face to face meetings and virtual technology and made the minutes and papers of these meetings available on the [SFRS website](#). The Board also conducted four standalone meetings in private during this reporting period. Further to this, ten 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 2022-23**

- 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 the Internal Audit Plan 2022/24 which sets out a timetable of the main reviews of key activities during 2022/24 that are intended to assist in ensuring effective governance and monitoring arrangements within SFRS
- Approved the Annual Operating Plan 2022/23
- Approved the Digital Strategy 2022-25
- Approved the Standing Orders for the Regulation of Contracts
- Approved the Strategic Plan 2022-25
- Approved the Arrangement for Reviewing the Effectiveness of the Board
- Approved the revised Employee Partnership Forum's Terms of Reference
- Approved the Outstanding Debts Write Off 2021/22
- Approved the financial commitment (Fleet) from the indicative Capital Budget 2023/24
- Approved the Annual Performance Review Report 2021/22 (Private)
- Approved the Annual Procurement Report for Period: 1 April 2021 - 31 March 2022
- Approved the Board Forward Plan Schedule 2023/24 for all Board and Committee meetings
- Approved the termination of the contract between Systel and SFRS
- Approved the public consultation on the formal discontinuation of operation at Leadhills Community Fire Station
- Approved the approach to market through a competitive process via framework, for a New Mobilising System, subject to further decisions being made

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- Approved the Draft Annual Report and Accounts 2021/22 and authorised the Chief Officer, as the Accountable Officer, to sign and submit this on behalf of the Service
- Approved the Budget Approach 2023/4, 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 2023/24
- Approved the Capital Programme 2023/24 – 2025/26
- Approved the Strategic Asset Management Plan: Property
- Approved the SFRS Gaelic Language Plan 2023-26
- Approved the Equal Pay and Gender Pay Gap Report

### 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 for 2022/23.

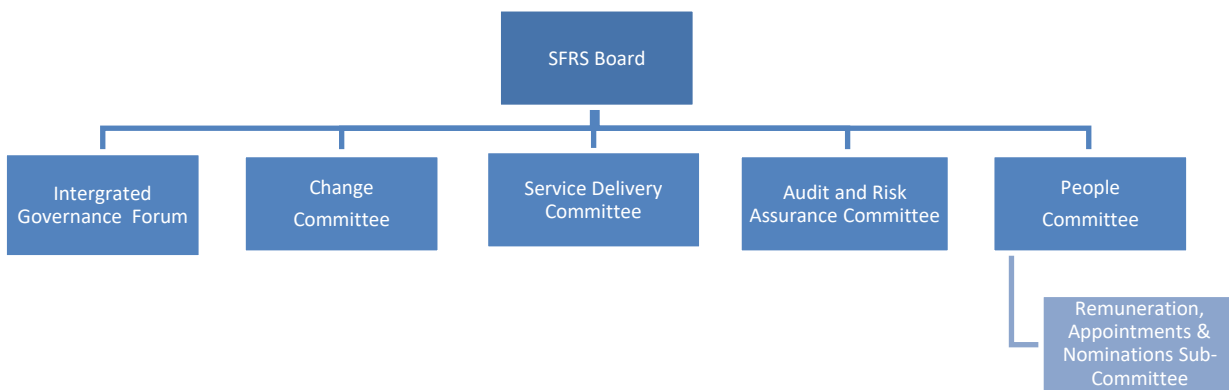
Name of Board Member	Number of meetings attended in year	Possible
Kirsty Darwent (Chair)	9	11
Fiona Thorburn (Deputy Chair)	11	11
Tim Wright	11	11
Nick Barr	10	11
Brian Baverstock	9	11
Mhairi Wylie	11	11
Malcolm Payton	11	11
Lesley Bloomer	10	11
Stuart Ballingall	11	11
Steven Barron	11	11
Angiolina Foster	10	11
Paul Stollard	10	11

(\* 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 2022/23 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 are reviewed annually and approved by the Board within the [Annual Governance Review of Board and Committee related items](#).

*SFRS Board Committee Structure during 2022/23*



### 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 2022/23 met three times in public, each of which included a private session, and one standalone meeting in private. The Chair of the Committee is Brian Baverstock. Following a review of Committee Structures and in line with best practice in refreshing membership, Paul Stollard was replaced by Board Member Malcolm Payton in May 2022.

