



SCOTTISH
FIRE AND RESCUE SERVICE

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PUBLIC MEETING - AUDIT AND RISK ASSURANCE COMMITTEE

TUESDAY 25 JUNE 2024 @ 1000 HRS

**BRAIDWOOD SUITE, SCOTTISH FIRE AND RESCUE SERVICE HEADQUARTERS,
WESTBURN DRIVE, CAMBUSLANG, G72 7NA / VIRTUAL (MS TEAMS)**

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: TUESDAY 26 MARCH 2024
(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 ANNUAL REPORT 2023/24 TO THE
ACCOUNTABLE OFFICER AND BOARD (attached)**

Board Support

The Committee is asked to approve this report.

**8 ANNUAL GOVERNANCE STATEMENT FOR ACCOUNTING PERIOD
2023/24 (attached)**

M McAteer

The Committee is asked to scrutinise this report.

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

9 INTERNAL AUDIT

- 9.1 **Internal Audit Progress Report 2024/25** (*attached*) Azets
- Internal Audit Report on Contact Management (*attached*)
- Internal Audit Report on Risk Assurance Advisory Review (*attached*)
- Internal Audit Report on Partnerships (*to follow*)
- 9.2 **SFRS Progress Update / Management Response** (*attached*) Azets
- 9.3 **Internal Audit Annual Report 2023/24** (*attached*) Azets

The Committee is asked to scrutinise these reports.

10 INSPECTION ACTION PLANS AND CLOSING REPORTS UPDATE (*attached*)

M McAteer

The Committee is asked to scrutinise this report.

11 EXTERNAL AUDIT

- 11.1 External Audit Update Report (*attached*) S O'Donnell

The Committee is asked to scrutinise this report.

12 AUDIT AND RISK ASSURANCE COMMITTEE QUARTERLY PERFORMANCE Q4 2023/24 (*attached*)

M McAteer

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 INTERNAL CONTROLS UPDATE

- 14.1 **Risk Update Report** (*attached*) D Johnston
- 14.2 **National Fraud Initiative Exercise 2022-23** (*attached*) S O'Donnell
- 14.2 **Anti-fraud and Whistleblowing** (*verbal*) S O'Donnell

The Committee is asked to scrutinise these reports.

15 ANNUAL REPORT ON HMFSI BUSINESS (*attached*)

HMFSI

This report is provided for information only.

16 REVIEW OF ACTIONS

Board Support

17 FORWARD PLANNING

B Baverstock

- 17.1 Committee Forward Plan Review (*attached*)
- 17.2 Items for Consideration at Future Integrated Governance Forum, Board and Strategy Day meetings

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

- 18 DATE OF NEXT MEETING**
Tuesday 29 October 2024

PRIVATE SESSION

- 19 MINUTES OF PREVIOUS PRIVATE MEETING: TUESDAY 26 MARCH 2024 (attached)** *B Baverstock*
- The Committee is asked to approve the minutes of these meetings.*
- 20 PRIVATE ACTION LOG (attached)** *Board Support*
- The Committee is asked to note the updated Private Action Log and approve the closed actions.*
- 21 INTERNAL CONTROL REVIEW REPORT (to follow)** *D Johnston*
- The Committee is asked to scrutinise this report.*
- 22 BREACH OF FINANCIAL REGULATIONS AND MISAPPROPRIATION OF FUNDS (to follow)** *S O'Donnell/
D Johnston*
- The Committee is asked to scrutinise this report.*



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PUBLIC MEETING - AUDIT AND RISK ASSURANCE COMMITTEE

TUESDAY 26 MARCH 2024 @ 1000 HRS

VIRTUAL (MS TEAMS)

PRESENT:

Brian Baverstock, Chair (BB) Neil Mapes (NM)
Malcolm Payton (MP) Tim Wright (TW)
Mhairi Wylie (MW)

IN ATTENDANCE:

Ross Haggart (RH) Chief Officer
Stuart Stevens (SS) Deputy Chief Officer
Liz Barnes (LB) Interim Deputy Chief Officer (Corporate Services)
Mark McAteer (MMcA) Director of Strategic Planning, Performance and Communications
Sarah O'Donnell (SO'D) Director of Finance and Contractual Services
Lynne McGeough (LMcG) Head of Finance and Procurement
David Johnston (DJ) Risk and Audit Manager
Ian McMeekin (IMcM) Area Commander (Private Session only)
Matt Swann (MS) Internal Audit (Azets)
Michael Oliphant (MO) External Audit (Audit Scotland)
Tommy Yule (TY) External Audit (Audit Scotland)
Robert Scott (RS) HMFSI
Kirsty Darwent (KD) Chair of SFRS Board
Richard Whetton (RW) Head of Governance, Strategy and Performance
Kevin Murphy (KM) Group Commander, Board Support Manager
Heather Greig (HG) Board Support Executive Officer
Debbie Haddow (DJH) Board Support/Minutes

OBSERVERS:

Andrew Smith, Board Member
Karen Horrocks, Assistant Verification Team Officer

1 CHAIR'S WELCOME

- 1.1 The Chair opened the meeting and welcomed those present.
- 1.2 Attendees 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 None

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

3.1 The Committee discussed and agreed that Item 22 (*Internal Control Review Report*) and Item 23 (*Breach of Financial Regulations and Misappropriation of Funds*) would be heard in private session due to matters relating to individuals in line with Standing Orders Item 9A.

3.2 No further items were identified.

4 DECLARATION OF INTERESTS

4.1 There were no declarations of interest made.

5 MINUTES OF PREVIOUS PUBLIC MEETING:

5.1 Thursday 18 January 2024

5.1.1 The following amendment was noted and agreed:

Paragraph 12.1.3 to be amended to read "*In regard to the Culture Inspection...*" instead of "*In regard to the North SDA ...*"

5.2 Matters Arising

5.2.1 There were no matters arising.

5.3 **Subject to the above amendment, the minutes of the meeting held on 18 January 2024 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.

Action 9.1.11 SFRS Internal Audit Progress Report 2023/24 Final Report – Sickness Absence Management (27/06/2023): LB confirmed that this action should remain open.

Action 9.1.17 SFRS Internal Audit Progress Report 2023/24 Final Report – Arrangement for Internal Assessment and Verification of SVQ (27/06/2023): LB confirmed that the Service were able to recoup the full amount of the lost income. The Committee recognised the work undertaken and efforts from all those involved to rectify the situation.

Action 13.5 Risk Spotlight: Retrieval of PPE (30/10/2023): LMcG confirmed that she would progress this and provide a fuller update at the next meeting.

Action 7.1.2 Internal Audit Progress Report 2023/24 (18/01/2024): SO'D informed the Committee that the terms of reference for the Risk Management Advisory Review (Assurance Stocktake) Audit had been revised and would be shared with the Committee in due course (new action to be raised). **ACTION: SO'D**

Action 11.1.6 Overview of Strategic Risk Register and Committee Aligned Directorate Risks (18/01/2024): MW confirmed that the update was in line with reporting to the People Committee.

6.2 **The Committee noted the updated Action Log and approved the removal of completed actions, with one exception (noted above).**

7 INTERNAL AUDIT

7.1 SFRS Internal Audit Progress Report 2023/24

7.1.1 MS presented a report to the Committee which summarised the progress on the delivery of the 2023/24 Internal Audit Plan and the following key points were highlighted:

- Update on audit plan progress noting that it remains on track for delivering on all outputs for the next meeting (June 2024).

- Revised Terms of Reference for the Risk Assurance Advisory Review which focuses on overall maturity of the organisation and will take a forward-looking advisory perspective.
- Closing meeting held in relation to the Contract Management Review.
- Delays with feedback on internal audit assignments and work being undertaken to accelerate and improve the process.
- Overview of changes in Global Internal Audit Standards noting that progress was on track to comply with those changes by the implementation date (January 2025).

7.1.2 In regard to the Risk Assurance Advisory Review, the Committee queried whether the advisory nature of the review would impact on the timescale. MS advised that the current 12 days allocated would be fully utilised.

7.1.3 In regard to the new global internal audit standards, one of the key changes related to the Board role in governance of internal audit functions and MS provided some clarification on this issue. MS noted that the Service's current structure/role of the Board and delegated Committee function was appropriate and if necessary, further updates would be provided.

7.1.4 In regard to feedback on internal audit assignments, the Committee commented on the low numbers involved and sought reassurance on added value from audits. MS noted the work undertaken to reshape the audit plan to achieve the most in return. MS further noted the need to balance achieving sufficient depth as well as broad coverage from audits. MS outlined the new approach to audits which would be more thematic and tiered.

7.1.5 RH recognised the need to improve the volume of feedback provided, continuing positive engagement with Azets and the benefits of restricting the number of audits scheduled.

7.1.6 SO'D outlined how the reframing of the Risk Assurance Advisory Review would help the Service identify areas of improvement and as such add value to this area.

7.1.7 RS noted that off table discussions relating to aligning programmes with Azets, in an effort to avoid duplication of work or undue burden on the Service, had still to take place.

7.1.8 The Committee queried what process was in place to capture and action any feedback received. DJ noted the current process, potential to widen and improve feedback and the continuous engagement with Azets throughout the audit. It was confirmed that individual audits were assigned to the relevant Director and this provided the opportunity for any issues to be raised and discussed by the Strategic Leadership Team (SLT).

7.1.9 In regard to the KPI status relating to completion of customer feedback, the Committee suggested that consideration be given to include the satisfaction levels rather than just the completion rate within the KPI descriptor section of the report. MS advised that the KPIs would be reviewed and refreshed for the start of 2024/25.

ACTION: Azets

7.1.10 **The Committee scrutinised the progress report and the final report.**

7.2 SFRS Progress Update/Management Response

7.2.1 MS presented a report to the Committee outlining the status of the recommendations raised by Internal Audit. The following key areas were highlighted:

- Summary of closed actions for awareness and clarity on remaining actions.
- Overall stable position in regard to the conclusion of actions.
- Reduction in volume of older outstanding actions.

7.2.2 The Committee noted the majority of the updates were dated January 2024 and queried whether any further updates could have been provided, particularly for those with the due date of 31 March 2024. MS explained that the delay was due to the time required to collate

management responses and validate the updates. MS noted that the process could be reviewed with a view to reducing the timescale if possible. RH advised the Committee that the report was also presented to the SLT for due governance, and this would be reviewed to reduce any additional delays. The Committee noted and welcomed the scrutiny by the SLT in this area. The Committee requested more up-to-date verbal updates from management, if available, on progress updates relating to recommendations approaching their completion dates.

ACTION: SO'D

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

(M Oliphant joined the meeting at 1040 hrs)

11 DRAFT INTERNAL AUDIT STRATEGY UPDATE AND ANNUAL PLAN 2024/25

11.1 MS presented a report to the Committee providing the draft Internal Audit Strategy Update and Annual Plan for 2024/25 for scrutiny. The following key points were highlighted:

- Recent confirmation of extension to appointment.
- Detailed engagement undertaken with the Service and Audit Scotland. Commitment to engagement with HMFSI to avoid any overlap.
- Four key priorities for work for the year ahead were anti-fraud arrangements, environmental management, change management and cyber security.
- Alternative audit areas considered included business continuity planning, health and safety and organisational performance.

11.2 RH commented on the positive level of engagement with Azets throughout the process of setting the audit plan. RH advised that the SLT fully supported and recommended the plan with the 4 key priorities as identified. However, RH felt it appropriate to offer the Committee the opportunity to exercise their discretion on the alternative audit areas identified.

11.3 The Committee welcomed the opportunity to consider the alternative audits and the inclusion in previous audits undertaken. Brief discussion took place on the 4 key priority areas, whether they provided the best value to the Service and any potential overlap with other audit activities.

11.4 In regard to the environmental audit, the Committee queried the reasoning for prioritising this audit over others which may have delivered better value. RH informed the Committee of the reasons why some areas were not being prioritised and outlined the main reasons for prioritising the environmental audit. These included the opportunity for Azets to identify areas of improvement to help to achieve targets, providing independent assurance that the Service were doing all they could to achieve the targets and to help justify the need for additional funding. RH noted that, by prioritising this area, the Service would see the added value of this audit work.

11.5 The Committee noted the reasoning for this audit and commented on the need for the Terms of Reference to be tightly framed to deliver against the Service's expectations and maximise value.

11.6 MS confirmed that Azets had the necessary skills to support the audit work and noted that the Terms of Reference for the environmental audit would be shared at the next meeting (June 2024).

ACTION: Azets

11.7 The Committee welcomed the level of engagement undertaken to develop the audit plan and noted the reduced number of audits scheduled. The Committee sought and were provided with assurance that the reduced number of audits would still be sufficient to provide a robust annual audit position.

- 11.8 RS confirmed that the 4 key priorities identified did not overlap with the HMFSI inspection programme and confirmed his commitment to engage with Azets.
- 11.9 **The Committee recommended approval of the report which would be presented to the SFRS Board on 25 April 2024.**

8 AUDIT ACTION PLANS AND CLOSING REPORTS UPDATE

- 8.1 MMcA presented a report to the Committee providing an overview update of the current audit and inspection action plans for scrutiny.
- 8.2 MMcA noted that the Audit and Inspection Overview dashboard recorded 16 action plans as complete. Of the 3 remaining live action plans 2 were on track to be concluded in the coming months.
- 8.3 The 3 new action plans recently presented to the SLT relate to Climate Change – Impact on Operational Activity, East Service Delivery Area and Review of Contingency Planning Arrangements in relation to Potential Industrial Action. A further action plan relating to the HMFSI’s report on Mental Health and Wellbeing was presented to the SLT in January 2024 and the action plan was still in development.
- 8.4 The Committee noted and welcomed the Climate Change action plan coming forward.
- 8.5 RS reiterated previous comments relating to the good relationship between the Service and HMFSI and the positive position in progressing recommendations.
- 8.6 **The Committee scrutinised the report.**

9 EXTERNAL AUDIT

- 9.1 **Audit Dimensions and Best Value Report and Annual Reports 2021/22**
- 9.1.1 SO’D presented the report to the Committee outlining the progress on the External Audit Dimensions and Best Value Report for year ending 31 March 2021 and the Annual Report and Accounts Audit for 2020/21 and 2021/22. The following key points were highlighted:
- Report developed in conjunction with Audit Scotland and exercise undertaken to rationalise different sections. As a result, only 12 outstanding actions remained with several now being marked as complete.
 - Work will continue with Audit Scotland to review and identify whether remaining actions could be incorporated into work being done. This would result in the old action being closed and incorporated into a new recommendation going forward.
 - Work would continue to address all outstanding actions as appropriate.
- 9.1.2 MO commented on the positive meeting with SO’D resulting in a clearer articulation of the actions outstanding and the progress being made against them.
- 9.1.3 In regard to Rec 1.3, the Committee noted that Home Fire Safety Visits (HFSV) would be considered rather than climate change as an area for identifying spend against outcome. SO’D advised that this was due to HFSV being more manageable in identifying spend, and monitoring performance/outcomes. SO’D noted that reference to climate in Rec 2.3 would be amended to HFSV.
- 9.1.4 In regard to Rec 4.1, the Committee noted the closure of this action and queried the Service’s ambition in relation to benchmarking and the governance route on any future progress. MMcA provided a brief summary on discussions and progress being made with CIPFA and the New Zealand Fire and Rescue Service in this regard. MMcA noted that an update paper on progressing benchmarking would be brought back to the Board in due course.

- 9.1.5 In regard to Rec 2.11, the Committee commented that the information being provided was not consistent and there may be a need to consider whether the format of the report was appropriate.
- 9.1.6 In regard to Rec 4.3, the Committee commented on the additional information and clarity provided within the written comments.
- 9.1.7 SO'D reminded the Committee that due to the age of some of the recommendations, a full review and refresh was required and asked for the Committee's patience during this process. The Committee noted that some actions may have been overtaken by events due to the timescales involved and that this would be rectified in the future.
- 9.1.8 SO'D confirmed that, where appropriate, existing recommendations would be incorporated into Audit Scotland's work. SO'D noted that the remaining recommendations would continue to be actioned, the report would be streamlined, and progress would be reported as per normal.
- 9.1.9 **The Committee scrutinised the report and noted the progress being made.**

10 ACCOUNTING POLICIES 2023/24

- 10.1 LMcG presented a report to the Committee seeking approval for the Accounting Policies to be adopted in the Annual Report and Accounts 2023/24. LMcG confirmed that a full review had been undertaken and no changes were required to the Accounting Policies.
- 10.2 For clarification, it was confirmed that the report was being presented for decision.
- 10.3 **The Committee approved the Accounting Policies 2023/24.**

12 EXTERNAL AUDIT – ANNUAL AUDIT PLAN 2023/24

- 12.1 MO introduced TY, new senior audit manager, who presented the report and highlighted the following key points:
- Annual audit plan timeline still to be agreed.
 - No concerns arising from the plan but recognised the significant risk of management override of controls.
 - Two areas of audit focus would be valuation of net pension liabilities and valuation of property, plant and equipment. This was due to value, materiality and calculation/specialist assumptions. Details would be set out on the planned work to be undertaken in these areas to obtain assurance.
 - Recognition of the significant risks relating to the new command and control mobilising system. Details would be set out on the planned work to be undertaken in this area to obtain assurance.
 - Potential to conclude and submit the annual report earlier this year (October 2024). To help facilitate this, the next Committee would have to be rescheduled towards the end of October 2024.
 - Finalised plan would be circulated in due course.
- 12.2 The Committee noted that, with the exception of the new mobilising system, there was nothing unexpected within the audit plan.
- 12.3 The Committee noted the challenges in rescheduling the October meeting but would endeavour to do so. SO'D offered her support to rescheduling the Committee meeting in October, in order to conclude the audit timeously and enable presentation to the SFRS Board at their October meeting.
- 12.4 **The Committee noted the verbal report.**

(The meeting broke at 1135 hrs and reconvened at 1145 hrs)

13 AUDIT AND RISK ASSURANCE COMMITTEE QUARTERLY PERFORMANCE Q3 2023/24

13.1 MMcA presented the Committee with the third quarter performance of KPIs 35 – 42 for fiscal year 2023-24 for scrutiny. The following key points were highlighted:

- Due to changes in the executive scrutiny arrangements, several People Committee KPIs (46-49) had been included within the appendix by mistake. This would be rectified in the Q4 report.
- Summary of performance indicators showing exception variations/for monitoring, deteriorating (long term), improving (long term) and not changing.
- KPI38 (Freedom of Information within timescale) was reporting a long-term deterioration. Paper to be presented to the SLT on how the FOI process could be managed and resilience improved. Service continues to routinely publish information via the publication scheme to reduce demand/number of requests for information.

13.2 In regard to KPI37 (data breaches), the Committee queried the severity of the data breach and suggested that going forward further details on any breaches should be provided. MMcA noted this suggestion and noted that clarity on any breaches would be provided going forward.

13.3 The Committee noted that this report raises questions on the effectiveness of the oversight of performance across the Committee and the potential risk of issues falling between the gaps.

13.4 The Committee commented on the relationship between performance and the Service's ability to effectively manage risks and the integration of both these areas. Meeting to be arranged between BB, SO'D and MMcA to discuss the performance information being provided to the Committee.

ACTION: MMcA

13.5 **The Committee scrutinised the report.**

14 QUARTERLY UPDATE OF GIFTS, HOSPITALITY AND INTERESTS POLICY

14.1 DJ presented the Gifts, Hospitality and Interests Policy and Quarterly Update (Q4) to the Committee for scrutiny. The following key points were highlighted:

- Total number of individual declarations, as at 6 March 2024, was 47 with a further 2 since then.
- Introduction of mandatory training module (LCMS) next year with the potential to extend to all personnel.
- Future revision of policy to include how declarations that require further evaluation or escalation would be identified. This would be supported by new quarterly reporting to Directorate's to engage and raise awareness.
- Exceptional circumstances column would be removed from future report with any information being captured within the additional information column.
- Estimated values noted as not applicable were confirmed as relating to interests rather than gifts/hospitality.

14.2 The Committee commented on the potential for information to be captured in an alternative way. Meeting to be arranged between NM and DJ to consider updates to the information being recorded on the register.

ACTION: DJ

14.3 It was confirmed that during the policy review, reference and instructions on any aggregation or multiple occurrences would be included. DJ advised that the policy would be reviewed in the near future and confirmed that this change would be made immediately. The Committee were content for confirmation of this change to be given at the next meeting (June 2024).

14.4 The Committee queried whether there were any supplementary checks when awarding contracts, if an interest had been recorded, that were undertaken. DJ advised that there were register of interests for the User Intelligence Group and those directly involved in awarding any contracts. It was confirmed that the full Register of Interest was not shared with Procurement and noted that this would be helpful for full transparency.

14.5 The Committee welcomed the introduction of the mandatory training (LCMS) modules.

14.6 **The Committee scrutinised the report.**

15 INTERNAL CONTROLS UPDATE

15.1 Risk Report Update

15.1.1 DJ presented the risk report and dashboard to the Committee for scrutiny. The following key points were highlighted:

- Further review ongoing in relation to the alignment of strategic outcomes with Directorate risks due to the recent restructure.
- First iteration of alignment of risk to common themes noting further development work was still required in this area.
- Total of 11 risks rated 15 or above.
- Due to the corporate restructure, a high number of changes had been made and further development work was still required in this area.
- Three control actions were reporting red. One relating to SDMP would be transferred to business as usual and 2 relating to Portfolio Office would be incorporated within the new register.

15.1.2 The Committee noted and welcomed the continuing evolution of the risk register.

15.1.3 Regarding common themes, the Committee sought further understanding on how this information would be used. DJ noted that with the removal of strategic risks and focusing on directorate risks, these themes provided an overview and focus on wider strategic elements. It would also provide an opportunity to collectively review controls or identify new actions required relating to common themes. SO'D noted that this would provide another opportunity to review and assess the risk registers.

15.1.4 The Committee commented on the alignment of risk to strategic outcomes and queried whether it would be more beneficial to align with strategic objectives. RH advised the Committee that the SLT had discussed and agreed that alignment to outcomes was appropriate as aligning to the 45 objectives would be challenging and would not add any significant value. Brief discussion took place on how the management of risk could be linked to achievements of outcomes, the work already undertaken to define and manage risk and the lessons learnt that would help develop the next iteration of the Strategic Plan.

15.1.5 In regard to Risk TSA019 (Contaminants), it was noted that there was a specific action raised at the last meeting to include timescales for immediate, medium and long term actions. RH confirmed that this had been discussed and the estimated completion date related to the longer-term actions. Further discussions would be held on identifying intermediate timescales.

15.1.6 In regard to Risk POD015 (response requirements for pension), the Committee noted that estimated completion date and Action Status updated did not correlate. The Committee suggested that the inclusion of milestones may be helpful.

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

15.2 Anti-fraud/Whistleblowing Update

15.2.1 SOD advised the Committee of 2 potential fraud incidents and noted that this would be discussed later on the agenda (Item 22 and 23), in private session.

15.2.2 The Committee queried whether the whistleblowing policy was up to date. SO'D agreed to review the position and feedback.

ACTION: SO'D

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

16 REPORT FOR INFORMATION ONLY:

16.1 Quarterly Update Report on HMFSI Business

16.1.1 RS presented the quarterly report to the Committee to provide an update on HMFSI's inspection and reporting activity during 2023/24 and the following key areas were noted:

- Service Delivery Area (East) inspection had been published on 23 October 2023.
- Fieldwork for the Service Delivery Area (West) inspection had concluded, and the report had been drafted. Additional evidence was currently being sought. Similar themes to the East had been identified. Informal consultation to commence on completion of the report with the 3-week formal consultation following. It was anticipated that the report would be laid before Parliament on 12 June 2024.
- Engagement and fieldwork planning have commenced in relation to the Service Delivery Area (North) Inspection. Anticipated timescale for inspection was 18 months due to the logistics and budgetary constraints.
- Following completion of the 3 Service Delivery Area inspections, the intention would be to develop a light touch approach to monitor progress against any recommendations and improvements. Future potential to undertake more focussed/specific themed reviews as a result of these inspections.
- Link provided to the Chief Inspector Annual Report 2021-24 which captures progress and achievement over the last 3 years.
- Update on Thematic Inspection on Organisational Culture noting the various meetings held with the Service and Trade Unions and feedback received, proposed series of inspections, finalisation of the Terms of Reference and outline approach which would be taken.

16.1.2 In regard to the potential for internal benchmarking by using data from the Service Delivery Inspections, RS reminded the Committee that these inspections captured a moment in time and the Service was in an ever-changing position. Therefore, context would need to be considered when taking statements from individuals.

16.1.3 **The Committee noted the report.**

16.2 Arrangements for Preparing the 2023-24 Annual Governance Statement

16.2.1 MMcA presented a report to the Committee outlining the preparatory arrangements and reporting methods developed to provide sufficient levels of assurance in support of the 2023/24 Annual Governance Statement (AGS).

16.2.2 MMcA advised the process had begun and would take account of the statement of assurances which form part of all Board/Committee papers. An overview paper would be brought to the next meeting (June 2024).

16.2.3 **The Committee welcome the inclusion of the statement of assurance process and noted the report.**

17 REVIEW OF ACTIONS

17.1 KM confirmed that 7 formal actions were recorded during the meeting.

18 FORWARD PLANNING

18.1 a) Committee Forward Plan Review

18.1.1 The Committee considered and noted the Forward Plan.

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

18.2.1 There were no items identified.

19 DATE OF NEXT MEETING

19.1 The next public meeting is scheduled to take place on Tuesday 25 June 2024 at 1000 hrs.

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

PRIVATE SESSION

20 MINUTES OF PREVIOUS PRIVATE MEETING:

20.1 Monday 18 January 2024

20.1.1 The minutes of the private meeting held on 18 January 2024 were approved as a true record of the meeting.

21 ACTION LOG

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

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

22 INTERNAL CONTROL REVIEW REPORT

22.1 DJ presented a report to the Committee to update on the development of the action plan in relation to the investigation undertaken.

22.2 **The Committee scrutinised the report.**

(M Payton left at 1322 hrs)

23 BREACH OF FINANCIAL REGULATIONS AND MISAPPROPRIATION OF FUNDS

23.1 IMcM presented a report to the Committee to update on a breach of the Scottish Fire and Rescue Service's (SFRS's) Financial Regulations, External Funding Policy and Procedure, Code of Conduct and Anti-Fraud and Corruption Policy.

23.2 **The Committee scrutinised the report.**

AUDIT AND RISK ASSURANCE COMMITTEE ROLLING ACTION LOG



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Background and Purpose

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

The status of actions are categorised as follows:

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

Actions/recommendations

Currently the rolling action log contains 14 actions. A total of 7 of these actions have been completed.

The Committee is therefore asked to approve the removal of the 7 actions noted as completed (Blue status), note 4 actions categorised as Green status and note 3 actions categorised as Yellow status on the action log.

AUDIT AND RISK ASSURANCE COMMITTEE ROLLING ACTION LOG



Minute Ref	Action	Lead	Due Date	RAG Status	Completion Date	Position Statement
Meeting Date: 6 April 2023						
9.4	Deloitte - Audit Dimensions and Best Value for the Year Ended 31 March 2022: An update on the medium-term financial model and the long-term financial strategy was requested to be provided at the next meeting.	SO'D JF	June 2024 (Org June 2023)			<p>Updated (27/06/2023): 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.</p> <p>Updated (30/10/2023): The Board were updated in August on Financial Scenarios and a presentation was completed on the draft Long-Term Financial Strategy. Following Board feedback a medium term financial plan is being developed and scheduled for consideration at future Board strategy day on 23 November 2023.</p> <p>Updated (18/01/2024): This work will now be incorporated in 2024/25, which will include a refresh of medium term financial plan and LTFS in Q1 of the new financial year.</p> <p>Updated (26/03/2024): This is the same as last update as timeframe has not passed.</p> <p>Updated (25/06/2024): Development of</p>

						the MTFM continues as part of the 24/25 workplan and with consideration around SSRP, SFRS objectives and board requirements. Aiming for a draft proposal by early Q2.
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Minute Ref	Action	Lead	Due Date	RAG Status	Completion Date	Position Statement
Meeting Date: 27 June 2023						
9.1.11	SFRS Internal Audit Progress Report 2023/24 - Final Report – Sickness Absence Management: Committee request to see what will be put in place for the significant control weaknesses identified and for ongoing compliance/ sample testing, for each recommendation or management action contained within.	LBa	October 2023		March 2024 December 2023	Updated (30/10/2023): Managers guidance is currently being updated, along with reminder communications for managers of the procedures and their responsibilities under the Attendance Management Policy and Procedures, including for the completion of E-self-certs, ensuring fit notes cover whole of absence period, submission, and storage (single source) of fit notes and other absence documentation and undertaking/ recording of Attendance Support Meeting (ASM). Revisions being made to the middle manager development sessions, develop the inclusion of a managing absence toolkit in the management induction toolkit, as well as to the local and supervisory management development training to incorporate return to work interviews and attendance support meetings. Discussions underway with SDA DACO's and Risk & Audit colleagues to consider an independent process for managers vetting of case work within their areas or alternative options for future auditing which may assist in providing similar assurance. Complete (18/01/2024): Of the 5 outstanding actions, 4 are due to be complete by 31 December 2023 (following an extension to 3 of these) and are on

					<p>track to do so. A request to extend the remaining action to Q1 2024/25 will be made to enable further discussions with Risk & Audit colleagues on a verification/QA process to provide future assurance that the completed actions have addressed the weaknesses identified. The detailed actions and progress updates are provided within the Audit Action report itself.</p> <p>REOPENED (18/01/2023): Further clarification to be provided that the action has been fully addressed.</p> <p>Complete (26/03/2024): Of the 6 actions identified, 3 have been accepted as closed by Azets and one is under consideration for closure. Recommendations 1.1 and 4.2 remain outstanding and a revised date of 30 April 2024 has been requested. Both are 90% complete, with a range of activity being progressed to update management guidance and development packages to ensure responsibilities and accountability are understood. To conclude the recommendations discussions have been taking place between the People Directorate and Audit & Risk colleagues regarding development of an independent periodic verification process for compliance, this is at an early stage and will be progressed during Quarter 4.</p> <p>REOPENED (26/03/2024): LB confirmed that this action should remain open.</p> <p>Updated (25/06/2024): Two actions remain open. Discussion around the development of an independent periodic verification process of compliance (all absence management file documentation being complete and recorded in e-PRF) between People and Audit & Risk commenced in Quarter 4. There have</p>
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						been some delays to developing a proposed process and approach due to competing priorities and some associated actions required related to GDPR and storage of documentation in centralised location however, it is anticipated that this will be completed in Q1.
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Minute Ref	Action	Lead	Due Date	RAG Status	Completion Date	Position Statement
Meeting Date: 30 October 2023						
13.5	<p>Risk Spotlight: Retrieval of PPE: Committee request an update on inter-departmental discussions relating to leavers returning all equipment and PPE, and any improvements to the process that can be made including consequences for non-compliance.</p>	<p>IB/FM/ LMcG IM/IB/RM eK</p>	<p>January 2024</p>			<p>Update (18/01/2024): Asset Management are continuing to work, in conjunction with the People Directorate and Service Delivery colleagues, on a procedure which defines roles, responsibilities and timescales for the return of PPE. This procedure will be incorporated within a SFRS Leavers process, which will be prepared by the People Directorate. Finance and People colleagues are meeting on 19 January 2024 to discuss what consequences, if any, could be implemented for failing to return PPE. Updated (26/03/2024): People Directorate are reviewing the existing Exit Interview Policy this financial year, which will become a guidance note in future. In the meantime, the People Services Team have received an updated Leavers Kit Return List from Asset Management, which is issued to staff upon receipt of receipt of resignation/retiral. Correspondence issued to staff from People Services</p>

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						<p>emphasises the actions required by both staff and line managers to ensure safe return of kit.</p> <p>Finance and People Directorate colleagues have met to discuss the consequential action for not returning Kit, awaiting outcomes from this meeting.</p> <p>Communications Plan to be agreed explaining consequences for non-return of kit.</p> <p>Updated (25/06/2024): Leavers return list for ICT and Kit return is in use and issued to leavers. Resignation/retiral letters also include “return of SFRS property” text.</p> <p>Stores Team undertake a reconciliation check return of kit against SFRS leavers list and Equipment Return List form.</p> <p>People Services are preparing a revised guidance note on the Exit Interview Policy. Ext interview questionnaire now includes response with regards to return of PPE.</p> <p>A communications plan has been agreed explaining the importance of returning kit and will be issued shortly.</p> <p>Finance and People Directorate colleagues have met to discuss the consequential action for not returning Kit, awaiting outcomes from this meeting.</p>
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Minute Ref	Action	Lead	Due Date	RAG Status	Completion Date	Position Statement
Meeting Date: 18 January 2024						
7.1.12	Internal Audit Progress Report 2023/24: Committee request that Final Reports contain the Terms of Reference as an appendix in future.	Azets	March 2024		June 2024	Update (26/03/2024): To be appended to future final reports – no reports have been finalised since the previous committee meeting.

						Updated (25/06/2024): Internal Audit Assignment Plans are now appended to final internal audit reports – Action Complete.
9.1.2	Audit Dimensions and Best Value Report and Annual Report 2021/22: Committee request work is undertaken to consolidate outstanding/historical actions where possible with Audit Scotland recommendations going forward.	Audit Scotland/ SO'D	March 2024			Update (26/03/2024): This will be addressed by a report on the agenda for the meeting. Updated (25/06/2024): Discussions have taken place re the outstanding actions and an update would be included in the annual audit report for 2023/24.
10.3	Quarterly Update of Gifts, Hospitality and Interests Register: Consideration for review of GHI policy to clarify the process of acceptance and approval required, and consequences of aggregation of multiple entries on register.	DJ	March 2024		June 2024	Updated (26/03/2024): GHI policy will be updated to consider entries requiring further assurance and potential escalation. Complete (25/06/2024): This action is complete with additional wording incorporated within the GHI Policy in relation to escalation of declarations made.
11.1.5	Overview of Strategic Risk Register and Committee Aligned Directorate Risks: Refine work on progressing the outstanding control actions within the risk report, with further consideration required on selection of RAG status for the overdue items.	DJ	March 2024		June 2024	Updated (26/03/2024): The appendix to the risk report provides information on all actions outstanding for identified risks, whether on target or beyond. Discussions and workshops held with Directorates have highlighted the need for SMART actions and consideration of work to be completed over the financial year period, rather than longer term. The RAG status is used to highlight area where additional assurance is required and is aligned to the RAG status of the internal audit process. Complete (25/06/2024): This action is complete with ongoing discussions with Directorates to ensure accuracy of information and associated timelines.

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Minute Ref	Action	Lead	Due Date	RAG Status	Completion Date	Position Statement
Meeting Date: 26 March 2024						
6.1	Action Log: Arising from previous action 7.1.2 (Internal Audit Progress Report 2023/24 - 18 January 2024), Committee requested the circulation of the revised ToR for the Risk Management Advisory Review (Assurance Stocktake) audit.	SO'D	June 2024		June 2024	Complete (25/06/2024): The Final Report on the Risk Assurance (Advisory Audit) provides the Assignment Plan outlining the areas to be covered within the review.
7.1.9	Internal Audit Progress Report 2023/24: Committee request that Azets consider including satisfaction level information within the KPI descriptors section of the report.	Azets	October 2024			Updated (25/06/2024): Meeting to be arranged between Audit & Risk Manager and Azets to agree the approach to obtaining and reporting on feedback
7.2.2	SFRS Progress Update/Management Response: Committee requested more up-to-date verbal updates from management, if available, on progress updates relating to recommendations approaching their revised completion dates.	SO'D	June 2024			Updated (25/06/2024): Additional verbal updates will be provided, where available, in relation to actions approaching their completion dates.
11.6	Draft Internal Audit Strategy Update and Annual Plan 2024/25: Terms of reference for the environmental audit would be shared at the next meeting (June 2024)	Azets	June 2024		June 2024	Updated (25/06/2024): Internal audit scope for the Environmental Management audit has been included in the IA Progress Report for 2024/25 along with the scopes for the Cyber Security and Anti-Fraud Arrangements reviews, all of which are due to commence in Quarter 2 – Action Complete.
13.4	ARAC Quarterly Performance Q3 2023/24: Meeting to be arranged between BB, SO'D and MMcA to discuss the performance information being provided to the Committee.	MMcA	June 2024		June 2024	Complete (25/06/2024): The meeting took place on 4 June 2024. We reviewed the performance information going to ARAC. A forward plan was agreed for improving the linkages between Strategic Planning and the Performance Management and Risk Management

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						Frameworks and how that will support improved scrutiny at ARAC and other committees. That work will be carried out across the next 12 months in preparation for the Strategic Plan 2025/28.
14.2	Quarterly Update of Gifts, Hospitality and Interests Register: Meeting to be arranged between NM and DJ to consider updates to the information being recorded on the register.	DJ	June 2024		June 2024	Complete (25/06/2024): This action is complete with a meeting held between NM and DJ.
15.2.2	Anti-fraud/Whistleblowing Update: SO'D agreed to review whether the Whistleblowing Policy was up to date and feedback	SO'D	June 2024			Update (25/06/2024): The SFRS Whistleblowing Policy is due for formal review in 2026. However, a desktop review will be carried out to ensure that the policy wording remains fit for purpose in the context of the recent issues raised related to fraud.

SCOTTISH FIRE AND RESCUE SERVICE

Audit and Risk Assurance Committee



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Report No: C/ARAC/22-24

Agenda Item: 7

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE							
Meeting Date:	25 JUNE 2024							
Report Title:	COMMITTEE ANNUAL REPORT 2023/24 TO THE ACCOUNTABLE OFFICER AND BOARD							
Report Classification:	For Decision	SFRS Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u>						
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>
1	Purpose							
1.1	The purpose of this report is to present the Audit and Risk Assurance Committee (ARAC) Annual Report 2023/24, 'For Decision' prior to being submitted to the Scottish Fire and Rescue Service (SFRS) Board 'For Information only'.							
2	Background							
2.1	Consistent with the Scottish Government Audit and Assurance Committee Handbook, and generally accepted principles of good corporate governance, the Terms of Reference of the SFRS ARAC calls for an Annual Report to the Board and Accountable Officer of the SFRS, summarising the Committee's work for the year past, and its opinion of the overall assurances it has received and issues it has considered.							
3	Main Report/Detail							
3.1	The Annual Report supports and assists with the preparation of the Accountable Officer's 2023/24 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 2023/24 which is scheduled to be presented to the SFRS Board on 31 October 2024.							
3.3	Following scrutiny by ARAC and any necessary adjustments made, an approved Annual Report will be submitted to the SFRS Board 'For Information only' on 29 August 2024.							
4	Recommendation							
4.1	The Committee are invited to consider the contents of the Audit and Risk Assurance Committee Annual Report 2023/24 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 29 August 2024 'For Information only'.							
5	Key Strategic Implications							
5.1	Risk							
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	Financial 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	Environmental & Sustainability There are no environmental and sustainability implications arising from this report.
5.4 5.4.1	Workforce There are no workforce implications arising from this report.
5.5 5.5.1	Health & Safety There are no Health & Safety implications arising from this report.
5.6 5.6.1	Health & Wellbeing There are no Health & Wellbeing implications arising from this report.
5.7 5.7.1	Training There are no training implications arising from this report.
5.8 5.8.1	Timing 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 2023/24.
5.9 5.9.1	Performance Information contained within this report deems that there are no significant gaps in the performance of the ARAC and its approach to seeking assurance on, and scrutinising, the risk management and internal controls across SFRS.
5.10 5.10.1	Communications & Engagement 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 2023/24.
5.11 5.11.1	Legal 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	Information Governance DPIA completed Yes /No. <i>If not applicable state reasons.</i> <i>No DPIA was required for this paper as it contains no personal information.</i>
5.13 5.13.1	Equalities EHRIA completed Yes /No. <i>If not applicable state reasons.</i> <i>Covered by the SFRS Corporate Governance Arrangements 2024 EHRIA.</i>
5.14 5.14.1	Service Delivery There are no service delivery implications arising from this report.
6	Core Brief
6.1	Not Applicable

7	Assurance (SFRS Board/Committee Meetings ONLY)	
7.1	Director:	Richard Whetton, Head of Governance, Strategy and Performance
7.2	Level of Assurance: (Mark as appropriate)	Substantial/ Reasonable /Limited/Insufficient
7.3	Rationale:	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.
8	Appendices/Further Reading	
8.1	Appendix A – SFRS ARAC Annual Report 2023/24 to the Board and Accountable Officer of the Scottish Fire and Rescue Service.	
Prepared by:	Kevin Murphy, Group Commander, Board Support Manager	
Sponsored by:	Brian Baverstock, Chair of the SFRS Audit and Risk Assurance Committee	
Presented by:	Brian Baverstock, Chair of the SFRS Audit and Risk Assurance Committee	
Links to Strategy and Corporate Values		
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.”		
Governance Route for Report	Meeting Date	Report Classification/ Comments
<i>Audit and Risk Assurance Committee</i>	<i>25 June 2024</i>	<i>For Decision</i>
<i>SFRS Board</i>	<i>29 August 2024</i>	<i>For Information only</i>



SFRS AUDIT AND RISK ASSURANCE COMMITTEE ANNUAL REPORT 2023/24

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 2023/24 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 2023/24 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 2023 to March 2024 the Audit and Risk Assurance Committee has met a total of six times - five public meetings, each of which included a private session, and one further standalone meeting in private. The Committee meeting scheduled for March 2023 was delayed until 6 April 2023, so is included in these figures. The Committee met utilising a blend of 'in person' meetings both at SFRS HQ and East SDA HQ (Newbridge), and virtual technology via MS Teams. 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 comprised of five Non-Executive members until July 2023 whereby membership dropped to four, following the resignation of Lesley Bloomer. Following a public appointments process, four new Board Members joined SFRS in December 2023 with Neil Mapes being allocated to ARAC and increasing Non-Executive membership back to five. 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 2024, at which the Committee confirmed compliance with its Terms of Reference.
- 3.3 All meetings were attended by SFRS senior management, Audit Scotland, as newly appointed External Auditors, Azets, who are SFRS's Internal Auditors and His Majesty's Fire Service Inspectorate (HMFSI). This routine attendance provided the Committee regular access to all key assurance sources.
- 3.4 The key areas of the Committee's work are outlined in sections 4 to 10 below.