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

Based on the Committee's work 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 2022/23 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 27<sup>th</sup> June 2023).**

The table below outlines ARAC meetings and Board Member attendance 2022/23.

Board Member	Number of meetings attended in year	Possible
Brian Baverstock (Chair)	4	4
Lesley Bloomer (Deputy Chair)	3	4
Tim Wright	4	4
Mhairi Wylie	3	4
Malcolm Payton	3	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 (CC): Strategic Change and Major Projects

The CC provides oversight and scrutiny of the Change Portfolio (Strategic Change and Major Projects) to assure consistency with the strategic direction set by the Board and effective resourcing, planning and delivery.

The CC comprises five Non-Executive Members and during 2022/23 met four times in public, each of which included a private session, and one standalone meeting in private. 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 Programme, McDonald Road Refurbishment, West Asset Resource Centre, Service Delivery Model Programme as well as other projects such as Safe and Well, Low Carbon Appliance and Website/Intranet upgrading.

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 and project finance reporting also continued to be developed. Evaluation reports were produced which highlighted lessons identified and learned, for review and reflection within new projects.

The Service Development directorate provides Executive leadership and oversight regarding the Change portfolio and how it is managed.

Further highlights of the CC's work during 2022/23 can be found via this [link](#) which takes you to their Committee Assurance Statement presented at the 11<sup>th</sup> May 2023 public meeting.

The table below outlines CC meetings and Board Member attendance 2022/23.

Board Member	Number of meetings attended in year	Possible
Fiona Thorburn (Chair)	5	5
Brian Baverstock (Deputy Chair)	2	5
Nick Barr	5	5
Stuart Ballingall	5	5

Angiolina Foster	5	5
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(\* 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's purpose is to scrutinise, monitor and review performance, and provide assurances to the Board relating to the quality of Service Delivery through operational efficiency and effectiveness, operational safety, and delivery of approved Prevention & Protection and operational strategies.

The SDC comprises five Non-Executive Members and during 2022/23 met four times in public, three of which included a private session. 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.

HMFSI continue to attend the SDC, 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 2022/23 can be found via this [link](#) which takes you to their Committee Assurance Statement presented at the 31 May 2023 public meeting.

The table below outlines SDC meetings and Board Member attendance 2022/23.

Board Member	Number of meetings attended in year	Possible
Nick Barr (Chair)	4	4
Tim Wright (Deputy Chair)	4	4
Lesley Bloomer	3	4
Paul Stollard	4	4
Angiolina Foster	4	4

(\* 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, reflecting best practice. The PC comprises five Non-Executive Members and during 2022/23 met four times in public, each of which included a private session. The PC Chair is Mhairi Wylie and the RANSC Chair is Board member Fiona Thorburn.

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 and during 2022/23 met eight times in private.

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 Training, Safety and Assurance (TSA) Directorates progress and performance and the RANSC 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 People 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 2022/23 can be found via this [link](#) which takes you to their Committee Assurance 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 8<sup>th</sup> June 2023).**

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The table below outlines PC meetings and Board Member attendance 2022/23.

Board Member	Number of meetings attended in year	Possible
Mhairi Wylie (Chair)	4	4
Steve Barron (Deputy Chair)	4	4
Malcolm Payton	4	4
Fiona Thorburn	3	4
Paul Stollard	3	4

(\* 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 2022/23.

Board Member	Number of meetings attended in year	Possible
Fiona Thorburn (Chair)	7	8
Steve Barron (Deputy Chair)	8	8
Kirsty Darwent	8	8
Mhairi Wylie	8	8
Stuart Ballingall	8	8

(\* 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 Chairs of all other Committees, it reviews and discusses issues and key themes identified in specific governance Committees and as an outcome provides additional assurance to the board, ensuring a joined-up approach to corporate governance.



The Forum comprises five Non-Executive Members and during 2022/23 met four times. The Chief Officer and other Senior Managers were invited to attend the meetings as appropriate.

Good examples of Common Themes and/or areas of overlap included Data Quality, Cyber Security/ICT and Delegated Financial Authority. The Forum again recognised the importance of having an increased focus on risk to better inform decision making/scrutiny. The continual evolution to ensure good governance and the appropriate levels of scrutiny/focus by the Committees/Board was also recognised and that the implementation of integrated assurance mapping going forward, aligned to risk, would also focus attention on specific areas.

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.

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 each Committee 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 2022/23.

Name	Number of meetings attended in year	Possible
Kirsty Darwent (Chair)	4	4
Fiona Thorburn (Deputy Chair)	4	4
Nick Barr	4	4
Brian Baverstock	3	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 2022/23 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 29th June 2023).**

In summary, collectively and through the detailed variety of examples within the report presented at the Board meeting (29<sup>th</sup> June 2023), it clearly demonstrates that progress continues to be made to improve the overall effectiveness of the Board.

Introduction of the [SFRS Good Governance Framework](#) approved by the Board in April 2022 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. The 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 2022/23, 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 2022/23 was the continued development of a risk aware culture, providing additional assurance to scrutiny bodies. The 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:

- SFRS Assurance Framework
- 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 is updated quarterly to ARAC outlining nine overarching strategic risks and aligned Directorate risks.

The Strategic Risk Register is aligned to the SFRS 2022-25 Strategic Plan, reflecting the service values and strategy ensuring our work supports the ten priorities outlined within the Fire and Rescue Framework for Scotland 2022.

The nine Strategic Risks are outlined below:

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 risks. This consists of risks being selected from the register by the Committee or Executive Board and then presented through a combination of written or verbal reports, 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.

Development of the [SFRS Good Governance Framework](#) approved by the Board in April 2022 has further clarified and strengthened our governance arrangements. Proposals to develop our assurance mapping processes further through providing Directorate level assurance in relation to Committee and Board level reports will be implemented 2023/2024.

Our risk-based assurance plan ensured that the assurance evidence being gathered and assessed for 2022/23 was focused on the most appropriate areas of the SFRS. The Assurance Framework was reviewed by ARAC on 6 April 2023 as part of the paper submitted in relation to the 'Arrangements for Preparing the AGS'. 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 2023, 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 (FRA) 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 ensure risks are mitigated where possible.

Following receipt of the Certificates of Assurance from all 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, 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 updates on IAP and FRA 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 2022/23 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 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 2022/23 ([link](#) to the report, which will be contained within the June ARAC public meeting pack, will not be available on our website until 27<sup>th</sup> June 2023). Azets concluded that *“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. In this context, our audit of Training found one high risk rated finding in relation to non-compliance with completion rates for mandatory refresher training.”*

The table below provides a summary of the conclusions of individual audits undertaken in 2022/23:

Review	Control objective assessment	No. of issues per grading			
		4	3	2	1
A.4 Revenue Maximisation		-	3	5	-
A.5 Capital Investment Strategy		-	-	2	-
B.2 Sickness Absence Management		-	4	2	-
B.3 Training		1	2	3	-
C.6 Corporate Performance Management		-	1	3	-
C.7 Post Pandemic Review		-	3	-	-
D.5 Personal Protection Equipment		-	1	3	2

The revised 2022/23 Internal audit Plan comprised 147 days of audit work, with the full programme completed. AZETS confirm that there were no resource limitations that impinged their ability to meet the full audit needs of SFRS and no restrictions were placed on their work by management.

#### 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 2023.

Deloitte LLP presented their final report to the Audit and Risk Assurance Committee (ARAC) of Scottish Fire and Rescue Service (SFRS) for the 2021/22 audit issuing an unmodified audit opinion, further detail can be found via this [link](#).

A Planning Report, submitted by Audit Scotland to the [ARAC on 6 April 2023](#), communicated the audit activity to be undertaken for the SFRS for the period 2022/23.

The conclusions of the Audit will be reported to ARAC on 30 November 2023 and included within the Annual Report and Accounts for 2022/23.

## **5.5 His Majesty's Fire Service 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 to take such action as deemed fit. During the period under review, HMFSI published local area and thematic inspection reports, where further detail can be found via this [link](#) to their website.

HMFSI continue to present quarterly progress reports, presented by the Chief Inspector or nominated representative, at every ARAC meeting during 2022/23. 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 2022/23 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 is now also 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 '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 2023/24 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 of our strategic aims and

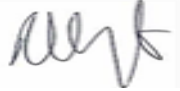


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objectives, which is underpinned by our robust policies and procedures. No significant issues during 2022/23 have been identified.

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 and Fraud Risk Action Plans, for relevant managers where appropriate.