4 Internal Audit

- 4.1 Azets were appointed as Internal Auditor partners at the start of 2020/21 for a 4-year period. [Progress reports](#) are presented at every meeting of the Committee outlining progress against the annual audit plan and the implementation of internal audit recommendations.
- 4.2 In reviewing the work of internal audit, the Committee:
- focused on the reported assurance levels, the quality and significance of audit recommendations and reasonableness of the management responses to them;
 - monitored the ongoing implementation of recommendations arising from current and prior year audits;
 - welcomed early sight of each Audit scope, allowing for comment in advance, if required, including the numbers of days allocated;
 - asked for consideration to be given to the challenges identified relating to resourcing and capacity within the Portfolio Office;
 - commented on the need for a collaborative approach to take action and provide evidence to close items off promptly;
 - requested further information be included with regards to revision of dates and outstanding requirements;
 - queried if identified issues are taken into account when considering risk;
 - encouraged greater levels of feedback be provided to Azets on audit activity;
 - acknowledged the efforts of Azets and the Executive Team in completing the 2023/24 audit plan; and
 - noted the overall opinion given by Internal Audit in its Annual 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 2024/25 in March 2024. The Committee recommended the Board approve the 2024/25 Internal Audit Plan and this will take them to the end of their appointment period. On the recommendation of the Executive, the Committee supported the recommendation to extend the contract with Azets for one year (2024/25).

- 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 Audit Scotland were SFRS's External Auditors for 2023/24 as appointed by the Auditor General for Scotland for a five-year term. This was Audit Scotland's first 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 2022 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 welcomed the ongoing discussions to develop a proportionate way to attribute budgets to outcomes. The Committee also welcomed the approach taken to consolidate and, if necessary, review and refresh historical actions, ensuring actions remain relevant and aligned with Audit Scotland recommendations going forward.
- 5.3 The Committee also reviewed the draft 2022/23 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 Audit Scotland in October 2023, no matters were raised that would require to be disclosed in this report. The Committee will consider the draft 2023/24 Accounts and the External Auditor's report at a Special meeting in November 2024.

6 His Majesty's Fire Service Inspectorate

- 6.1 The HMFSI attends and presents progress update reports at each ARAC meeting.
- 6.2 During 2023/24 HMFSI published a report following an inspection of the East Service Delivery Area (ESDA) in a more accessible and revised format. The next inspection of this type commenced in the West Service Delivery Area (WSDA) during 2023/24 and will be published at some point in Summer 2024, with engagement and fieldwork commencing in the North Service Delivery Area (NSDA) towards the end of the period covered in this report. The Chief Inspector also published a report detailing the work undertaken over the period 2021-24.
- 6.3 During 2023/24 HMFSI completed the following Thematic Inspections:
- 'Climate Change: Impact on Operational Activity' Inspection report was laid in Parliament in September 2023. The report focussed on Wildfire and Flooding incidents and other elements consequential to climate change. The report concluded that, whilst there is scope to improve performance in some areas, namely Operational Intelligence and Information Sharing, the service has considered its response to these incident types and is committed to improving resilience and response capabilities, with some clear examples of good practice. The report contained 8 Recommendations for SFRS to consider.
 - 'Mental Health and Wellbeing Provision' Inspection report was laid in Parliament in December 2023. The report concluded that whilst areas of work are ongoing, there is positive cultural change underway in the service relating to Mental Health and Wellbeing. The report contained 20 recommendations for SFRS to consider.

- 6.4 An overview of the key areas of focus for the forthcoming year 2024/25 was also provided and includes a Thematic Inspection on Organisational Culture.
- 6.5 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, where appropriate. The reports themselves are published on the HMFSI [Website](#) which details the assurances and recommendation to the SFRS.
- 6.6 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 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 Risk Dashboard on 31 July 2023;
- 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 2023/24 included: *Retrieval of PPE*;
- the Committee has been supportive of efforts to develop robust risk management arrangements and has welcomed a simplified approach to how key risks are presented. Importantly this has enable greater scrutiny by focusing on the effectiveness of risk management., However, the development of an approach and implementation of risk appetite has still not been completed and represents a significant gap in the Services' Risk Management Framework. Improvements in aligning strategic risks to strategic outcomes and objectives are also required...

7.2 ***Based on its scrutiny of risk, and recognising the ongoing work on defining risk appetite and aligning strategic risks, the Committee is concerned at the pace of introducing improvements to risk management, although is generally content with the direction of travel and can provide reasonable assurance on the operation of strategic risk management arrangements throughout the year 2023/24.***

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 2022/23;
- accounting policy regulatory changes;
- any incidences of Fraud/Misappropriation of Funds;
- cyber/organisational security;
- Annual Procurement Report 2022/23
- updates 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 2023/24 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 2024 and amended and approved by the SFRS Board on 25 April 2024. 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 any 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 saw the introduction of integrated assurance mapping during 2023/24 and whilst this continues to evolve there has been an improved focus on levels of assurance and associated rationale.
- 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, any future financial challenges will be the key area of focus for the Committee over 2024/25 and beyond. Ensuring that the improvements to risk management that are reference above must be treated as a priority in this coming year.

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

June 2024

SCOTTISH FIRE AND RESCUE SERVICE

Audit and Risk Assurance Committee



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Report No: C/ARAC/23-24

Agenda Item: 8

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:	25 JUNE 2024						
Report Title:	ANNUAL GOVERNANCE STATEMENT FOR ACCOUNTING PERIOD 2023/24						
Report Classification:	For Scrutiny	Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
1	Purpose						
1.1	To 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 2024.						
2	Background						
2.1	The Scottish Public Finance Manual (SPFM) requires the Accountable Officer to produce an AGS for inclusion within the accountability section of the Annual Report and Accounts. The AGS outlines the arrangements that are in place for internal controls, risk management and corporate governance, and how effective these arrangements have been during the period under review.						
2.2	On 26 March 2024 the Audit and Risk Assurance Committee (ARAC) considered the SFRS's approach for preparing the AGS for the year ended 31 March 2024. 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"> • ARAC Annual Report • Views of Internal Audit • Views of External Audit • Assurances from Executive Directors and Senior Managers using the self-assessment Certificate of Assurance process. 						
2.4	Furthermore, inspection work carried out by independent bodies such as His Majesty's Fire Service Inspectorate (HMFSI) have been used to inform the Accountable Officer's overall opinion of the effectiveness of SFRS's internal controls, risk management and corporate governance arrangements.						
3	Main Report/Detail						
3.1	In preparing the AGS 2023/24, 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 2023/24 will be presented to the Board on 31 October 2024.
3.3	The existing Equality and Human Rights Impact Assessment – SFRS Corporate Governance Arrangements, has been reviewed and updated in March 2024 and presented to the Board in April 2024 as part of the Annual Governance Review of Board and Committee related items , there are no issues arising from the matters raised within this report.
4	Recommendation
4.1	ARAC are asked to scrutinise the contents of the AGS as set out in Appendix A and note the underpinning evidence, in support of preparing the AGS contained within.
5	Key Strategic Implications
5.1	Risk
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 2023/24.
5.2	Financial
5.2.1	Evidence gathered in support of the AGS demonstrates internal controls in place within SFRS related to finance management.
5.3	Environmental & Sustainability
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	Workforce
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	Health & Safety
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	Health & Wellbeing
5.6.1	Evidence gathered in support of the AGS demonstrates internal controls in place within SFRS related to staff wellbeing.
5.7	Training
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	Timing
5.8.1	The AGS is scheduled to be presented to the Board as a part of the Annual Report and Audited Accounts for 2023/24 on 31 October 2024.

5.9 5.9.1	Performance 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 Corporate Board (CB) and link, where appropriate, to Corporate Risks through Strategic and Directorate Risk Registers building this into our business as usual processes.	
5.10 5.10.1	Communications & Engagement As most of the evidence gathering in support of the AGS is co-ordinated by Deputy Directors, the process for producing this year's AGS, including the key changes, were detailed to the CB in February 2024. Follow-up support and Fraud Risk Assessment input was also provided by the Corporate Business Manager and Risk and Audit Manager respectively.	
5.11 5.11.1	Legal 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 5.12.1	Information Governance No Data Protection Impact Assessment is required as no personal data is involved in this process.	
5.13 5.13.1	Equalities Evidence gathered in support of the AGS demonstrates internal controls in place within SFRS related to equality and diversity. The existing Equality and Human Rights Impact Assessment – SFRS Corporate Governance Arrangements, has been reviewed and updated as part of the Annual Governance Review of Board and Committee related items April 2024 . There are no issues arising from the matters raised within this report.	
5.14 5.14.1	Service Delivery 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 2023/24.	
6	Core Brief	
6.1	Note applicable	
7	Assurance (SFRS Board/Committee Meetings ONLY)	
7.1	Director:	Mark McAteer, Director of Strategic Planning, Performance and Communications
7.2	Level of Assurance: (Mark as appropriate)	Substantial/Reasonable/Limited/Insufficient
7.3	Rationale:	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 2023/24 have been identified.
8	Appendices/Further Reading	
8.1	Appendix A – Annual Governance Statement for the Accounting Period 2023/24	

OFFICIAL

Prepared by:	Marion Lang, Corporate Business and Admin Manager Kevin Murphy, Group Commander, Board Support David Johnston, Risk and Audit Manager	
Sponsored by:	Mark McAteer, Director of Strategic Planning, Performance and Communications	
Presented by:	Mark McAteer, Director of Strategic Planning, Performance and Communications	
Links to Strategy and Corporate Values		
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.		
Governance Route for Report	Meeting Date	Report Classification/ Comments
<i>Audit and Risk Assurance Committee – Arrangements for Preparing Annual Governance Statement for 2023/24</i>	<i>26 March 2024</i>	<i>For Scrutiny</i>
<i>Strategic Leadership Team - Annual Governance Statement for 2023/24</i>	<i>5 June 2024</i>	<i>For Scrutiny</i>
<i>Corporate Board - Annual Governance Statement for 2023/24</i>	<i>24 June 2024</i>	<i>For Information</i>
<i>Audit and Risk Assurance Committee - Annual Governance Statement for 2023/24</i>	<i>25 June 2024</i>	<i>For Scrutiny</i>



Annual Governance Statement (AGS) For Accounting Period 2023/24

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 2023/24 the SFRS Board ('the Board') comprised of twelve Non-Executive Members including the Non-Executive Chair. At the end of July 2023, Board Members Nick Barr and Lesley Bloomer retired and the Board reduced to ten Non-Executive Members including the Non-Executive Chair until December 2023. A robust recruitment process was conducted and in December 2023, four new Board Members were appointed, increasing the Board membership to fourteen 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 focusses 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 2023/24 the Board met eight 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, nine 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 2023-24

- 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 2023/24 which sets out a timetable of the main reviews of key activities during 2023/24 that are intended to assist in ensuring effective governance and monitoring arrangements within SFRS
- Approved the Annual Operating Plan 2023/24
- Approved the Performance Management Framework 2023/24
- Approved the Operational Change Consideration 2023/24 (Private)
- Approved the SFRS Income Generation Policy 2023
- Approved the Arrangements for Reviewing the Effectiveness of the Board
- Approved the Development of Local Fire and Rescue Plans, then subsequently deferred
- Approved the Outline Business Case for the Rostering Project (Private)
- Approved the Annual Performance Review Report 2022/23(Private)
- Approved the Annual Procurement Report for Period: 1 April 2022 - 31 March 2023
- Approved the Board Forward Plan Schedule 2024/25 for all Board and Committee meetings
- Approved the closure of Leadhills Community Fire Station
- Approved the New Mobilising System Procurement to withdraw from the Crown Commercial Services Framework
- Approved the revised Scheme of Delegations
- Approved the Draft Annual Report and Accounts 2022/23 and authorised the Chief Officer, as the Accountable Officer, to sign and submit this on behalf of the Service

- Approved the Budget Approach 2024/25, 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 2024/25
- Approved the Capital Programme 2024/25 – 2026/27
- Approved the Risk Based Capital Investment Plan 2024
- Approved the continued pursuit of losses from Systemes et Telecommunications SA (Systel), following termination of the Services Agreement (private)

2.2 Board Members

The biographies and interests of Board Members can be found on the SFRS website at: [Board members | Scottish Fire and Rescue Service \(firescotland.gov.uk\)](https://www.firescotland.gov.uk/board-members).

The table below outlines Board meetings and Board Member attendance for 2023/24.

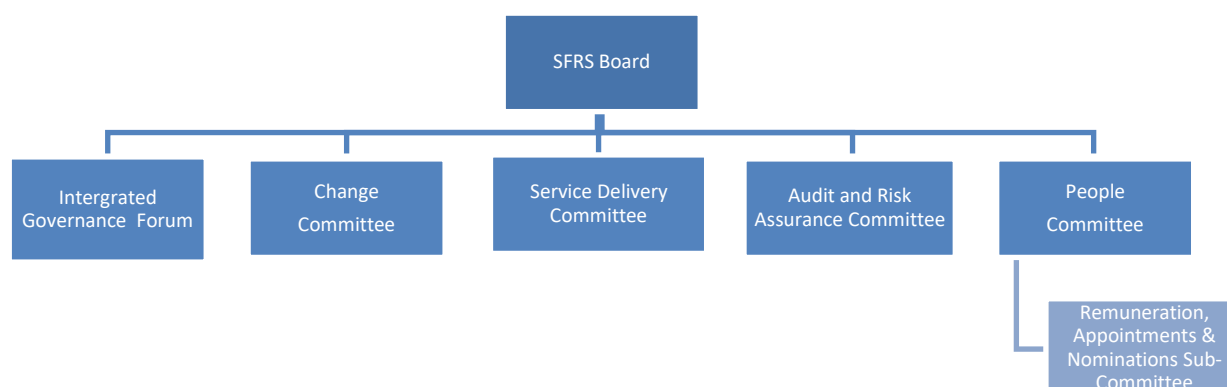
Name of Board Member	Number of meetings attended in year	Possible
Kirsty Darwent (Chair)	11	12
Fiona Thorburn (Deputy Chair)	12	12
Tim Wright	11	12
Nick Barr (retired July 2023)	3	4
Brian Baverstock	12	12
Mhairi Wylie	12	12
Malcolm Payton	11	12
Lesley Bloomer (retired July 2023)	3	4
Stuart Ballingall	11	12
Steven Barron	11	12
Angiolina Foster	12	12
Paul Stollard	10	12
Andrew Smith (joined December 2023)	3	3
Madeline Smith (joined December 2023)	3	3
Neil Mapes (joined December 2023)	3	3
Therese O'Donnell (joined December 2023)	3	3

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

2.3 Committee Structure and Coverage

During 2023/24 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 2023/24



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 2023/24 met five 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 the retiral of Board Member Lesley Bloomer, the Committee membership reduced to four Non-Executive Members before returning to five Non-Executive Members when Board Member Neil Mapes joined in December 2023.

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/Director of Finance and Contractual Services 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 2023/24 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 21st June 2024).**

The table below outlines ARAC meetings and Board Member attendance 2023/24.

Board Member	Number of meetings attended in year	Possible
Brian Baverstock (Chair)	6	6
Lesley Bloomer (Deputy Chair) (retired July 2023)	2	2
Tim Wright	6	6
Mhairi Wylie	6	6
Malcolm Payton	5	6
Neil Mapes (joined December 2023)	2	2

(* 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 2023/24 met four times in public, each of which included a private session, and four standalone meetings in private. Following the retirement of Board Member Nick Barr, the Committee membership reduced to four Non-Executive Members before returning to five Non-Executive Members when Board Member Therese O'Donnell joined in December 2023. The Committee Chair is Fiona Thorburn. The Deputy Chief Officer, Interim Deputy Chief Officer (Corporate Services), Director of Service Development and other Senior Managers were invited to attend the meetings as appropriate. In January 2024 following a SLT restructure the role of Director of Service Development changed to become Director of Prevention, Protection and Preparedness.

The Committee monitored progress of major projects such as the New Mobilising System, People Payroll, Finance and Training Project, 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 provided Executive leadership and oversight regarding the Change portfolio and how it was managed. However, as noted previously that there was a re-structure within the SLT within the reporting year, this now falls under the responsibility of Corporate Services.

Further highlights of the CC's work during 2023/24 can be found via this [link](#) which takes you to their Committee Assurance Statement presented at the 2 May 2024 public meeting.

The table below outlines CC meetings and Board Member attendance 2023/24.

Board Member	Number of meetings attended in year	Possible
Fiona Thorburn (Chair)	8	8
Brian Baverstock (Deputy Chair)	8	8
Nick Barr (retired July 2023)	2	2
Stuart Ballingall	8	8
Angiolina Foster	7	8
Therese O'Donnell (joined December 2023)	3	4

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

2.3.3 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 2023/24 met four times in public, three of which included a private session. The Committee Chair was Nick Barr until July 2023, then Tim Wright took over the role. The Deputy Chief Officer, Director of Service Delivery (nomenclature change in January 2024 to become Director of Operational 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 (now Operational Delivery Directorate) and the Training, Safety and Assurance Directorate over the previous quarter.

Further highlights of the SDC’s work during 2023/24 can be found via this [link](#) which takes you to their Committee Assurance Statement presented at the 29 May 2024 public meeting.

The table below outlines SDC meetings and Board Member attendance 2023/24.

Board Member	Number of meetings attended in year	Possible
Nick Barr (Chair until retiral in July 2023)	2	2
Tim Wright (Deputy Chair until July 2023, Chair from August 2023)	4	4
Paul Stollard (Deputy Chair from August 2023)	4	4
Lesley Bloomer (retired July 2023)	1	2
Angiolina Foster	4	4
Andrew Smith (joined December 2023)	1	1
Madeline Smith (joined December 2023)	1	1

(* 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 2023/24 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 2023/24 met four 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 2023/24 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 3 June 2024).**

The table below outlines PC meetings and Board Member attendance 2023/24.

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	4	4
Paul Stollard	4	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 2023/24.

Board Member	Number of meetings attended in year	Possible
Fiona Thorburn (Chair)	4	4
Steve Barron (Deputy Chair)	4	4
Kirsty Darwent	4	4
Mhairi Wylie	4	4
Stuart Ballingall	4	4

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

2.3.5 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 2023/24 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 were 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 2023/24.

Name	Number of meetings attended in year	Possible
Kirsty Darwent (Chair)	4	4
Fiona Thorburn (Deputy Chair)	4	4
Nick Barr (retired July 2023)	1	1
Brian Baverstock	3	4
Mhairi Wylie	4	4
Tim Wright	4	4

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

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 2023/24 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 24 June 2024).**

In summary, collectively and through the detailed variety of examples within the report presented at the Board meeting (27 June 2024), 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 2023/24, 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 2023/24 was the continued development of a risk aware culture, providing additional assurance to scrutiny bodies through the introduction of a Power BI risk dashboard. Aligned to our Strategic Outcomes and Risk Themes the dashboard provides an interactive at-a-glance view of all Directorate and Project risks and associated performance against agreed control actions. The dashboard, risk registers and ability to provide monthly updates assists the Service's governance processes, providing scrutiny bodies with a greater understanding of 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, 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, with the risk management framework providing a single consistent approach to the identification, assessment and reporting of business risk across the Service.

4 Risk Registers

The most significant risks identified by the SFRS are reported through Directorate risk registers, with additional information identified through Project risk registers. 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 and SLT have shaped the Register, increasing awareness and ownership of risk across the SFRS.

Risk update reports are provided quarterly to ARAC, all other Committees and Executive Boards highlighting the Services most significant risks.

Risk Registers are aligned to the SFRS 2022-25 Strategic Plan Outcomes, reflecting the service values and strategy, ensuring our work supports the priorities outlined within the Fire and Rescue Framework for Scotland 2022. The Services most significant risks, at the time of reporting, are as follows:

Directorate Risk	Risk Rating
Cyber Security	20
Core Funding	16
Supply Chain Shortages	16
Pension Related Actions	16
Health and Safety Legal Compliance	16
Staff Resourcing and Capability	16
Training Facilities	16
Overspend of Expenditure	15
Command and Control Mobilising	15
Resources and Capacity	15
Delivery of Strategic Change	15

Risks will be managed collectively by the SLT with each Director responsible for the creation, monitoring and integration of risk within their functions.

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 seek wider assurance that all necessary work is being undertaken 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, which now includes levels of assurance from Directors in Committee and Board level reports, have continued in 2023/2024.

Our risk-based assurance plan ensured that the assurance evidence being gathered and assessed for 2023/24 was focused on the most appropriate areas of the SFRS. The Assurance Framework was reviewed by ARAC on 26 March 2024 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 2024, 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 Corporate 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 2023/24 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 \(PSIAS\)](#), which require AZETS to communicate on a timely basis all facts and matters that may have a bearing on their independence.

AZETS have confirmed that the staff members involved in each of the 2023/24 internal audit reviews were independent of SFRS and their objectivity was not compromised in any way and that their internal audit service conforms to the Public Sector Internal Audit Standards.

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.

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 2023/24 ([link](#) to the report, which will be contained within the June ARAC public meeting pack, will not be available on our website until 21st June 2024).

The table below provides a summary of the conclusions of individual audits undertaken in 2023/24:

Review	Control objective assessment	No. of issues per grading				
		4	3	2	1	Advisory
A.6 Budgetary Control		-	2	1	1	-
B.5 Equality, Diversity and Inclusion		-	-	5	-	-
C.8 Risk Assurance (Advisory Review)	N/A Advisory	-	2	1	-	2
D.3 Workforce Planning (On Call Firefighters)		-	-	5	-	-
D.6 Partnership Working		-	1	2	-	-
D.7 Contract Management		-	8	6	-	-

The 2023/24 Internal Audit Plan comprised 150 days of audit work and AZETS completed the full programme. AZETS confirm that there were no resource limitations that impinged on their ability to meet the full audit needs of SFRS and no restrictions were placed on their work by management. AZETS did not rely on the work performed by a third party during the period.

5.4 External Audit

The Auditor General for Scotland appointed Audit Scotland as auditors to the SFRS covering the 12-month period ending 31 March 2024.

Audit Scotland presented their final report to the Audit and Risk Assurance Committee (ARAC) of Scottish Fire and Rescue Service (SFRS) for the 2022/23 audit issuing an unmodified audit opinion, further detail can be found via this [link](#).

Information was provided by Audit Scotland to the ARAC on 26 March 2024, communicating the audit activity to be undertaken for the SFRS for the period 2023/24.

It is anticipated that the conclusions of the Audit will be reported to ARAC on 29 October 2024 and included within the Annual Report and Accounts for 2023/24.

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 2023/24. 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 2023/24 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

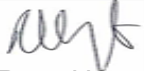
Executive Directors have responsibility for the development and maintenance of the risk management and internal control arrangements within their area of responsibility. They provide me as 'Accountable Officer' with a Certificate of Assurance covering a self-assessment of areas. The Directors, in turn 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 Corporate Board and ARAC by exception during 2024/25 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 objectives, which is underpinned by our robust policies and procedures. No significant issues during 2023/24 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 2024

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/28—24

Agenda Item: 9.1

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:	25 JUNE 2024						
Report Title:	SFRS INTERNAL AUDIT PROGRESS REPORT 2024/25						
Report Classification:	For Scrutiny	Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u>					
		A	B	C	D	E	F
1	Purpose						
1.1	To provide a summary of progress in the delivery of the 2024/25 Internal Audit plan.						
2	Background						
2.1	This report is intended to enable the Audit and Risk Assurance Committee (ARAC) to consider the progress to date in the delivery of the audit plan for 2024/25.						
3	Main Report/Detail						
3.1	To provide confirmation of the progress made in relation to all audits contained within the 2024/25 agreed audit plan and to provide the scopes of the audits due to commence in Quarter 2 for consideration by ARAC.						
4	Recommendation						
4.1	ARAC is asked to scrutinise the content of the report and to consider the scopes of the three reviews due to commence in Quarter 2 i.e. Cyber Security, Environmental Management and Anti-Fraud Arrangements.						
5	Key Strategic Implications						
5.1	Risk						
5.1.1	The internal audit programme forms part of the Service's Assurance Framework.						
5.2	Financial						
5.2.1	There are no direct implications associated with the report.						
5.3	Environmental & Sustainability						
5.3.1	There are no direct implications associated with the report.						
5.4	Workforce						
5.4.1	There are no direct implications associated with the report.						
5.5	Health & Safety						
5.5.1	There are no direct implications associated with the report.						

5.6 5.6.1	Health & Wellbeing There are no direct implications associated with the report.
5.7 5.7.1	Training There are no direct implications associated with the report.
5.8 5.8.1	Timing The report notes progress in relation to audits to be undertaken in the 2023/24 financial year.
5.9 5.9.1	Performance Internal audit is intended to support the service and where relevant identify areas where performance can be enhanced.
5.10 5.10.1	Communications & Engagement 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	Legal There are no direct implications associated with the report.
5.12 5.12.1	Information Governance 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	Equalities For each audit assignment, relevant directors need to consider whether an Equality and Human Rights Impact Assessment is applicable.
5.14 5.14.1	Service Delivery There are no direct implications associated with the report.
6	Core Brief
6.1	Not applicable
7	Assurance (Board/Committee Meetings ONLY)
7.1	Director: Sarah O'Donnell, Director of Finance and Contractual Services
7.2	Level of Assurance: (Mark as appropriate) Substantial/Reasonable/Limited/Insufficient
7.2	Rationale: 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.
8	Appendices/Further Reading
8.1	Appendix A: Internal Audit Project Report
8.2	Appendix B: Internal Audit Report on Contract Management
8.3	Appendix C: Internal Audit Report on Risk Advisory Review
8.4	Appendix D: Internal Audit Report on Partnerships

OFFICIAL

Prepared by:	Gill Callaghan, Senior Manager – Azets	
Sponsored by:	Sarah O'Donnell, Director of Finance and Contractual Services	
Presented by:	Matt Swann, Director - Azets	
Links to Strategy and Corporate Values		
Working Together for a Safer Scotland		
Governance Route for Report	Meeting Date	Report Classification/ Comments
<i>Audit and Risk Assurance Committee</i>	<i>25 June 2024</i>	<i>For scrutiny</i>

Scottish Fire and Rescue Service

Internal Audit Progress Report

June 2024



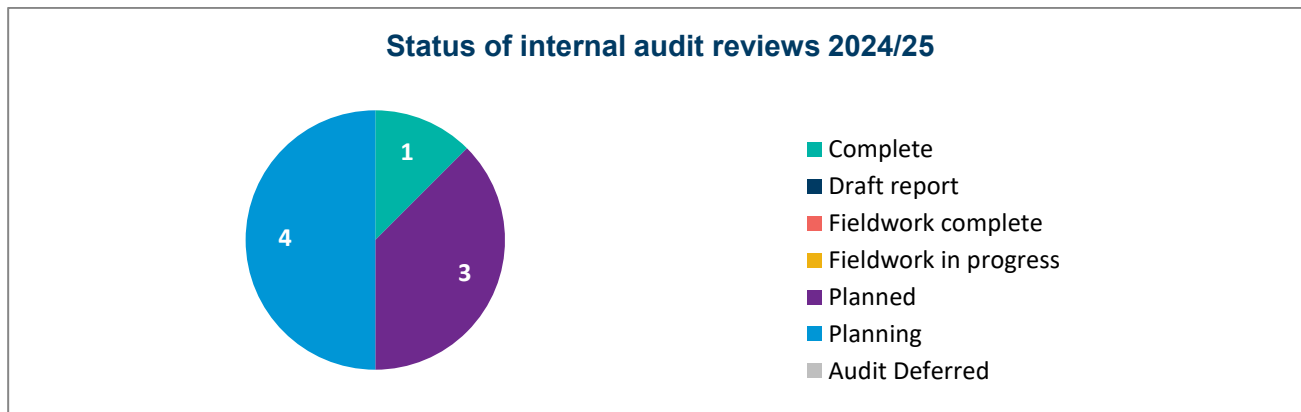
Scottish Fire and Rescue Service

Internal Audit Progress Report

Summary	1
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Summary

This paper provides the Audit and Risk Assurance Committee with a summary of activity in relation to the 2024/25 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	gary.devlin@azets.co.uk	0131 473 3500
Matt Swann, Audit Director	matthew.swann@azets.co.uk	0131 473 3500
Gill Callaghan, Senior Manager	gillian.callaghan@azets.co.uk	0131 473 3500

2024/25 audit plan progress

Ref and Name of report	Days	Current status	Planned ACC	Actual ACC
C9. Anti-Fraud Arrangements	35	Planned	Jan 25	
C10. Environmental Management	20	Planned	Jan 25	
C11. Change Management	30	Planning	Mar 25	
E3. Cyber Security	25	Planned	Oct 24	
F1.1 Follow Up Q1	2.5	Complete	Jun 24	
F1.2 Follow Up Q2	2.5	Planning	Oct 24	
F1.3 Follow Up Q3	2.5	Planning	Jan 25	
F1.4 Follow Up Q4	2.5	Planning	Mar 25	
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 commence in Quarter 2

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

- Cyber Security
- Environmental Management
- Anti-Fraud Arrangements.

The scopes of the reviews have been agreed by the Audit Sponsors and they have also been considered by the SLT during the meeting held on 19 June 2024.

Audit Assignment:	CYBER SECURITY
SFRS Audit Sponsor:	Sarah O'Donnell, Director of Finance & Contractual Services
Agreed start date:	5 July 2024
Scope:	Our review will be performed as a maturity assessment against specific areas of the Scottish Government Cyber Resilience Framework as set out in the control objectives, below. The review will seek to assess the extent to which the Service's cyber security maturity for each area is aligned to the risk tolerance of the organisation.
Control Objectives & Methodology:	<p>The review will assess the maturity of cyber security processes in the following areas within the Scottish Government Cyber Resilience Framework:</p> <p>MANAGE Security Risk</p> <ul style="list-style-type: none"> • Organisational Governance • Risk Management • Supplier Management <p>PROTECT against cyber-attack</p> <ul style="list-style-type: none"> • Information Security Management • Access Control • Operational Security • People • Network Security • Services Resilience <p>DETECT cyber security events</p> <ul style="list-style-type: none"> • Incident Detection <p>RESPOND and RECOVER</p> <ul style="list-style-type: none"> • Incident Management • Business Continuity

	<p>Methodology</p> <p><i>Our testing and assessment of maturity within SFRS will fully align to the Scottish Government’s Cyber Resilience Framework. We will perform testing as appropriate and request supporting evidence to validate maturity of cyber security processes and controls within SFRS.</i></p>
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Audit Assignment:	ENVIRONMENTAL MANAGEMENT
SFRS Audit Sponsor:	Sarah O'Donnell, Director of Finance & Contractual Services
Agreed start date:	8 August 2024
Scope:	<p>This review will focus on SFRS's plans, strategies and supporting policies and procedures to ensure the Service meets the requirements of environmental legislation and Scottish Government targets. As part of the audit, we will review: arrangements for raising staff awareness; controls over funding opportunities and resourcing; arrangements for reviewing plans and strategies and progress against them including communication with stakeholders; and management information and reporting.</p>
Control Objectives & Methodology:	<p>Control Objective 1</p> <p>SFRS has appropriate strategies and policies in place to enable the Service to meet relevant Scottish Government environmental legislation and to promote best practice in this area with roles and responsibilities in relation to environmental management being clearly defined.</p> <p>Methodology</p> <p><i>We will review documented guidance in place covering environmental matters to ensure it is fit for purpose and assists in ensuring compliance with SFRS's policy. We will compare this with other guidance we have seen operating within other similar organisations to identify any areas where enhancements could be made.</i></p> <p>Control Objective 2</p> <p>Environmental matters are actively promoted throughout SFRS and embedded within its day-to-day operations with staff being required to undergo awareness training on this subject.</p> <p>Methodology</p> <p><i>We will ascertain how SFRS promotes environmental matters throughout the organisation including the type of information available and how staff can access this.</i></p> <p><i>We will establish what training is available to staff in order to raise their awareness of environmental matters.</i></p>

Control Objective 3

Appropriate arrangements are in place to ensure funding opportunities in relation to environmental matters are maximised. The conditions of any funding obtained are closely monitored to ensure monies are received and that funding is allocated effectively. Any shortfalls in funding are appropriately communicated and escalated.

Methodology

We will ascertain what arrangements SFRS has in place to ensure that funding opportunities are identified and that these are applied for.

We will ascertain the arrangements for monitoring SFRS's success rate in being awarded funding to ensure any lessons learned are captured and considered in relation to future funding applications.

We will review a sample of funds received to ascertain how SFRS monitors the conditions of the receipt of the funding and how compliance with these is ensured.

We will also ascertain the arrangements for ensuring funding has been allocated effectively and for determining how it is used to maximum effect.

Control Objective 4

Progress against environmental plans and strategies is closely monitored with plans and strategies being subject to regular review and adjustment, as required. Effective communication is maintained with stakeholders in relation to progress and any changes made.

Methodology

We will review the arrangements for ensuring that progress against plans and strategies is managed and monitored regularly and effectively.

We will review the arrangements for ensuring that, where required, appropriate adjustments are made to plans and strategies where it becomes apparent that for whatever reason the original plan/strategy is not achievable.

We will review the arrangements for communicating with stakeholders to ensure they are kept informed of progress and any changes required.

Control Objective 5

Appropriate management information and reporting arrangements are in place in respect of environmental matters to ensure SLT and the main Board have sufficient oversight of this area.

Methodology

We will review the management information reported to SLT and the Board to ensure it enables them to have sufficient scrutiny of environmental matters and aids decision making in this area.

Audit Assignment:	ANTI-FRAUD ARRANGEMENTS
SFRS Audit Sponsor:	Sarah O'Donnell, Director of Finance & Contractual Services
Agreed start date:	23 September 2024
Scope:	<p>We will perform a review of the arrangements SFRS has in place to prevent and detect fraud and the process to be followed should an alleged fraud take place. This will include the following:</p> <ul style="list-style-type: none"> • Policies and procedures designed to promote an anti-fraud culture within SFRS e.g. Anti-Fraud & Corruption (including the arrangements in place to deal with a suspected fraud), Whistleblowing, Gifts & Hospitality, and Declaration of Interests etc. • Arrangements for the identification and assessment of fraud risks to which the Service is exposed and the mitigating actions put in place to address them. • Arrangements for ensuring that staff, including those working in Service Delivery Areas, have an awareness of the Service's policies and procedures in relation to fraud. • An evaluation of the data analysis performed by the Verification team with a view to determining whether this can be developed further. • An examination of instances of alleged fraud which have recently taken place including how management responded to these and what lessons, if any were learned from this alleged fraudulent activity. • Arrangements for reporting on fraud to SLT and the Board to ensure there is sufficient oversight and scrutiny of this area. <p>We will compare the anti-fraud arrangements SFRS has in place with recommended best practice in this area and also with those we have seen at other public sector organisations, and where appropriate, will make recommendations for improvement to enhance the Service's anti-fraud culture.</p>
Control Objectives & Methodology:	<p>Control Objective 1</p> <p>Policies and procedures exist that are designed to promote an anti-fraud culture throughout the Service. These enforce the organisation's zero tolerance stance on fraud and provide clear guidance to staff on minimising the risk of fraud in their day to day operations.</p> <p>Methodology</p> <p><i>We will review documented policies and procedures in place which are anti-fraud related (e.g. Anti-Fraud & Corruption - including Fraud Response Plan), Whistleblowing, Gifts & Hospitality, and Declaration of Interests etc.). We will ensure they are fit for purpose and provide clear guidance to all staff.</i></p> <p><i>We will compare these to policies/procedures viewed at other public sector organisations and also to best practice and where applicable, make recommendations for improvement.</i></p>

Control Objective 2

Arrangements are in place for periodically carrying out a fraud risk assessment which identifies potential areas for committing fraudulent activity. Fraud risks are assessed and prioritised with appropriate mitigating actions being put in place which are commensurate with the degree of risk to which the Service is exposed.

Methodology

We will ascertain how SFRS carries out its fraud risk assessment and the frequency of this exercise and compare this to recommended best practice.

We will conduct a high level review of the prioritisation of the fraud risks and the mitigating actions to determine whether these appear reasonable.

We will select a sample of fraud risks for closer review to see how SFRS are managing the risks and reducing the likelihood of them occurring.

Control Objective 3

Staff awareness of SFRS's anti-fraud related policies and procedures is actively promoted throughout the Service to ensure staff are provided with sufficient guidance in their day to day duties to minimise the risk of fraud and know what action to take if they suspect fraudulent activity has occurred.

Methodology

We will ascertain what fraud-related training is provided to staff.

We will ascertain how management ensure that staff have read and understood policies and procedures which are designed to minimise the risk of fraud.

We will review the arrangements for promoting an anti-fraud culture e.g. fraud-related items posted on the intranet and in news feeds/bulletins, sessions with managers to discuss fraud risk within their particular area.

We will conduct a survey of a sample of staff comprising uniform and non-uniform employees from various locations throughout the Service to gauge their awareness of the Service's anti-fraud related policies and procedures.

Control Objective 4

Appropriate arrangements are in place to routinely analyse data produced by financial systems with a view to preventing and detecting fraudulent activity.

Methodology

We will review the effectiveness of the use of data analytics by the Verification Team in relation to financial transactions processed via the Employee Self Service system to ascertain whether this can be enhanced to provide further means of preventing and detecting fraud.

Control Objective 5

Appropriate action is taken in response to suspected fraudulent activity with any such matters investigated fully by competent individuals. Any lessons learned from these investigations are given due consideration going forward with appropriate action taken to minimise the risk of fraudulent activity recurring.

Methodology

We will conduct a high level review of management's response to recent instances of suspected fraud, the subsequent investigations and their outcome including any lessons learned and how these are taken forward.

Control Objective 6

Appropriate reporting arrangements exist in respect of fraud in order to ensure that SLT and the Board have sufficient oversight and scrutiny of fraud-related matters.

Methodology

We will review arrangements in place for reporting on fraud-related issues to SLT and the Board to ensure that reports received are sufficient and timely for senior management and members to make informed decisions in relation to fraud.

KPI status

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

Key

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

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of Chartered Accountants in England and Wales.



Scottish Fire and Rescue Service

Internal Audit Report 2023/24

Contract Management

June 2024



Scottish Fire and Rescue Service

Internal Audit Report 2023/24

Contract Management

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Audit Sponsor	Key Contacts	Audit team
<i>Sarah O'Donnell, Director of Finance and Contractual Services</i>	<i>Stephen McDonagh, Procurement Manager</i>	<i>Matt Swann, Director</i> <i>Gill Callaghan, Senior Audit Manager</i> <i>Salman Akram, Senior Internal Auditor</i>

Executive Summary

Conclusion

Scottish Fire and Rescue Service (SFRS) has generally robust controls in place in terms of day to day monitoring of contracts. However, we found that controls are not always being applied and that contract management is not being carried out in a consistent manner.

For a sample of contracts, we found that performance-related issues are generally being dealt with straight away through regular communication with the respective contractor. In addition, we confirmed that payments to contractors are appropriately reviewed and approved.