**ACCOUNTABLE OFFICER**



Ross Haggart

Chief Officer

**ORGANISATION:** Scottish Fire and Rescue Service

**JUNE 2023**



# HM Fire Service Inspectorate

**Report to:** SCOTTISH FIRE AND RESCUE SERVICE  
AUDIT AND RISK ASSURANCE COMMITTEE

**Date:** 27 June 2023

**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 2022-23. The report will also provide an update regarding inspection work underway or planned for 2023-24.

## 2. RECOMMENDATIONS

That the Committee notes the update from HMFSI.

## 3. ACTIVITY AND PROGRESS 2022/23

During 2022-23 HMFSI concluded one Thematic Review.

In addition, during the reporting period 2022-23, two Focussed Inspections have been undertaken and concluded. These are detailed further within the Report.

### 3.1 Service Delivery Area Inspection

This year we introduced a new style of inspection that saw performance being measured against a range of themes across each of the LSO areas within one of the three SDA's. This year we have focussed our attention on the East Service Delivery Area and are very grateful to all those who participated. Inspection visits and interviews concluded in early March. Publication is anticipated in the near future following a formal consultation process with the Service.

### 3.2 Thematic Inspection Work

During 2022-23 HMFSI completed the following Thematic Inspection.

The Inspection of 'Firefighting in High Rise Buildings' was laid in Parliament in September 2022. The report concluded that, whilst there is scope to improve performance, our overall impression of the SFRS in regard to firefighting in high rise buildings is principally positive. The Report contained 8 Recommendations for SFRS to consider.

### **3.2 Other Focussed Inspections**

HMFSI carried out two additional inspections in relation to Contingency Planning Arrangements in the event of Industrial Action (IA) and the decision to terminate the contract relating to a new Command and Control Mobilising System.

#### **Contingency planning arrangements in the event of Industrial Action**

This inspection was directed by the Minister for Victims and Community Safety and the report was laid in Parliament by Scottish Ministers in May 2023.

The report concluded that the Service had taken appropriate steps to consider available options for the maintenance of resources and for offsetting risk during potential IA. However, we recommended the Service reflect on this experience in an effort to learn valuable lessons, and ensure Business Continuity Arrangements are robust, regularly reviewed, and routinely practiced.

#### **Command and Control Mobilising System (CCMS)**

This inspection was initiated with the expectation that it would form part of a wider review, however that is now unlikely. The report was published on HMFSI's website in April 2023. The report contained no recommendations for the SFRS but did observe that every effort had been made to ensure the resilience of existing systems. HMFSI appreciate the efforts ongoing to secure a new system within realistic timescales.

### **4. PLANNED ACTIVITY 2023/24**

**4.1** The following SDA Inspection is currently underway:

#### **4.2 West Service Delivery Area Inspection**

HMFSI is in the early planning stages to inspect the West SDA and continue to engage and consult with SFRS with regard to our approach.

**4.3** The following Thematic Inspections are currently underway.

#### **4.4 Climate Change – Impact on Operational Activity**

The purpose of carrying out this inspection is to assess the effectiveness, efficiency, and preparedness of the Service to respond to 'weather related' incidents that are reported as increasing in volume, severity, and impact.

The fieldwork has almost concluded, and we are in the process of drafting the report. We anticipate that the report will be laid in Parliament in the Autumn of 2023.

#### **4.5 Mental Health and Wellbeing Provision**

The purpose of this inspection is to consider the SFRS provision of Mental Health and Wellbeing services in line with the SFRS Mental Health Strategy 2020-2023.

The fieldwork is ongoing with a full schedule of interviews and engagements with SFRS personnel and partners. We anticipate that the report will be laid in Parliament in the Autumn of 2023.

#### **4.6 Additional Inspection Activity**

##### **Independent Inspection of Northern Ireland FRS**

The Chief Inspector is currently overseeing an inspection of the Northern Ireland Fire and Rescue Service (NIFRS). This inspection has now concluded, and the draft report has been shared with the NIFRS in line with our consultation process.

#### **5. New Appointments into HMFSI**

Following the departure of two members of staff and after a comprehensive recruitment process, I am pleased to announce the appointment of two new Assistant Inspectors into the team at HMFSI. John Joyce was appointed on 1 August 2022 and David Young took up post on 3 April 2023.

#### **6. Secondees**

In addition to our permanent members of staff, I would like to place on record my personal thanks to the 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 the experience gained within the Inspectorate not only benefits the individuals but also enriches both organisations.