However, we identified certain issues where improvements are required, The Procurement Practice Note does not cover all aspects of contract management and is outdated. In addition, the definitions of the levels of risk associated with contracts need to be made clearer, which would assist in appropriate prioritisation of activity to deliver an efficient and targeted contract management function. We also noted that the frequency and type of monitoring and manner in which resources are allocated is not formally documented. Quality Standards/KPIs against which contractors' performance needs to be measured are not formally established for all of the contracts and there is little evaluation of the contractors' self-monitoring processes to determine if reliance can be placed on these. Some of the reporting arrangements were found to be inadequate and in some instances penalties for non-achievement of expected service levels had not been enforced as per the contract. We have made a number of recommendations to address these issues, which if implemented will enhance controls over contract management.

Background and scope

The Police and Fire Reform (Scotland) Act 2012 requires the SFRS:

- To secure best value in the performance of its functions;
- To balance the quantity and cost of the performance of its functions and the cost of SFRS services to service users;
- To have regard to economy, efficiency, effectiveness, and the need to meet equal opportunity requirements in maintaining that balance; and
- To discharge its duty to secure best value in a way which contributes to the achievement of sustainable development.

SFRS has numerous contracts in place with external suppliers which contribute either directly or indirectly to the delivery of the Service's operations. It is imperative that each contract is managed in an effective and consistent manner in order to ensure that SFRS is receiving a high quality service and value for money. It is also important that any issues with contractor performance are identified and addressed in a timely manner. Robust controls should also exist over the payment of contractors in order to ensure that payments are only made in accordance with agreed rates and for the supply of goods and/or services as specified within the contract.

In accordance with the 2023/24 Internal Audit Plan, we performed a review of Contract Management. This review focused on the framework SFRS has in place to manage contracts in order to ensure that:

- contracts are being managed and monitored in a consistent and effective manner;

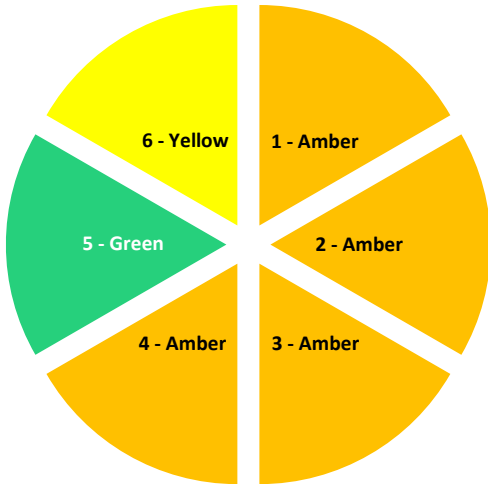
- SFRS receives a quality service; and
- payments to contractors are made in accordance with contract terms.

We also reviewed the arrangements for dealing with poor performance, including defaults and penalty notices and ensuring that remedial action is taken to improve performance. The Assignment Plan relating to this audit, which was agreed with management and the Audit and Risk Assurance Committee prior to the commencement of the review can be located at Appendix C.

As part of the audit, we selected a sample of contracts of differing values which are managed by various directorates throughout the organisation. We reviewed the contract management arrangements in place to ascertain whether the contracts are being managed in accordance with internal procedures and in line with best practice. The sample of contracts examined is listed below:

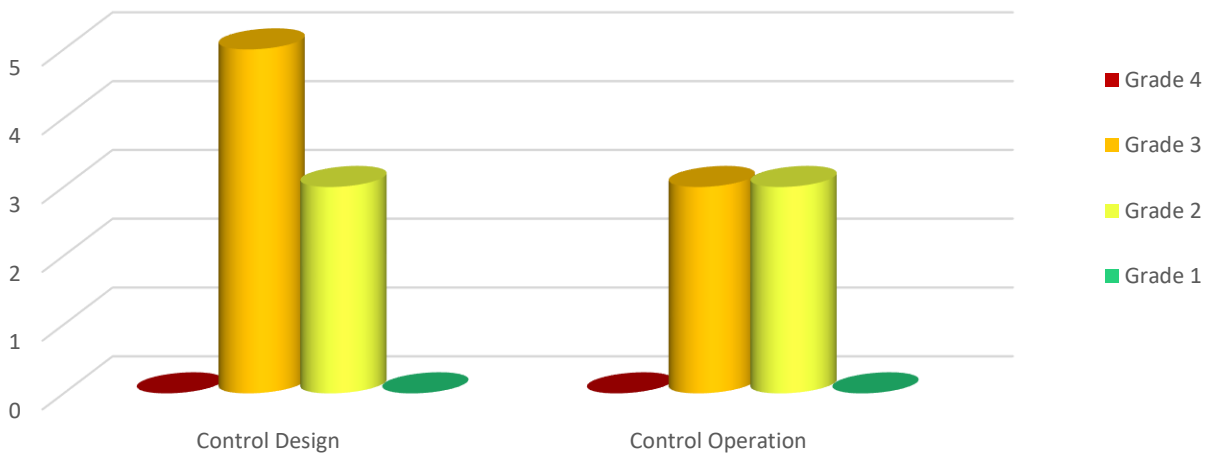
- Hard Facilities Management Re provision;
- Soft Facilities Management Services;
- Insurance Portfolio;
- Digital Fireground Radios;
- Self-Contained Breathing Apparatus; and
- Protection Officers' Training.

Control assessment



- 1. A documented framework exists in respect of contract management which provides guidance to staff on the management of external contractors and clearly sets out roles and responsibilities in this regard.
- 2. The type and frequency of monitoring is determined at the outset of the contract with clearly established quality criteria and standards against which contractor performance is measured.
- 3. Sufficient resources are allocated to contract management with the monitoring function embedded within SFRS's day to day operations to ensure regular and consistent monitoring.
- 4. Arrangements are in place for the identification of performance which falls below the standards required of the contract with appropriate action taken to address this.
- 5. Payments to contractors are made in accordance with contract terms and conditions and are subject to appropriate review and authorisation.
- 6. Appropriate reporting arrangements are in place in respect of contract management to ensure sufficient oversight and scrutiny of this function.

Improvement actions by type and priority



Fourteen improvement actions have been identified from this review, six of which relate to compliance with existing procedures, rather than the design of controls themselves. See Appendix A for definitions of colour coding.

Key findings

Good practice

- A number of areas of good practice were identified in relation to the Provision of Soft Facilities Management Services as follows:
 - Contract specific KPIs have been devised against which performance is measured.
 - Audits are carried out by the contractor and reports are shared with SFRS. Furthermore, site visits are carried out by SFRS staff and reported to the contract manager who shares the reports with the contractor.
 - Monthly surveys are shared with staff through the intranet inviting their feedback in relation to the services provided by the contractor.
 - Monthly KPI meetings are held and reports are prepared by the contractor and presented at the meetings detailing progress made against agreed KPIs. Amount is also deducted from the contractor's payment where KPIs are not met. (see Appendix D).
- For the Hard Facilities Management Re-provision contract, the following good practice was identified:
 - As per the Soft FM contract, specific KPIs have been devised against which performance is measured.
 - Standard criteria is incorporated in the system against which performance of the contractor can be measured.
- Monthly progress reports are presented to SFRS by the contractors.
- Regular communication is held with contractors and issues identified are resolved through such communication.
- For the contracts examined, payments were made to the contractors in accordance with the contract terms, and were appropriately reviewed and approved.

Areas for improvement

We have identified a number of areas for improvement which, if addressed, would strengthen SFRS's control framework. These include the need to:

- Review and update the Procurement Practice Note to ensure it covers all aspects of monitoring along with current good practice.
- Provide a clear definitions in relation to the assessment of the degree of risk associated with a contract in order to ensure an adequate and proportionate level of contract management is carried out.
- Determine and formally document the type and frequency of contract monitoring for each contract e.g. sample checks or spot checks etc.
- Provide guidance on assessing the frequency, nature and adequacy of self-monitoring conducted by contractors and determining whether reliance can be placed on this.

- Formally establish contract related quality standards/KPIs at the start of each contract and agree the frequency of assessing performance against those standards throughout the contract period.
- Ensure that resources are allocated to contracts with due consideration to the type and frequency of monitoring, along with the contract's value and associated risks.
- Ensure contractors fully comply with reporting requirements established within contracts.
- Determine if contractor performance falls below expected levels and whether this should result in penalties being incurred (as per the contract) and ensure that any financial or other penalties to be made are appropriately enforced.

These are further discussed in the Management Action Plan below.

Impact on risk register

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

- Risk 6: Ability to have in operational use the necessary assets, equipment, supplies and services to enable the smooth running of the organisation, that exploit available technologies and deliver public value.

Although contracts were generally found to be monitored on regular basis, this had not always been carried out to the same degree and in a consistent manner. A number of areas for improvement were identified in relation to contract management which, if not actioned, could increase the likelihood of the above risk occurring.

Acknowledgements

The following staff were consulted during this review and we would like to thank them for their assistance and co-operation:

- Sarah O'Donnell, Director of Finance and Contractual Services
- Stephen McDonagh, Procurement Manager
- Brian Irvine, Procurement Specialist
- Richard McMillan, Procurement Specialist
- Ashley Gould, Procurement Category Lead Officer
- Laura Canning, Accounts Payable Team Leader
- Garry Marshall, Group Commander
- James Saunders, Station Commander
- Roddy Mackinnon, Scottish Equipment Manager
- Craig Dundas, ICT Operations Manager
- David Johnston, Risk & Audit Manager
- Tracy Shankland, Risk and Insurance Officer
- Graham Barnett, Soft FM Services Manager
- Brian Rose, Hard FM Services Manager

Management Action Plan

Control Objective 1: A documented framework exists in respect of contract management which provides guidance to staff on the management of external contractors and clearly sets out roles and responsibilities in this regard.

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

Amber

1.1 Outdated Procurement Practice Note

Guidance on the management of contracts is set out within two main documents – Standing Orders for the Regulation of Contracts (Section 4.9 covers contract management) and the Procurement Practice Note (PPN) No.19 which covers the Supplier and Contract Management Process. These documents provide a standardised process that can be followed along with any specific conditions stated in the original invitation to tender.

We note that, at the time of the audit fieldwork, the Standing Orders for the Regulation of Contracts were due to be reviewed by 30 April 2024.

With regard to the PPN we found that this document provides various templates related to the steps involved in the contract management process. Our review of this document and its application identified the following issues:

- The PPN is outdated in that the date for review mentioned in the document is April 2022.
- The document requires quarterly reporting of contract management to the Corporate Procurement Steering Group. However, discussion with the Procurement Manager highlighted that this forum was discontinued during the pandemic and has not subsequently resumed.
- The PPN does not provide a formalised mechanism for changing contract manager or category team member i.e. handing over data in a formalised manner. From the sample of six contracts selected for review, in one contract, the procurement representative/category team member was changed and, due to the absence of a formalised handover process, the other team member allocated the contract was insufficiently informed about the contract's status and related activities.
- Discussions with contract managers overseeing a sample of six contracts indicated a number of deviations from the prescribed processes mentioned in the PPN thereby pointing to a gap between prescribed procedures and actual practices. For details refer to Appendix B.

Risk

There is a risk of staff being unaware of the current protocols for monitoring contracts in the absence of up-to-date and comprehensive documented procedures leading to an inconsistent and outdated approach to contract management resulting in poor supplier performance and financial and reputational loss.

Recommendation

The Procurement Practice Note No.19 needs to be updated and approved as soon as practicable and be subject to periodic review going forward to ensure that it provides current and comprehensive coverage of the overall process and also reflects good practices in operation. This will assist in ensuring that a consistent approach is adopted for contract management throughout SFRS.

Management also need to ensure that the Standing Orders for the Regulation of Contracts are also reviewed in a timely manner.

Management Action

Grade 3
(Operation)

Management will progress a review and update of the Procurement Practice note and the Standing Orders for the Regulation of Contracts. These will be agreed through SFRS governance routes.

Action owner: Stephen McDonagh, Procurement Manager **Due date:** 31 December 2024

1.2 Risk assessment

The PPN states that:

The level of contract management applied to each contract is dependent on the overall risk of the contract and impact of failure on the SFRS. There are three (3) levels of risk as detailed below and previously reported to SLT.

It is, therefore, important that there is clear guidance on the level of risk to be attributed to each contract as this will inform the resources deployed on the contract, the type and frequency of monitoring, and reporting arrangements etc. The guidance provided to staff for determining whether a contract is high, medium or low risk is set out below:

Level	Commodity Type	Risk	Meeting Frequency
Level 1: Strategic	Strategic Commodity / Highly Complex / High Value / High Risk	HIGH	Quarterly
Level 2: Operational	Low Complexity in Commodity / High Level of Spend OR Highly Complex Commodity / Lower Spend	MEDIUM	Bi-Annual (Discretionary)
Level 3: Transactional	Routine Non-Critical commodity / Low Spend	LOW	Annual (Discretionary)

There does not appear to be any guidance on what is a high value, highly complex contract etc. It would, therefore, be useful to provide staff with guidance on this i.e. the thresholds above which a contract would be considered high, medium or low expenditure. For complexity, the PPN should provide examples of the criteria a contract needs to meet in order to be considered highly complex.

Risk

Assessment of the degree of risk associated with a contract is a key element of the contract management process as the type and frequency of monitoring including the level of resources allocated to the management of a contract is dependent on whether the contract is deemed to be high, medium or low risk. Failure to clearly define how risk is assessed in relation to contracts increases the likelihood of an incorrect risk assessment which could lead to inadequate and/or disproportionate contract management, resources not being used efficiently and effectively and subsequent poor supplier performance and financial loss.

Recommendation

When updating the Procurement Practice Note, management should also review the definitions of risk in order to provide clearer guidance for staff on the level of risk assigned to contracts.

Management Action

Grade 3
(Design)

Management will review the definition of risk as part of the review and update of the Procurement Practice note to ensure clearer guidance is provided on the level of risk assigned to contracts.

Action owner: Stephen McDonagh, Procurement Manager

Due date: 31 December 2024

Control Objective 2: The type and frequency of monitoring is determined at the outset of the contract (including evaluation of the contractors' internal monitoring arrangements) with clearly established quality criteria and standards against which contractor performance is measured.

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

Amber

2.1 Minutes of meetings not formally documented

As stated above, the PPN defines the frequency of contract management meetings with suppliers based on the level of risk allocated to the contract. The requirement for further meetings can also be established by the Universal Intelligence Group (UIG) at the time of drawing up the commodity strategy or by the relevant contract manager once the contract is awarded. The PPN also sets out a requirement to formally record the minutes of contract management meetings.

However, discussions with the contract managers responsible for the six sampled contracts revealed the following:

- minutes of the formal meetings with suppliers are not recorded for three contracts namely provision of the following: Digital Fireground Radios; Self-Contained Breathing Apparatus; and Protection Officers' Training.
- with regard to the Provision of Digital Fireground Radios contract, the contract manager advised that due to the contract being in its initial stages of implementation and testing, formal meeting minutes had not yet occurred. However, it is envisaged that once the contract moves to its operational phase, meeting minutes will be formally recorded.
- upon reviewing the evidence provided for the Hard Facilities Management Reprovision contract, it was noted that the scope document outlines two forums for reporting progress and performance - strategic review meetings held quarterly and governance meetings held annually. However, the contract manager revealed that minutes of these meetings are not formally recorded.

Risk

Failure to keep a formal record of contract management meetings could lead to an increased risk of misunderstandings between SFRS and suppliers which could result in agreed actions not being carried out and potential conflicts between the two parties.

Recommendation

Minutes of formal contract management meetings should be recorded and shared with supplier to ensure transparency and accountability.

Management Action

Grade 2
(Operation)

Management will implement a process for recording of Contract Management Meetings and store within a centralised repository accessible by relevant individuals. Processes will be updated to ensure all minutes are shared formally with suppliers.

Action owner: Stephen McDonagh, Procurement Manager

Due date: 31 December 2024

2.2 Monitoring mechanisms not formally documented

For the sample of six contracts, discussions were held with the relevant contract managers to ascertain how each contract is monitored and managed. During these discussions it became apparent that there is no mechanism for developing a formal document specific to each contract which sets out how the contract will be monitored throughout its duration i.e. through sample checks or spots checks etc. For instance, in the case of the Hard Facilities Management Reprovision contract, where Property Officers oversee various sites, and the Provision of Soft Facilities Management Services, where Facilities Co-ordinators are responsible for overseeing particular sites, there is no prescribed frequency or method for determining site visits. Whilst Property Officers and Facilities Co-ordinators visit sites on an ad-hoc basis, there is no structured approach in place to determine the frequency or method of these visits.

Management indicated that the frequency of site visits and the method of monitoring are at the discretion of the Property Officers and Facilities Co-ordinators.

Risk

There is a risk that contract managers may not adequately monitor the services being delivered under the contract in the absence of a method for formally determining and documenting the way in which the contract will be monitored. This could potentially compromise the quality and effectiveness of the contract management process.

Recommendation

Management should ensure that the way in which the services/goods provided under the contract will be monitored are determined and documented from the outset. This should encompass defined roles, responsibilities, monitoring type and intervals, quality criteria etc. for each contract to ensure comprehensive oversight and adherence to contractual obligations throughout the contract lifecycle.

Management Action

Grade 3
(Design)

As part of the review of the PPN, management will ensure robust guidance and templates are implemented to ensure education provided to contract managers, enabling them to address the contract arrangements and the documentation required.

Action owner: Stephen McDonagh, Procurement Manager

Due date: 31 December 2024

2.3 Reporting on the outcome of job inspections

For the Hard Facilities Management Reprovision contract, it was noted that Property Officers are assigned to oversee various sites and are responsible for monitoring the completion of jobs associated with these sites. Upon completion of a job, the contractor submits a completion report, which is then confirmed by the Property Officer through either an on-site visit or a telephone call to the site owner.

Subsequently, Property Officers conduct ad hoc visits to different sites, selecting samples of ongoing or completed jobs for review. We were advised that the selection of the sample of jobs to inspect is made using the Property Officers' experience and judgement and is generally based on issues such as the degree of risk associated with the job and its value. Additionally, feedback is gathered from station officers regarding the performance of jobs. An annual property inspection is conducted by Property Officers, encompassing a comprehensive audit of the station which is documented in Civica, the property management system.

We noted that, whilst the Property Officers conduct visits inspecting samples of jobs and gather feedback, the outcome of these visits is not formally recorded.

Risk

There is a risk of inconsistency in the evaluation of jobs performed across the sites in absence of appropriate reporting arrangements which could lead to potential oversight gaps, incomplete assessments and inability to identify and address performance issues effectively.

Recommendation

Management should expand the job instruction sheet to include a section for Property Officers to record the outcome of their job inspection visits.

Management Action

Grade 2
(Design)

We will work with the Property software system supplier, Civica, to include an additional field to record the outcome of job inspection visits.

Action owner: Alex Lane, Property Manager

Due date: 31 March 2025

2.4 Contractors' self-monitoring assessment

We noted that the PPN lacks guidance on the need to determine the frequency and type of self-monitoring conducted by contractors, as well as the extent to which reliance can be placed on the contractors' self-monitoring arrangements.

Our review of the sample of six contracts highlighted that only a few self-monitoring activities are being carried out by the contractors. One such example is the contractor providing information against KPIs and carrying out audits in respect of the Provision of Soft Facilities Management Services contract. We noted that the Hard Facilities Management Reprovision contract explicitly specifies that it is a self-monitoring contract i.e. activities carried out under the contract will be monitored by the contractor. However, there is a notable absence of documentation or guidelines for staff to evaluate such self-monitoring efforts and for determining the level of reliance that can be placed on them.

Risk

There is a risk of duplicate efforts arising from self-monitoring activities being performed by both parties in the absence of a proper assessment mechanism to evaluate the frequency, nature and adequacy of the contractors' own monitoring practices. This could lead to inefficient allocation of resources resulting in financial and operational losses.

Recommendation

As part of updating the Procurement Practice Note, management should incorporate guidance on assessing the frequency, nature and adequacy of self-monitoring conducted by contractors (including some illustrative examples) and determining whether reliance can be placed on this in order to ensure resources are used efficiently and any duplication is minimised.

Management Action

Grade 3
(Design)

Management will incorporate guidance as requested as part of the review and update of the PPN.

Action owner: Stephen McDonagh, Procurement Manager **Due date:** 31 December 2024

2.5 Contract specific quality standards/KPIs not defined

Management have devised four Standard KPI categories against which SFRS will monitor and measure contractor performance. These are set out in the PPN and cover Cost, Quality, Service and Sustainability. The PPN states:

To review and monitor Contractor performance, Balanced Scorecards will be issued via Category Teams to Client Department to score Contractor performance against the SFRS Standard Key Performance Indicators.

Review of the sample of six contracts revealed that the process set out in relation to completing the Balanced Scorecards is not generally being followed. We reviewed documentation to ascertain whether specific quality standards against which performance can be measured had been established for the six contracts. The following issues were noted:

- Upon reviewing the invitation to tender document for the insurance contract, we noted that the document clearly states the minimum standard KPIs required and that performance would be assessed against these throughout the period of contract. Reviewing the tender response, the contractor also agreed the KPIs mentioned in the tender. The contractor agreed to further KPIs after the contract was awarded. However, through discussion we found that the contract manager was not aware of the KPIs in the tender document. According to the contract manager, no KPIs or any standards have been established against which performance needs to be measured. Although we were advised that regular meetings are held with the contractor and any issues identified are discussed in these meetings, we noted that no formal record or report of such issues is prepared through which performance of the contractor can be assessed..
- The contract related to the Provision of Digital Fireground Radios comes under the Crown Commercial Service framework which stipulates the requirement for monthly performance reporting to be submitted by the contractor. Furthermore, the commodity strategy stipulates that formal contract management meetings are to be held every six months and that the balance scorecard is completed. The contract manager stated that due to the contract being in its initial phase of testing and deployment, the quality standards for performance measurement have not yet been established and balance scorecards are not completed at this stage. We were advised that once the contract moves to its operational phase these documents will be formally developed.
- For the Provision of Protection Officers' Training contract, there are no formally established quality standards against which the contractor's performance can be measured.
- In relation to the Provision of Self Contained Breathing Apparatus contract, the invitation to tender document states that:

SFRS shall measure the contractor's performance by means of a number of KPI's which shall be linked to the requirements of the contract. These KPI's shall be agreed prior to the contract commencement and the monitoring of these shall form part of the formal contract management regime.

However, discussion with contract manager revealed that no such KPIs were defined before the commencement of the contract. Only a quarterly balance scorecard is completed incorporating the Standard KPIs referred to in the PPN.

- For the Provision of Soft Facilities Management Services, the contract manager was not aware of the PPN and the requirement for balance scorecard.

Risk

There is a risk that contractor's performance may not be measured effectively throughout the period of the contract in absence of formally established quality standards/KPIs resulting in unaddressed performance issues or compromised quality.

Recommendation

Management should formally establish contract related quality standards/KPIs at the start of each contract either as part of tendering process or before commencing the contract and agree the frequency of assessing performance against those standards throughout the contract period.

Management Action

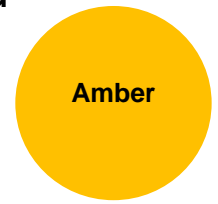
Grade 3
(Design)

Management will review and update current standards / KPI's as appropriate and ensure a formalised process for documenting and monitoring this is in place.

Action owner: Stephen McDonagh, Procurement Manager

Due date: 31 March 2025

Control Objective 3: Sufficient resources are allocated to contract management with the monitoring function embedded within SFRS's day to day operations so that contract management is performed regularly and consistently in accordance with the overarching framework.



3.1 Mechanism for resource allocation not developed

We confirmed that during the development of the commodity strategy, a contract manager is designated by the User Intelligence Group (UIG) to oversee resource allocation for contract management.

However, it has been identified that there is a lack of formal documentation or guidance regarding the criteria for resource allocation, such as based on the value, complexity, or risk associated with each contract. Only in the Provision of Soft Facilities Management contract was the requirement for four posts for contract management identified at the commodity stage.

Additionally, there is no established mechanism for periodically reviewing the allocated resources for contract management and determining if adjustments are necessary.

Risk

There is a risk of insufficient capacity to conduct effective contract management activities due to inadequate resource allocation and the absence of periodic reviews. This situation may result in disruptions or failures to identify contract-related issues in a timely manner.

Recommendation

Once the frequency and type of monitoring have been defined by management for a given contract (as per recommendation at 2.2), resource allocation to that contract should be conducted with due consideration of these factors, along with the contract's value and associated risks.

Management Action

Grade 3
(Design)

Management are in the process of a recruitment campaign with the aim to obtain a fully established Procurement Team. Market demand is extremely competitive in this field, however all options are being considered to build the team. All resourcing of contracts is and will continue to be considered as capacity allows.

Action owner: Lynne McGeough,
Head of Finance & Procurement

Due date: 30 September 2024

3.2 Insurance cover information

The Contract Register includes details of insurance cover against each contract along with the period of insurance cover. As per the Standing Orders document, the Audit & Risk Manager is responsible for overseeing the insurance cover. He advised that the Risk & Compliance team that fall under his supervision has access to the Contract Register and they regularly monitor the register in terms of insurance cover and chase the contractor where insurance cover is nearing its expiry date.

However, upon request for insurance cover documents pertaining to the sample of six contracts, the Audit & Risk Manager disclosed that during the process of retrieving evidence, it was observed that three of the contracts contained outdated insurance cover documentation. This indicates that the Contract Register is not reviewed on regular basis to ensure that the contractor maintains appropriate insurance cover throughout the duration of the contract.

Subsequently, evidence of insurance cover for two of the three contracts was provided. The Audit & Risk Manager clarified that for one of these contracts, the insurance document had been retained by the user department. However, for the second contract, evidence was obtained following recognition of the issue, prompting immediate updates to the corresponding file. As for the remaining contract, efforts to obtain the necessary information from the contractor are ongoing.

Risk

There is a risk that appropriate insurance cover is not maintained by the contractor and this is not identified by the Risk & Compliance team in the absence of regular monitoring leaving the organisation vulnerable to bearing the costs of claims or damages resulting in financial loss and reputational damage.

Recommendation

Management should ensure that robust monitoring is undertaken to verify that contractors continuously comply with insurance requirements throughout the duration of the contract.

Management Action

Grade 2
(Operation)

Additional controls will now to be established:

- Gaps in insurance information recorded when contract is awarded to be monitored by Compliance Team with requests to Procurement to provide information where contracts register is not updated with insurance information.
- Where insurance details expire Compliance Team will request updated copies from contractor. If this is not provided following requests contact will be made with the relevant SFRS contract manager to request they obtain copies of required information.

Action owner: David Johnston, Audit & Risk Manager

Due date: 30 September 2024

3.3 Training on contract management

During discussion with the Procurement Manager, it was highlighted that due to limited funding being available, there is no formal mechanism to provide regular training to the staff involved in contract management. We were advised that the last time training was provided to staff on this subject was prior to the pandemic. In 2022 a training needs analysis was carried out during which procurement recommended training around contract management. However, no training was provided.

Risk

There is a risk that staff may not have the necessary knowledge and skills required for managing contracts in absence of regular training on contract management leading to inefficiencies and errors in the contract management process.

Recommendation

Management should devise a plan for providing training to staff involved in contract management with regular refresher training also provided on a periodic basis to keep staff up to date with evolving knowledge and practices in this area.

Management Action

Grade 2
(Design)

Management are currently exploring external training provision with the intention to implement across SFRS.

Action owner: Lynne McGeough,
Head of Finance & Procurement

Due date: 30 September 2024

Control Objective 4: Arrangements are in place for the identification of performance which falls below the standards required of the contract with appropriate action taken to address this.



Amber

4.1 Performance measurement reports not prepared

For the sample of contracts, we discussed with the respective contract managers whether periodic reports are prepared for each contract that provide insight into the level to which quality standards and other performance indicators are being attained and/or any deviation from that required by the contract. Due to standards or KPIs for performance measurement not having always been established for each contract, the following anomalies were identified:

- In relation to the Provision of Insurance Portfolio contract, any performance-related issues identified are discussed as part of daily communications either via telephone call or email. There is no formal mechanism in place for recording and reporting such issues and consequently assessing the performance of the contractor.
- The Provision of Digital Fireground Radios contract is in its initial stage of implementation and therefore no such performance measurement reports are prepared.
- In managing the Provision of Self-Contained Breathing Apparatus contract, a quarterly spreadsheet is prepared that provides an insight into the total number of defects and splits them into major categories. This is then discussed with the contractor in monthly meetings. We noted that the invitation to tender document defined some performance reporting requirements for the contractor. However, discussion with the contract manager revealed that no report is being submitted by the contractor, although he understood that the contractor was in the process of developing a system that would allow him in future to download different reports based on the contract requirements.
- For the Provision of Protection Officers' Training contract, we were advised that feedback is obtained and assessed to identify any issues. However, due to the absence of any formally established standards or KPIs, no periodic performance reports are prepared.

Risk

There is a risk that contractors' performance is not reviewed and measured in the absence of periodic performance reports leading to compromised performance and inefficiency.

Recommendation

Management should enforce strict oversight to ensure contractors fully comply reporting requirements established within contracts. This includes mandating structured performance reporting at defined intervals, covering all related standards and KPIs. These reports should clearly articulate benchmarking criteria and deviations from these benchmarks.

Management Action

Grade 3
(Operation)

Robust Contract Management processes will be updated and implemented across SFRS. This will be encompassed within the PPN and centrally held repository for all contract information actions at 1.1 and 2.1.

Action owner: Stephen McDonagh, Procurement Manager

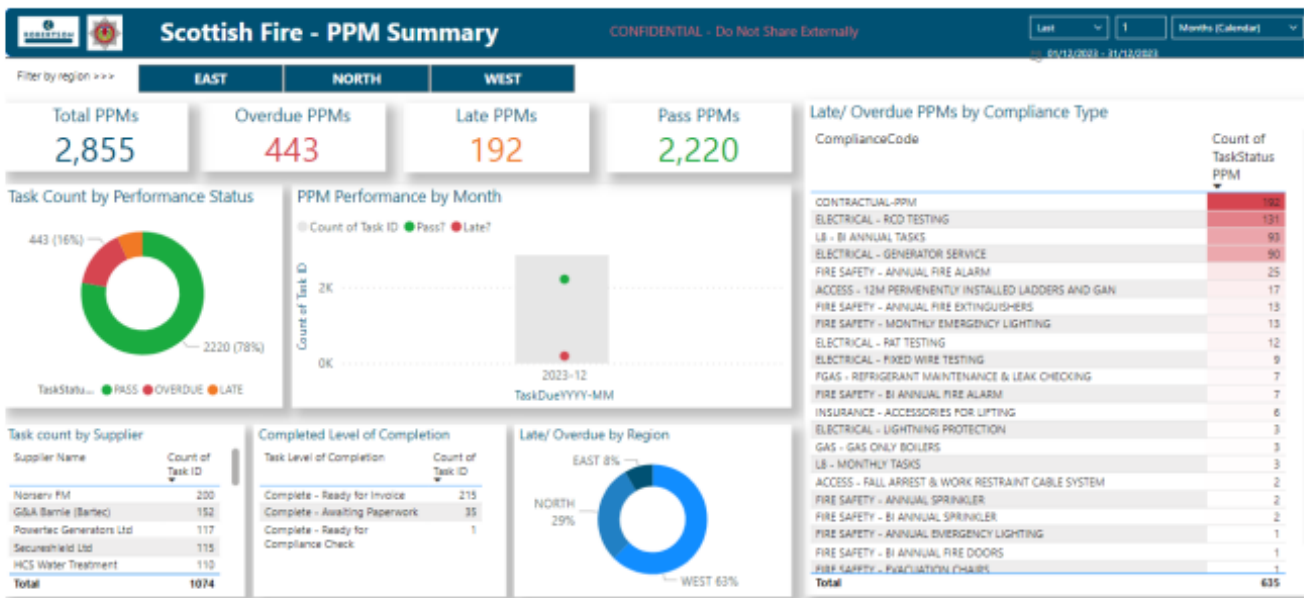
Due date: 31 December 2024

4.2 Structured performance report not prepared

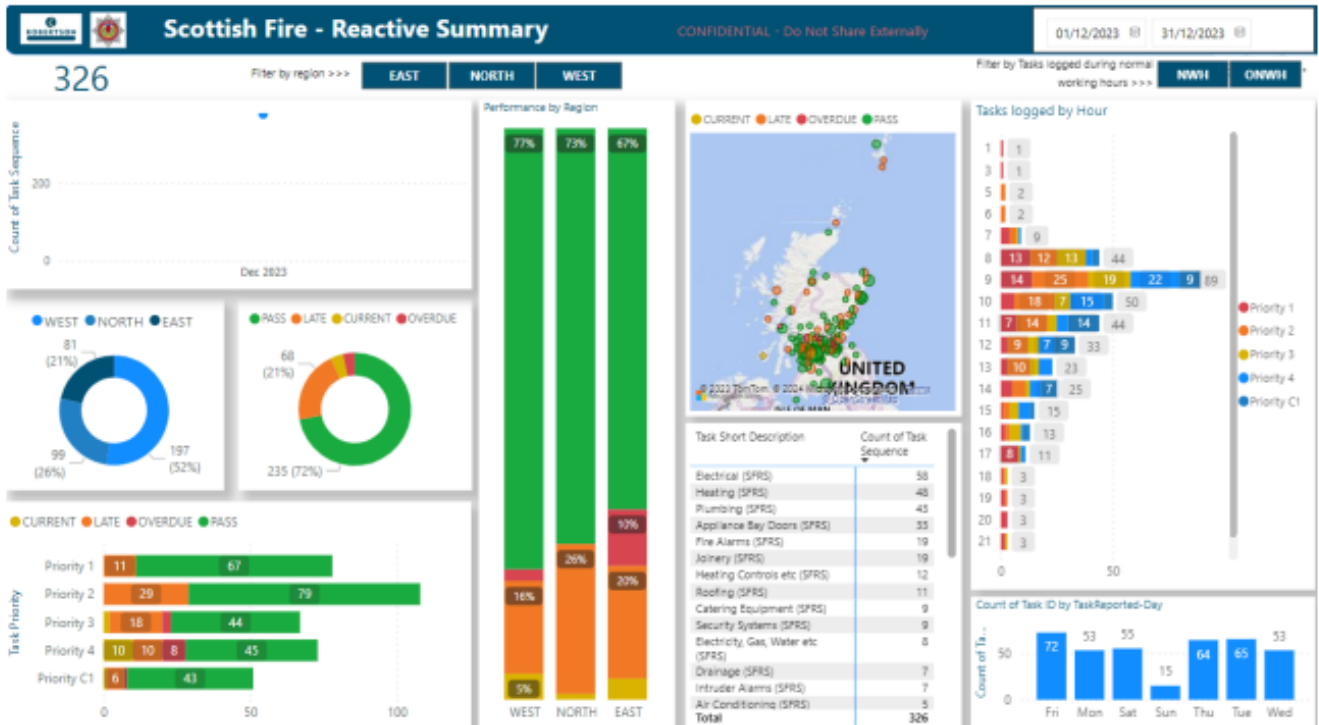
In the Hard Facilities Management Reversion contract, the scope document in the appendix delineates the contract's elements, incorporating a performance table specifying KPIs against which the contractor's performance needs to be evaluated.

The contractor is obliged to submit a monthly progress report, encompassing a structured comparison against the performance table and addressing all KPIs outlined. However, although we observed that the contractor has provided management with monthly progress reports summarising the activities undertaken and overdue tasks (see extracts below), it lacks a structured comparison against the performance table and fails to encompass all specified KPIs.

PPM Activity the Breakdown of PPM orders are:



Service Orders



Risk

There is a risk of inaccurate or incomplete monitoring of contractor's performance against established benchmarking in the absence of a structured comparison against the performance table and the failure to address all specified KPIs in the monthly progress report. This could lead to challenges in accurately assessing the contractor's adherence to contractual obligations and identifying areas for improvement or intervention.

Recommendation

Recommendations at 4.1 above refers.

4.3 Deductions for shortfalls against performance targets

During the examination of evidence related to the Hard Facilities Management Reprovision contract, we scrutinised the performance table established to assess the contractor's performance against specified benchmarks and KPIs. The performance table delineated penalties to be imposed if the contractor failed to meet these benchmarks. However, upon reviewing the annual report from the contractor, a number of the benchmarks had not been met. Discussions with the contract manager revealed that no deductions are currently being made from the contractor's payments for failing to meet these benchmarks.

While reviewing the invitation to tender document for the Provision of Self-Contained Breathing Apparatus contract, a service credit regime was identified, detailing timeliness for response and associated severity levels. The document also outlined specific service credits to be deducted from the contractor's payment in the event of untimely responses. However, discussions with the contract manager highlighted that the contractor does not report on their level of compliance with this regime, nor does SFRS maintain formal records to enable monitoring.

Risk

There is a risk of continued underperformance by the contractor and compromised contract effectiveness in the absence of appropriate actions and penalties for unmet benchmarks leading to diminished value and financial loss to SFRS.

Recommendation

Management should ensure that appropriate arrangements are in place for determining if contractor performance falls below expected levels and whether this should result in penalties being incurred (as per the contract). Management should ensure that any financial or other penalties to be made are appropriately enforced.

Management Action

Grade 3
(Operation)

As per previous actions, management will ensure robust processes are in place, are being followed and training is provided across SFRS to ensure action is taken if performance of a contractor falls below expected levels.

Action owner: Stephen McDonagh, Procurement Manager

Due date: 31 March 2025

Control Objective 5: Payments to contractors are made in accordance with contract terms and conditions and are subject to appropriate review and authorisation.



Green

No reportable weaknesses identified

During our fieldwork, we conducted a review of payments related to the selected sample of contracts. Whilst each contract exhibited slight variations in their payment mechanisms, all payments were found to be appropriately reviewed and approved.

For the Provision of Insurance Portfolio contract, the annual premium is determined upon contract renewal. Contract managers or departments thoroughly review the premium invoice before forwarding it to the Director of Finance and Contractual Services for approval. Additionally, a log of invoices related to claims is diligently maintained to prevent the processing of duplicate invoices.

For the Hard Facilities Management Reprovision contract, a monthly application for payment spreadsheet is received from the contractor. Property officers review and approve payments for completed jobs in the spreadsheet, which is subsequently reviewed by the contract manager before being forwarded to the contractor for invoice processing. The invoice, upon receipt, undergoes allocation to each job by the administrative team and is further reviewed and approved by the contract and property managers.

For the Provision of Self-Contained Breathing Apparatus contract, an annual maintenance charge is approved at the start of the year and paid as a single payment following review by the user department/contract manager. Additionally, a price list for procuring parts is agreed along with the annual maintenance charge, ensuring that any raised purchase order is compared with the agreed price list prior to approval.

Regarding the Provision of Digital Fireground Radios contract, payment processes align with procurement procedures. Purchase orders are raised based on agreed prices specified in the order call-off document, which are then approved by the user department, the Director of Finance and Contractual Services, and the procurement department before being forwarded to the contractor for item delivery.

For the Provision of Protection Officers' Training contract, purchase orders are raised prior to the commencement of training by the administrative team as per instructions from the overseeing officer. These orders are then approved by the People and Procurement department. Upon completion of the course and issuance of certificates, the overseeing officer instructs the administrative department to mark the purchase order as goods received in the system, triggering the receipt of an invoice from the contractor, which is subsequently paid by the payable department.

Lastly, a cost model is agreed for the Provision of Soft Facilities Management Services contract at the start of each year by the Head of Finance against which monthly invoices are reviewed and approved by the contract manager. In case of additional work apart from the agreed services, a quotation is received and approved before work is carried out. The payment of such is also reviewed and approved by the contract manager.

Control Objective 6: Appropriate reporting arrangements are in place in respect of contract management to ensure sufficient oversight and scrutiny of this function.

Yellow

6.1 Cost report not presented as agreed in the contract

The scope document of the Hard Facilities Management Reversion contract describes a requirement for presentation of a monthly cost report at procurement meetings comprising the following elements:

- A summary of status and progress with regard to:
 - Payment certified against payment applied for
 - Performance against forecast
 - Value of Project Orders
 - Value of Project Orders
 - Payments to Subcontractors
- A summary of status and progress with regard to any payment disputes or delays in respect of:
 - Service Orders
 - Project Orders
- Corrections required for errors and mistakes made by the Service Manager in previous assessments
- Status of:
 - early warnings having a potential cost impact
 - all compensation events

However, discussion with the contract manager highlighted that no report is submitted by the contractor. We understand that the requirement to submit this report has been communicated to the contractor in monthly meetings and review of the minutes from the two most recent contract meetings confirmed that the contractor had been reminded to submit this report on both occasions.

Risk

There is a risk of inadequate oversight and decision making in terms of contract cost and payments in the absence of appropriate cost reporting covering all the elements mentioned in the contract which could result in financial discrepancies, disputes and inefficiencies.

Recommendation

Management should enforce the contractual requirement for the supplier to present specified cost reports during monthly cost and procurement meetings. This requirement should be clearly communicated to the supplier with emphasis on the importance of timely and accurate reporting.