**HM Chief Inspector Robert Scott QFSM**

**Date: 12 June 2023**

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

Agenda Item 18.1

	STANDING ITEMS	FOR INFORMATION ONLY	FOR SCRUTINY	FOR RECOMMENDATION	FOR DECISION
<b>5 OCTOBER 2023</b>	<p><b>ANNUAL PRIVATE MEETING WITH EXTERNAL AUDIT</b></p> <ul style="list-style-type: none"> <li>Chair’s Welcome</li> <li>Apologies</li> <li>Consideration of and Decision of any items to be taken in Private</li> <li>Declaration of Interests</li> <li>Minutes of Previous Meeting</li> <li>Action Log</li> <li>Review of Actions</li> <li>Forward Planning: Committee Forward Plan and Items to be considered at future IGF, Board and Strategy Days</li> <li>Date of Next Meeting</li> </ul> <p><b>HOT DEBRIEF</b></p>	<p><u>Standing/Regular Reports</u></p> <ul style="list-style-type: none"> <li>HMFSI Quarterly Report</li> </ul> <p><u>New Business</u></p> <ul style="list-style-type: none"> <li>Quality Data Provision Assurance</li> </ul>	<p><u>Standing/Regular Reports</u></p> <p><b>Internal Audit</b></p> <ul style="list-style-type: none"> <li>Internal Audit Progress Report 2022/23</li> <li>Progress Update – Internal Audit Recommendations</li> </ul> <p><b>External Audit</b></p> <ul style="list-style-type: none"> <li>External Audit – 2022/23 Audit Plan Progress Report</li> <li>Wider Scope and Other External Audit Actions (JT)</li> <li>Independent Audit/ Inspection Action Plan Update</li> <li>Internal Controls Updates - Strategic Risk Register - Anti Fraud/Whistleblowing</li> <li>Gifts and Hospitality – Quarterly Update</li> </ul> <p><u>New Business</u></p> <ul style="list-style-type: none"> <li>Process for Returning of PPE (R MacKinnon/POD)</li> </ul>	<p><u>Standing/Regular Reports</u></p> <ul style="list-style-type: none"> <li>SFRS Draft Annual Report and Accounts 2022/23 (Private)</li> </ul> <p><b>External Audit</b></p> <ul style="list-style-type: none"> <li>Private Session – Annual Report to Members and Auditor General for Scotland</li> </ul> <p><u>New Business</u></p> <ul style="list-style-type: none"> <li></li> </ul>	<p><u>Standing/Regular Reports</u></p> <ul style="list-style-type: none"> <li></li> </ul> <p><u>New Business</u></p> <ul style="list-style-type: none"> <li></li> </ul>
<b>30 NOVEMBER 2023 – Special Private</b>	<ul style="list-style-type: none"> <li>Chair’s Welcome</li> <li>Apologies</li> <li>Consideration of and Decision of any items to be taken in Private</li> <li>Declaration of Interests</li> <li>Review of Actions</li> <li>Date of Next Meeting</li> <li><b>HOT DEBRIEF</b></li> </ul>			<p><u>Standing/Regular Reports</u></p> <ul style="list-style-type: none"> <li>SFRS Draft Annual Report and Accounts 2022/23 (Private)</li> </ul> <p><b>External Audit</b></p> <ul style="list-style-type: none"> <li>Private Session – Annual Report to Members and Auditor General for Scotland</li> </ul>	