Management Action

Grade 2
(Operation)

As per previous actions, management will ensure a robust Contract Management review is undertaken and processes updated to clearly communicate supplier expectations and monitor adherence.

Action owner: Stephen McDonagh, Procurement Manager

Due date: 31 March 2025

6.2 Periodic reporting to the board

There is no established mechanism for the preparation and presentation of periodic reports to the board or any sub-committee relating to contract management activities performed by the different directorates.

Risk

There is a risk of inadequate oversight and transparency in contract management processes in the absence of structured periodic reporting to the board and/or sub-committees leading to key stakeholders being unaware of critical contract-related issues, including performance, compliance, and financial matters.

Recommendation

Management should establish a formal mechanism for preparing and presenting periodic contract reports to the board or relevant sub-committees covering a summary of contract management activities for all the contracts and highlighting key issues, where appropriate.

Management Action

Grade 2
(Design)

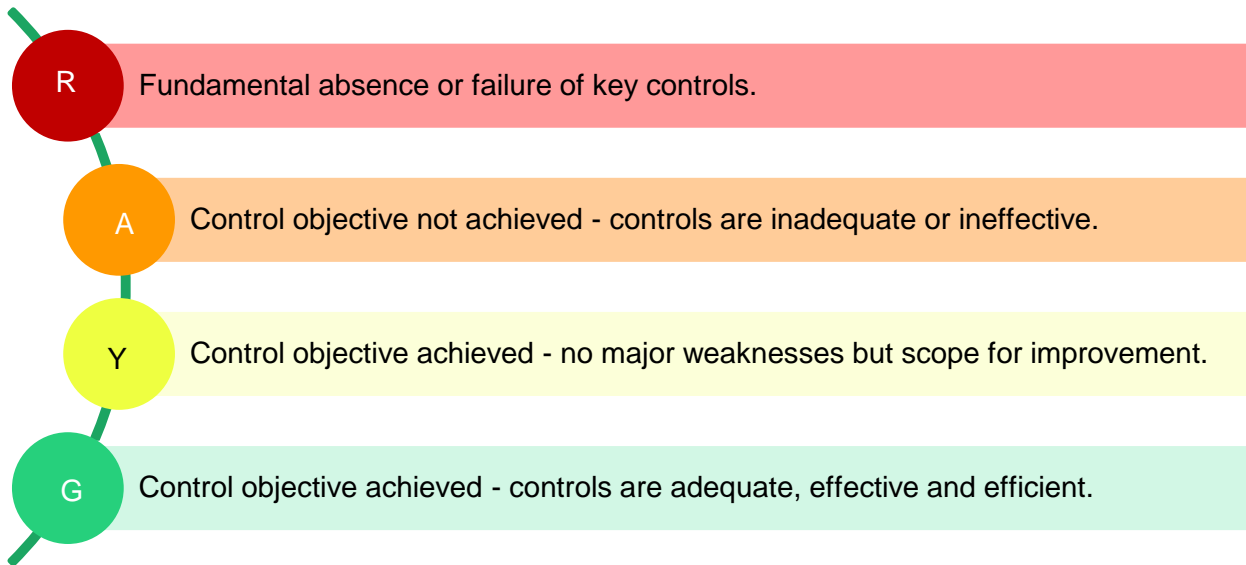
Management currently report monthly through the FCS Procurement Group. New Governance structures have recently been introduced within SFRS – management will establish the most appropriate route for contract reporting and will produce reports for the appropriate boards.

Action owner: Lynne McGeough,
Head of Finance & Procurement

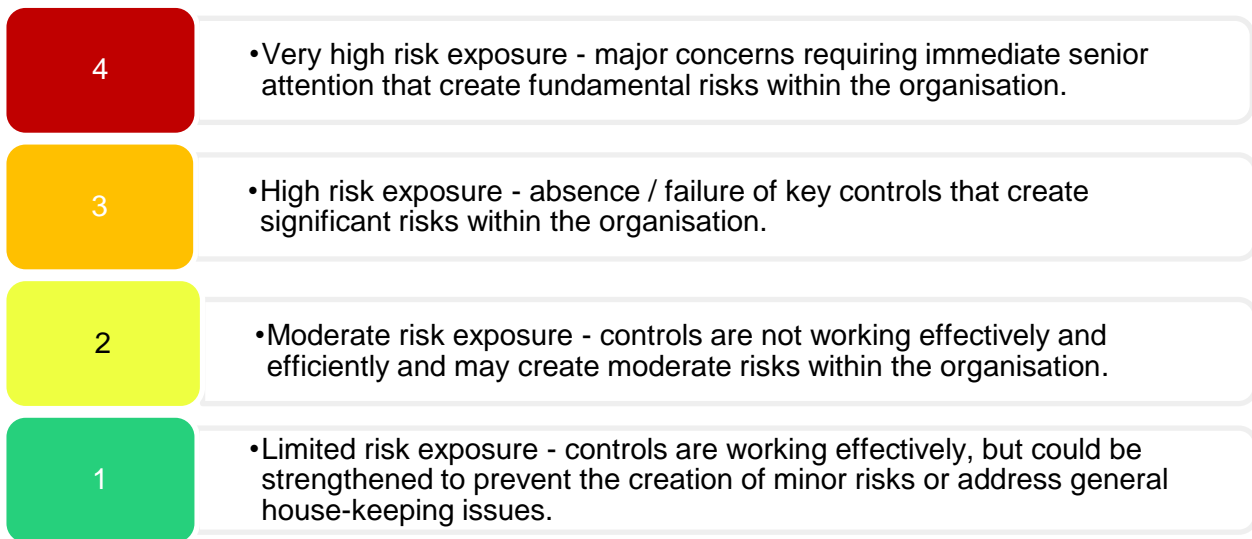
Due date: 31 December 2024

Appendix A – Definitions

Control assessments



Management action grades



Appendix B

Compliance with documented procedures

The table below details instances of non-compliance with documented procedures for each of the contracts examined. In some instances, other compensatory controls were found to be in place. However, this highlights the need to update the procedures and to ensure the new procedures are complied with.

Sr. No.	Procedures	Contract Sample					
		Hard Facilities Management Re-provision	Provision of Insurance Portfolio	Provision of Digital Fireground Radios	Provision of Self Contained Breathing Apparatus	Provision of Soft Facilities Management Services	Provision of Protection Officers Training
1	Updates on Supplier & Contract Management SCM will be presented to Good Governance Board on a quarterly basis.	X	X	X	X	X	X
2	Category Lead monitor and review contractors against SFRS Standard Key Performance Indicators	X	X	X	X	X	X
3	Category Lead attend all relevant Level 1 SCM meetings	X	X	N/A	X	✓	N/A
4	Client department ensure the involvement of Category Teams in all Level 1 SCM activity	X	X	N/A	X	X	N/A
5	Client department responsible for undertaking and recording all Level 1 / 2 / 3 SCM activity using Balance Scorecard methodology	X	X	X	✓	X	X
6	Client department ensure that all meetings are recorded and minuted	✓	✓	X	X	✓	X
7	Exit plan is prepared by Category Team for all level 1 contracts and is updated on annual basis.	X	X	N/A	X	X	N/A
8	Balance Scorecard will be filled for all contracts by client department.	X	X	X	✓	X	X
9	Category Leads will be responsible for ensuring output from the balanced Scorecard is recorded on Procurement SCM Tracker.	X	X	X	X	X	X
10	The Balanced Scorecard results are shared with the relevant Supplier and the evaluators within two (2) weeks of completion.	X	X	X	✓	X	X
11	Procurement representation is mandatory at all Level 1 contracts.	X	X	N/A	X	✓	N/A
12	The Category Lead will be responsible for the collation of information for all contracts within their portfolio ensuring that information is collected within required timeframe and is available for submission to CPSG.	X	X	X	X	X	X
13	For contract extension, procurement team member will be involved and an extension template will be filled.	N/A	X	N/A	N/A	N/A	N/A

Note: Due to contract of Provision of Digital Fireground Radios in its initial phase of implementation, contract manager/user department has not complied with the procedures. As per contract manager, once contract moved to operational phase, procedures will be complied with.

Appendix C – Assignment Plan

Client:	Scottish Fire and Rescue Service
Assignment:	Contract Management
Background:	<p><i>The Police and Fire Reform (Scotland) Act 2012 requires the SFRS:</i></p> <ul style="list-style-type: none">• To secure best value in the performance of its functions;• To balance the quantity and cost of the performance of its functions and the cost of SFRS services to service users;• To have regard to economy, efficiency, effectiveness, and the need to meet equal opportunity requirements in maintaining that balance; and• To discharge its duty to secure best value in a way which contributes to the achievement of sustainable development. <p>SFRS has numerous contracts in place with external suppliers which contribute either directly or indirectly to the delivery of the Service's operations. It is imperative that each contract is managed in an effective and consistent manner in order to ensure that SFRS is receiving a high quality service and value for money. It is also important that any issues with contractor performance are identified and addressed in a timely manner. Robust controls should also exist over the payment of contractors in order to ensure that payments are only made in accordance with agreed rates and for the supply of goods and/or services as specified within the contract.</p>
Scope:	<p>In accordance with the 2023/24 Internal Audit Plan, we will perform a review of Contract Management.</p> <p>This review will focus on the framework SFRS has in place to manage contracts in order to ensure that they are managed and monitored in a consistent and effective manner, that SFRS receives a quality service and payments to contractors are made in accordance with contract terms. We will also review the arrangements for dealing with poor performance, including defaults and penalty notices and ensuring that remedial action is taken to improve performance.</p>
Control objectives:	<p>To ensure that:</p> <p>Control Objective 1</p> <p>A documented framework exists in respect of Contract Management which provides guidance to staff on the</p>

management of external contractors and clearly sets out roles and responsibilities in this regard.

Methodology

We will review any documented guidance in place for contract management to ensure it sets out a formalised and consistent approach for monitoring and managing contracts and compare it with other guidance we have seen operating within other similar organisations to identify any gaps or areas where enhancements are needed.

Control Objective 2

The type and frequency of monitoring is determined at the outset of the contract (including evaluation of the contractors' internal monitoring arrangements) with clearly established quality criteria and standards against which contractor performance is measured.

Methodology

We will ascertain how SFRS determines the type and frequency of monitoring to ensure that this activity is focussed on the key deliverables of the contract.

We will establish whether SFRS has determined the frequency and level of contract monitoring undertaken internally by the contractor and considers whether any reliance can be placed on this to reduce the level of monitoring carried out by SFRS and improve efficiency.

We will also ascertain how SFRS establishes quality criteria and standards against which performance is measured and consider the authenticity of such criteria.

We will ascertain how SFRS determines the scale of monitoring required based on the size and value of the contract as well as its overall significance in ensuring SFRS delivers its core services in an efficient and effective manner.

Control Objective 3

Sufficient resources are allocated to contract management with the monitoring function embedded within SFRS's day to day operations so that contract management is performed regularly and consistently in accordance with the overarching framework.

Methodology

We will ascertain how SFRS allocates resources to contract management ensuring the contract managers are appropriately trained and suitably experienced to perform the monitoring role.

We will select a sample of contracts and review the monitoring arrangements in place in order to ensure that this has been performed regularly and consistently in accordance with the contract management framework.

For the sample of contracts above we will review how SFRS ensures that the contractor continues to maintain sufficient and appropriately skilled staff who have undergone appropriate vetting (if required) and training throughout the duration of the contract.

We will also review the arrangements to ensure the contractor maintains appropriate levels of insurance cover throughout the duration of the contract.

We will review the arrangements in place for liaising and meeting regularly with contractors in order to discuss any issues which may arise.

We will review the arrangements for ensuring the contract monitoring is based on reliable and accurate information.

We will identify any areas where processes could be improved and/or made more efficient.

Control Objective 4

Arrangements are in place for the identification of performance which falls below the standards required of the contract with appropriate action taken to address this.

Methodology

We will review the arrangements for ensuring that poor performance is identified and that appropriate action is taken to rectify this.

We will ascertain whether arrangements are in place to escalate any performance issues should improvements not be made by the contractor.

Control Objective 5

Payments to contractors are made in accordance with contract terms and conditions and are subject to appropriate review and authorisation.

Methodology

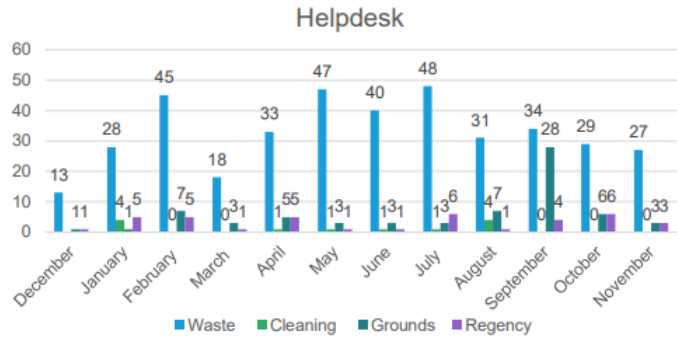
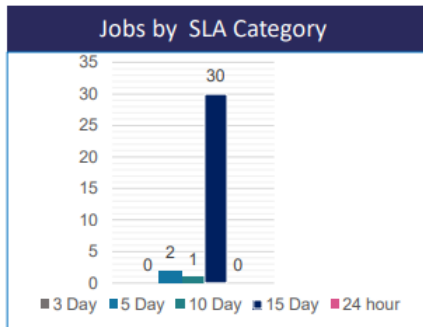
We will review the arrangements for making payments to contractors to ensure they are made in accordance with contracted rates and that they are only made where services/goods are provided to the required quality standards.

<p>Client:</p>	<p>Scottish Fire and Rescue Service</p> <p><i>For the sample of contracts selected, we will review a sample of payments to confirm the above and also, that the payments have been checked and are suitably authorised.</i></p> <p><i>We will also consider whether there are any opportunities for streamlining and making the process of paying contractors more efficient.</i></p> <p>Control Objective 6</p> <p>Appropriate reporting arrangements are in place in respect of contract management to ensure sufficient oversight and scrutiny of this function.</p> <p>Methodology</p> <p><i>We will review the arrangements for reporting on contract management to the Board, its sub-Committees and senior management to ensure they receive reliable and accurate information upon which to base their decisions.</i></p> <p><i>We will consider if any improvements can be made to the oversight/scrutiny and overall governance functions in respect of Contract Management.</i></p>
<p>Risk register link:</p>	<p>This review is linked to the following strategic risk areas:</p> <ul style="list-style-type: none"> • Risk 6: Ability to have in operational use the necessary assets, equipment, supplies and services to enable the smooth running of the organisation, that exploit available technologies and deliver public value.
<p>Client contacts:</p>	<p>Audit Sponsor: Sarah O'Donnell, Director of Finance & Contractual Services</p> <p>Key Contacts: John Thomson, Head of Finance & Procurement Stephen McDonagh, Procurement Manager</p>
<p>Resources:</p>	<p>Internal Auditor: Salman Akram, 16 days</p> <p>Senior Audit Manager: Gill Callaghan, 3 days</p> <p>Audit Partner: Gary Devlin, 1 days</p>

Appendix D – Demographics

Provision of Soft Facilities Management Services

HELPDESK November 2023

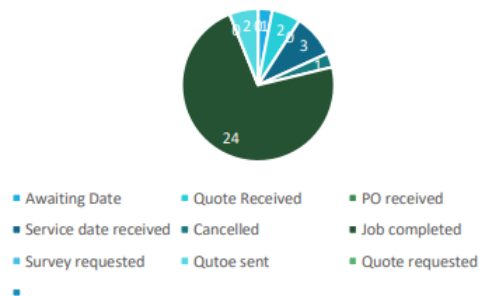


No reports of any availability issues of helpdesk
All jobs logged followed up and updated on system

- 1 Job cancelled
- 33 jobs Actioned on time
- 24 jobs completed
- 0 Jobs priority 1 & 2
- 33 jobs (3-5-10-15 day)

18 jobs raised in month with completion dates in December

Helpdesk Status

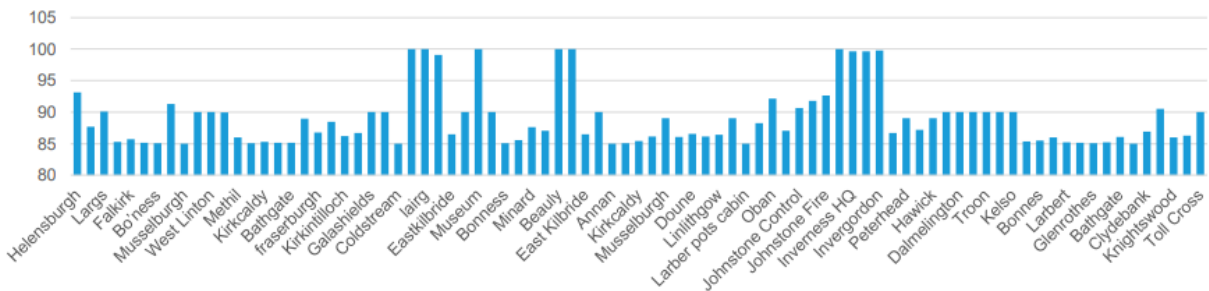


Cleaning Audit Summary

Average Audit score 89%

85 Audits Completed in November

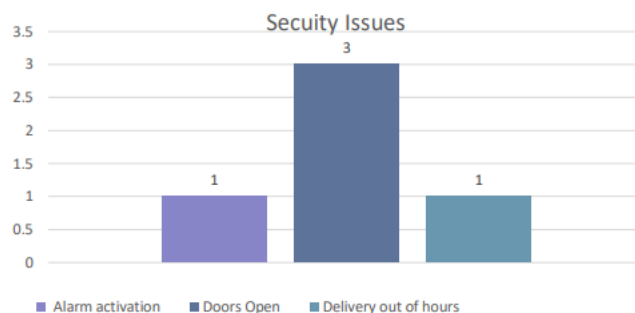
Cleaning Audit Scores November 2023



SECURITY

Operational Activity

Total Calls Taken	1934
Auto Calls	1761(91.1%)
Manual calls	173(8.9%)
Auto outside window	0 (0.0%)
Compliance	100%



- 7 call outs at Hamilton in November(3 unknown errors 3 false alarms and 1 PIR sensor fault)
- Security cover continuing for Cambuslang Arc
- Agreement for permanent security for Cambuslang Arc covering Sat and Sun day and 7 nights

- Alarm activation
- Doors Left Open
- Visitor not booked in



WASTE

Key Statistics

Shred-it Waste

1 Adhoc job in November 2023

November 2023	Waste produced (kg)
East	25
West	200
North	410
Total	635
Trees saved	12.7
Cubic meters landfill saved	1.9
Kilos of air pollutants saved	20.3
Saved Tonnes of carbon equivalent	16.8

Roydon's Waste

- 4 incident of contaminated waste
- Service success 99.16%
- 95.6 % diverted from landfill 5.2% down from last month
- No missed collections

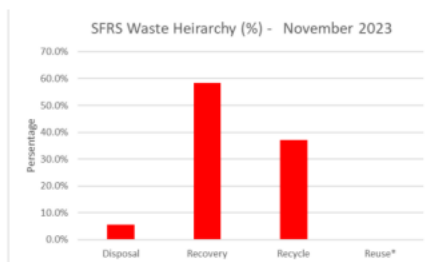


Figure 2 Waste Hierarchy data SFRS Areas – November 2023

PHS Washroom and Clinical Waste

- Completed jobs 97.3%
- 2 additional clinical waste pick up requested
- Incomplete jobs 3

November 2023

Total Sites Serviced	148
Completed	141
Access issues	4
Incomplete	3

Number of PHS Services November 2023

Washroom Service	
Sanitary bin	99
Male Incontinence Bin	2
Nappy bin	1
Vending Machine	25
Total:	127
Clinical Waste Service	
Sharps	9
Swabs and Dressing	31
240ltr Clinical waste bin	35
Total:	75



KPI Ref	KPI Name	MI Ref	Contractor Score	Deduction %	Fee At Risk Per MI	Actual Deduction Per MI (£)	Actual Deduction per KPI (£)	
CFM K1	CAFM / Helpdesk Service	CFM M1	100%	0%	£ 1,066	£ -	£ -	
		CFM M2	100%	0%	£ 1,066	£ -		
		CFM M3	100%	0%	£ 853	£ -		
SY K1	Security Services	SY M1	100%	0%	£ 2,133	£ -	£ -	
BM K1	Maintenance Service	No Measures Apply					£ -	£ -
WM K1	Waste Management Services	WM M1	100%	0%	£ 448	£ -	£ 3	
		WM M2	99%	1%	£ 448	£ 3		
		WM M5	100%	0%	£ 384	£ -		
CLG K1	Cleaning Services	CLG M1	100%	0%	£ 2,133	£ -	£ -	
SUS K1	Sustainability	No Measures Apply					£ -	£ -
GM K1	Grounds Maintenance Services	GM M1	100%	0%	£ 373	£ -	£ 157	
		GM M2	58%	42%	£ 373	£ 157		
		GM M3	100%	0%	£ 320	£ -		
CAT K1	Catering Services	CAT M1	100%	0%	£ 640	£ -	£ -	
		CAT M2	100%	0%	£ 640	£ -		
		CAT M3	100%	0%	£ 853	£ -		
BCI K1	Benchmarking & Continuous Improvement	No Measures Apply					£ -	£ -

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Scottish Fire and Rescue Service

Risk Assurance Advisory Review

June 2024



Scottish Fire and Rescue Service

Risk Assurance Advisory Review

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Review Sponsor	Key Contacts	Review team
<i>Sarah O'Donnell, Director of Finance and Contractual Services</i>	<i>Richard Whetton, Head of Corporate Governance, Strategy and Performance</i> <i>David Johnston, Audit and Risk Manager</i>	<i>Gary Devlin, Audit Partner</i> <i>Matt Swann, Audit Director</i> <i>Gill Callaghan, Senior Audit Manager</i>

Executive Summary

Conclusion

The Scottish Fire and Rescue Service (SFRS) has been developing its risk assurance framework with the aim of having fully integrated assurance. Whilst we saw evidence of some progress being made, it is clear that further work is required to develop the Service's processes for managing risk including its framework for identifying, reporting and reviewing assurance providing activities.