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

	<b>STANDING ITEMS</b>	<b>FOR INFORMATION ONLY</b>	<b>FOR SCRUTINY</b>	<b>FOR RECOMMENDATION</b>	<b>FOR DECISION</b>
<b>18 JANUARY 2024</b>	<ul style="list-style-type: none"> <li>Chair’s Welcome</li> <li>Apologies</li> <li>Consideration of and Decision of any items to be taken in Private</li> <li>Declaration of Interests</li> <li>Minutes of Previous Meeting</li> <li>Action Log</li> <li>Review of Actions</li> <li>Forward Planning: Committee Forward Plan and Items to be considered at future IGF, Board and Strategy Days</li> <li>Date of Next Meeting</li> </ul> <p><b>HOT DEBRIEF</b></p>	<p><b><u>Standing/Regular Reports</u></b></p> <ul style="list-style-type: none"> <li>HMFSI Quarterly Report</li> </ul> <p><b><u>New Business</u></b></p> <ul style="list-style-type: none"> <li></li> </ul>	<p><b><u>Standing/Regular Reports</u></b></p> <p><b>Internal Audit</b></p> <ul style="list-style-type: none"> <li>Internal Audit Progress Report 2022/23</li> <li>Internal Audit – Annual Assurance Statement 2022/23</li> <li>Progress Update – Internal Audit Recommendations</li> </ul> <p><b>External Audit</b></p> <ul style="list-style-type: none"> <li>Wider Scope and Other External Audit Actions (JT)</li> <li>Independent Audit/ Inspection Action Plan Update</li> <li>Internal Controls Updates - Strategic Risk Register - Anti Fraud/Whistleblowing</li> <li>Arrangements for Preparing the AGS 2022/23 (Annual)</li> <li>Gifts and Hospitality – Quarterly Update</li> </ul> <p><b><u>New Business</u></b></p> <ul style="list-style-type: none"> <li></li> </ul>	<p><b><u>Standing/Regular Reports</u></b></p> <p><b>Internal Audit</b></p> <ul style="list-style-type: none"> <li>Draft Internal Audit Plan 2023/24</li> </ul> <p><b>External Audit</b></p> <ul style="list-style-type: none"> <li>External Audit – The Audit Plan 2022/23</li> </ul> <p><b><u>New Business</u></b></p> <ul style="list-style-type: none"> <li></li> </ul>	<p><b><u>Standing/Regular Reports</u></b></p> <p><b><u>New Business</u></b></p> <ul style="list-style-type: none"> <li></li> </ul>
<b>26 MARCH 2024</b>	<ul style="list-style-type: none"> <li>Chair’s Welcome</li> <li>Apologies</li> <li>Consideration of and Decision of any items to be taken in Private</li> <li>Declaration of Interests</li> <li>Minutes of Previous</li> </ul>	<p><b><u>Standing/Regular Reports</u></b></p> <ul style="list-style-type: none"> <li>HMFSI Quarterly Report</li> </ul>	<p><b><u>Standing/Regular Reports</u></b></p> <p><b>Internal Audit</b></p> <ul style="list-style-type: none"> <li>Internal Audit Progress Report 2022/23</li> <li>Internal Audit – Annual Assurance Statement 2022/23</li> <li>Progress Update – Internal</li> </ul>	<p><b><u>Standing/Regular Reports</u></b></p> <p><b>Internal Audit</b></p> <ul style="list-style-type: none"> <li>Draft Internal Audit Plan 2024/25</li> </ul> <p><b>External Audit</b></p> <ul style="list-style-type: none"> <li>External Audit – The Audit Plan 2023/24</li> </ul>	<p><b><u>Standing/Regular Reports</u></b></p> <ul style="list-style-type: none"> <li>Accounting Policies</li> </ul>

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

	<b>STANDING ITEMS</b>	<b>FOR INFORMATION ONLY</b>	<b>FOR SCRUTINY</b>	<b>FOR RECOMMENDATION</b>	<b>FOR DECISION</b>
	Meeting <ul style="list-style-type: none"> <li>Action Log</li> <li>Review of Actions</li> <li>Forward Planning: Committee Forward Plan and Items to be considered at future IGF, Board and Strategy Days</li> <li>Date of Next Meeting</li> </ul> <b>HOT DEBRIEF</b>	<p align="center"><u><b>New Business</b></u></p> <ul style="list-style-type: none"> <li></li> </ul>	Audit Recommendations <b>External Audit</b> <ul style="list-style-type: none"> <li>Wider Scope and Other External Audit Actions (JT)</li> <li>Independent Audit/ Inspection Action Plan Update</li> <li>Internal Controls Updates - Strategic Risk Register - Anti Fraud/Whistleblowing</li> <li>Arrangements for Preparing the AGS 2023/24 (Annual)</li> <li>Gifts and Hospitality – Quarterly Update</li> </ul> <p align="center"><u><b>New Business</b></u></p> <ul style="list-style-type: none"> <li></li> </ul>	<p align="center"><u><b>New Business</b></u></p> <ul style="list-style-type: none"> <li></li> </ul>	<p align="center"><u><b>New Business</b></u></p> <ul style="list-style-type: none"> <li></li> </ul>