We have assessed SFRS's risk management arrangements against a risk maturity model and the results of this confirm our opinion above in that the Service predominantly sits within the risk-defined/risk-managed categories.

We acknowledge that risk assurance is just one element of the Service's overall framework for managing risk. With regard to the Service's overall risk management framework, we noted that a risk appetite statement has still to be agreed despite this being recommended in our Risk Management report of 2020/21. This is a key element of the Service's risk management framework and as such, should be agreed and communicated to Board Members and senior management as a priority.

We note that some work has been done to identify and document assurances obtained although this is predominantly based on reports to the Board/Committees and other governance forums. To date, risk owners and related managers have not been required to be involved in identifying and documenting assurance in relation to Directorate risks that they oversee, although discussions with them indicate that they are probably best placed to do this as they have already given some consideration to this area and are reporting on assurance albeit to differing extents.

We are of the opinion that further use could be made of the Risk Reporting tool on Power BI to record and report on assurance and that management should explore the possibility of enhancing this tool.

We found that some assurance mapping has taken place although it is acknowledged that this is under development and requires ongoing work.

Overall, we found that the approach to the work undertaken by the Directorates, the Audit & Risk Manager and the Head of Corporate Governance, Strategy & Performance and the Board Support Team in managing risk could be improved. This could be achieved by adopting a more co-ordinated approach particularly in relation to risk assurance and we have suggested a way which this could work going forward.

We have made recommendations to address the above issues as well as provided some advisory examples of how the risk management process could be streamlined and how assurances could be mapped for management to consider with the aim of improving the processes in place.

Background and scope

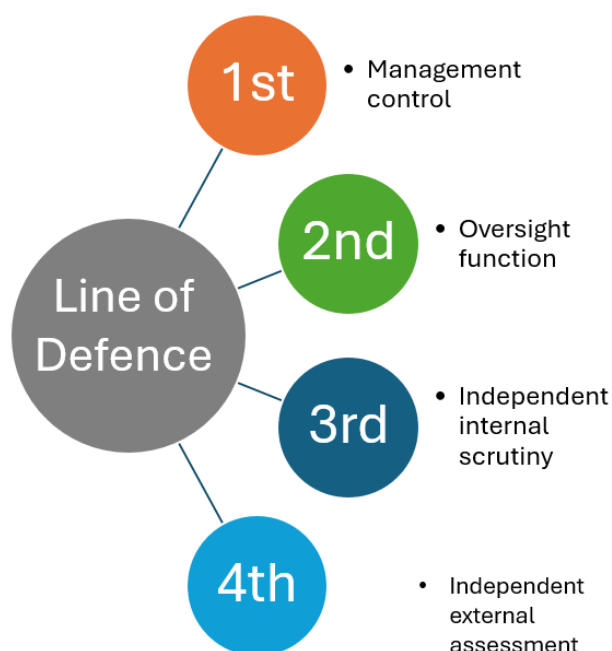
In April 2023, the Scottish Fire and Rescue Service (SFRS) published its Good Governance Framework. The aim of the Framework is to outline the Service's *"continued commitment to upholding high standards of corporate governance by setting out the principles and supporting characteristics [it] will apply to ensure [it is] achieving [its] intended outcomes while always acting in the public interest."*

One of the governance principles which underpins the Framework relates to the management of risk, as follows:

“We will take informed transparent decisions and manage risk effectively.”

A key element of an effective system for managing risk is establishing an appropriate assurance framework, thereby ensuring mechanisms exist to obtain assurance that actions and controls put in place to mitigate risks are operating effectively. In accordance with the Good Governance Framework, *“assurance in summary means the confidence based on sufficient evidence that internal controls are in place, operating effectively and objectives are being achieved.”*

SFRS has adopted the four lines of defence method of determining and obtaining assurance in relation to its risks, which are set out below:



As part of the process of developing its assurance framework, SFRS has carried out some initial assurance mapping with the ultimate aim being of establishing integrated assurance.

In accordance with the 2023/24 internal audit plan, we have reviewed the work undertaken to date on SFRS's assurance framework which is still under development and focussed on a sample of the Service's most significant risks. We conducted interviews with the related risk owners in order to ascertain their views on assurance for their particular risk and reviewed evidence of assurance obtained. We also interviewed the Chair of the Audit and Risk Assurance Committee to gain his views on assurance in relation to the Service's risks.

The aim of this review is to provide SFRS management with advice on how they can continue to develop an assurance framework which is based on recommended best practice e.g. HM Treasury's Orange Book, where any lessons that can be learned to improve existing practices are identified along with opportunities for streamlining assurance frameworks and the potential for achieving additional value for money from existing processes and practices. In addition to the Orange Book, we also compared SFRS's assurance framework to

other guidance on this subject issued by professional institutes and compared the practices in operation within SFRS to other public sector organisations within our client base e.g. police and NHS.

As part of this review, we have assessed SFRS performance against a maturity model, the aim of which is to provide insight into the current status of the development of the Service's risk assurance framework and to define levels of maturity to guide and measure improvements to the assurance framework as it develops.

We have assessed SFRS's risk assurance framework against the following control objectives:

- An appropriate framework exists for determining assurances in relation to SFRS's most significant risks (including assurance mapping) which ensures that assurance providing activities are determined and are appropriate and proportionate to the degree of risk to which SFRS is exposed.
- Any gaps where assurance is limited or overlaps in assurance are identified with appropriate action taken to address these in order to ensure assurance providing activities encompass all risks, are efficient and any duplication is minimised.
- Assurance providing activities are regularly reported on and are subject to frequent review to ensure any changes in the assessment of risks are addressed and that information provided as assurance is of a high quality, is reliable and sufficient in nature to provide comfort as to whether risk mitigating actions are effective or to alert management/members to any areas where risk mitigation is not operating as planned.
- Oversight of the assurance framework is carried out by the Board, its sub-Committee members and senior management with regular feedback obtained from them on the adequacy of the assurances provided in order to aid continuous improvement.

This report sets out our findings in relation to the Service's risk assurance framework. Any areas identified for improvement have been highlighted along with the risks to which SFRS is exposed. Where appropriate, we have made recommendations to improve the risk assurance framework as well as the overall risk management processes in operation throughout SFRS.

Acknowledgements

We would like to thank the following staff who were consulted during this advisory review on the development of the Service's assurance framework as well as those who provided their insight into significant risks faced by the organisation and related assurance:

Sarah O'Donnell – Director of Finance and Contractual Services

Richard Whetton – Head of Corporate Governance, Strategy and Performance

Kevin Murphy – Group Commander, Board Support

David Johnston – Audit and Risk Manager

Andrew Watt – Assistant Chief Officer, Director of Training, Safety and Assurance

Jim Holden – Head of Safety and Assurance

Rachael Scott – Deputy Head of People

Gary Bellfield – ICT Technical Strategy Manager

Ijaz Bashir – Head of Asset Management

Detailed Findings

1. Risk Management Framework

1.1 SFRS has a Risk Management Policy and Framework document which was initially implemented in February 2014. This has subsequently been reviewed and updated in August 2018 and November 2021, with the document next due for review in October 2024.

1.2 The policy sets out SFRS's commitment to developing and implementing an integrated risk management framework with the aim of being:

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

1.3 The policy defines roles and responsibilities in relation to risk management. It also describes the risk management process including how risks are scored and prioritised and how SFRS should respond to each risk i.e.



1.4 A key element of SFRS's policy on risk management should be its risk appetite statement. However, whilst the policy contains some information on this, it states that the Service's risk appetite statement has yet to be developed by the Board and SLT. In 2020/21 our review of Risk Management concluded that there was a need for SFRS to define its risk appetite statement and for Board members and relevant senior managers to receive training on the practical application of the risk appetite statement with a recommendation made to this effect. Subsequent follow up reviews have revealed that this action has remained outstanding with limited progress being made. At the time of the audit, the latest update provided by management confirmed that a draft risk appetite statement is still to be developed and submitted to SLT for discussion and review.

Risk area – Risk appetite statement

In the absence of a clearly defined risk appetite statement which is understood by staff, there is an increased likelihood of SFRS being exposed to unacceptable levels of risk which should not be tolerated. This could impact the Service's ability to achieve its objectives and successfully deliver its outcomes leading to reputational damage and financial loss.

Recommendation 1

Management should prioritise the development of SFRS's risk appetite statement with input from the Board. Members of the Board and managers with responsibility for managing risk should undergo appropriate training on risk appetite/tolerance to ensure that they fully understand the importance of these concepts and how they should be applied in practice.

Management Action

Risk Appetite statements will be developed in a phased approach with the Strategic Leadership Team, ARAC and the SFRS Board. Developed statements will be introduced at Member and Senior Management Team level to test their effectiveness and allow review and refinement.

Action owner: Risk and Audit Manager / SLT

Due date: 31 December 2024

- 1.5 The policy makes reference to a number of different types of risk register to be used for recording and managing risks including:
- **Strategic Risk Register** – reflecting key strategic risk themes to prevent SFRS from delivering its key priorities within its Strategic Plan
 - **Directorate Risk Register** – identifying risks associated with the delivery of directorate level risks
 - **Functional/Project Risk Register** – recording risks related to specific areas of work or projects
- 1.6 Through discussion with the Audit and Risk Manager, we understand that the Strategic Risk Register, which was previously maintained has been superseded. From October 2023, SLT agreed that going forward it would review and report to the Board on the significant risks faced by the Service which are those risks included in the Directorate Risk Registers which have a residual risk score of 15 or above. It was also agreed that, in future risks would be linked to the Service's Strategic Outcomes, which we have confirmed, is now the case.
- 1.7 Our review of the Risk Management Policy and Framework revealed that whilst there are various references to "assurance" throughout the document and the need to ensure that assurance is provided for scrutiny purposes, the document lacks guidance and any detail on the following:
- A clear description and definition of assurance.
 - How assurance fits into the Service's overarching governance arrangements.
 - What a good level of assurance looks like in practice.
 - Who is responsible for collating and providing information on assurance.
 - How assurance is monitored and reported – frequency, to whom etc.
 - What action is to be taken in the event of gaps in assurance being identified.

Risk area – Assurance

Assurance should be a key component of any risk management framework as it is essential that there is a means for management and the Board to be able to determine whether the actions they are putting in place to address risk are effective and also, that appropriate action is taken where assurance is lacking. Failure to provide guidance on this to staff increases the risk of the actions put in place to mitigate risks

not being effective which leads to the ineffective use of resources and increases the likelihood of the risk occurring.

Recommendation 2

The Risk Management and Policy Framework should be updated to provide detailed guidance on the Service’s assurance framework including different types of assurance and how this should be collated/reported upon and monitored including the use of assurance mapping as a tool to assist this process. The policy should also be updated to include any changes which have been or will be made to processes following this review so that it reflects how risk management is/should be carried out in practice and provides sufficient guidance to relevant staff.

Management Action

The risk management policy will be reviewed to align with available guidance on the Assurance Framework. Any associated changes to the reporting framework will be incorporated within the risk management policy.

Action owner: Risk and Audit Manager **Due date:** 30 November 2024

**Grade 3
(Design)**

1.8 In April 2023, management introduced the Good Governance Framework. This sets out the following:

- **SFRS’s governance structure** – including defining roles and responsibilities
- **Governance principles** – including what each principle means, how SFRS demonstrates they are meeting the principle, and evidence confirming this

Section 6 of the Good Governance Framework relates to the Service’s assurance framework. SFRS has adopted the four lines of defence model in relation to its assurance framework as follows:

LINES OF DEFENCE			
1st Management Control <small>those responsible for delivery</small>	2nd Oversight Function <small>assurance separate from delivery & the management chain</small>	3rd Independent Internal Scrutiny	4th Independent External assessments
<ul style="list-style-type: none"> • Strategies, plans, risk registers, policies • Financial Management and reporting at Functional/operational level • Internal Control Checklist • Self-assessment e.g. Certificates of Assurance 	<ul style="list-style-type: none"> • Performance Management and reporting at functional/operational level • Functional compliance reviews • Risk Management • Business Assurance (GGB) • Organisational Security • Internal Quality Control Checks • Customer satisfaction 	<ul style="list-style-type: none"> • Review of 1st and 2nd line of defence • Internal Audit Annual Plans 	<ul style="list-style-type: none"> • External Audit • External Accreditation • HMFSI • Audit Scotland • Gateway Reviews • Information Commissioner’s Office • HSE • Local Scrutiny Authorities

Extract from SFRS Good Governance Framework

1.9 The Good Governance Framework summarises assurance as being “*confidence based on sufficient evidence that internal controls are in place, operating effectively and objectives are being achieved.*”

1.10 In order to determine whether sufficient assurance exists in relation to controls and other actions put in place to mitigate the risks to which SFRS is exposed, a section on the use of Integrated Assurance Mapping has been included in the Good Governance Framework. However, it is noted that the use of assurance mapping is still under development.

1.11 During 2023/24, the Service has introduced Committee Assurance Statements as part of the Good Governance Framework. Covering papers for each Board/Committee meeting include a statement on assurance at Section 7 where the Director responsible for the report is required to assign a level of assurance for the area being reported upon as well as the rationale for this.

7	Assurance (Board/Committee Meetings ONLY)	
7.1	Director:	
7.2	Level of Assurance: (Mark as appropriate)	Substantial/Reasonable/Limited/Insufficient
7.2	Rationale:	

Extract from Board/Committee Covering Paper

1.12 Whilst some progress has been made in developing the Service’s assurance framework, it is evident that ongoing work is required in order for the framework to operate as intended and as described within the Good Governance Framework.

2 Managing risk and assurance

2.1 We confirmed that each Directorate is responsible for maintaining a Directorate Risk Register. The SFRS Risk Toolkit has been developed for this purpose. The Toolkit contains the following guidance along with template documentation for those managing risk:

- **Risk Assessment Guidance** including criteria for evaluating risk in relation to probability and impact
- **Risk Assessment Matrix** which maps the assessment of each risk
- **Risk Update** including details of the risks, their scores and the risk owners
- **Control update** which includes a description of the controls in place to mitigate the risks, the control owners, comments and an indication of how management are performing in managing the risks.

Review of the Directorate Risk Registers confirmed that the Risk Toolkit has been uniformly adopted throughout the Service.

2.1 SFRS has developed a Risk Reporting tool using Power BI. The Directorate Risk Registers are forwarded to the Audit & Risk Manager on a quarterly basis and he ensures that the details of each risk are entered into Power BI as follows:

Risk ID	Status	Risk Description	SLT Risk Owner	Strategic Risk ID	Risk Rating	Target
		implement programme for replacement of a number of People, Payroll, Training, Finance and systems that could result from not having a programme team in place and other resources released to support the programme leading to the systems not supporting SFRS achieve organisational objectives.				
POD005	Treat	The risk of not developing and providing wellbeing support to all SFRS employees, (both mental and physical health) resulting from a lack of resources and / or capacity to deliver wellbeing activity and support which results in higher levels of employee absence and lower levels of engagement.	Head of People	5	6	4
POD010	Treat	The risk that People teams are unable to timeously support and input to wider SFRS projects and change initiatives, meaning the people elements of change management aren't widely considered, resulting in reduced employee engagement and successful implementation of the project/change.	Head of People	5	12	8
POD011	Treat	Risk of delay to pay and competence awards due to ineffective FF Development Programme Policy/Uninformed Managers Development to Competent Policy and processes implementation leading to	Head of People	5	6	6

Screenshot from Risk Reporting tool

In addition, the actions that are put in place to mitigate the risks (as stated in the Directorate Risk Registers) are also input to the system:

File Share Export Get insights Subscribe to report

Select risk: FCS005 - Core Funding Action status: Select all Closed Live Action overdue? Select all No Select how much overdue: All

Risk ID	Action Status	Action Description	Action Due Date	Est Date	Action Overdue?	Months Overdue	Status	Action Comment
FCS005	Live	Continue to secure Capital and Resource Funding and review spending inline with the Resource Spending Review action plan	2024-03	31/03/2024	No	On Target or 3 months from due date	Green 25%	Focus now on 23/24 budgets with work progressing each month.
FCS005	Closed	Engagement with SG and other partners (ongoing)	2021-03	31/03/2021	No	Closed control	Closed	The Service continues to engage with SG and partners to secure required levels of funding
FCS005	Closed	Identify additional funding opportunities to achieve environmental and carbon reduction targets	2022-03	31/03/2022	No	Closed control	Closed	Funding for Financial Year 22/23 agreed and obtained from SG. Future years funding remains uncertain, however Spring Budget Review will bring more clarity possibly until Financial Year 24/25. Financial year 21/22 now complete but work continues regarding securing funding for carbon reduction targets with current Grant requests in progress for £1.6m with future amounts to be determined.
FCS005	Closed	In relation to an expected funding gap - continuing reporting internal and external	2021-03	31/03/2021	No	Closed control	Closed	Awaiting outcome of funding from Scottish Government
FCS005	Closed	Savings exercise to achieve balanced budget for next year	2021-03	31/03/2021	No	Closed control	Closed	Awaiting outcome of funding from Scottish Government
FCS005	Closed	Secure additional grant funding for energy and carbon Management 22/23	2023-03	31/03/2023	No	Closed control	Closed	Funding secured for financial year 22/23 Resource and Capital Budgets with continual funding being agreed for energy and carbon management with additional Grant received - focus now on 23/24

Screenshot from Risk Reporting tool

2.2 The aim of using Power BI for recording risks is so that Board members and managers can access the system at any time and review the most up to date information on the risks posed to each Directorate. In addition, the system can be used to produce reports in relation to SFRS's risk profile as well as to provide dashboards summarising specific information in relation to risk such as:



Screenshot from Risk Reporting tool

2.3 We noted that there is no requirement for directors/managers responsible for managing risk to document assurances that they obtain to confirm that the actions they put in place to mitigate risks are operating effectively. There is no section within the Risk Toolkit to record this information. In addition, a section within the Risk Reporting tool on Power BI has not been created to record assurances.

2.4 Whilst documenting assurances obtained will assist in demonstrating that mitigating actions are effective, it can also support the Service's annual governance statement. Ideally, in future if the different types of assurance are recorded on Power BI, this information can be extracted from the system for all risks and can be readily available at the end of the year when the Head of Governance, Strategy and Performance

compiles the annual governance statement and this will support and inform the overall opinion provided. Further development of this reporting tool on Power BI could also assist in compiling assurance maps.

Risk area – Documenting assurance

Failure to record assurances received against each risk increases the risk of ineffective actions to mitigate risk and gaps in assurance remaining undetected and therefore an increased likelihood of risks occurring. It also increases the risk of duplication of assurance activities resulting in an ineffective use of resources.

Recommendation 3

The Directorate Risk Registers should be expanded to include a column for recording assurance obtained in relation to actions taken to address risk. The possibility of enhancing the Risk Reporting Tool on Power BI should also be explored to ascertain if an additional section can be added so that assurances received can be input for each risk.

Management Action

Grade 2
(Design)

The risk dashboard and associated input templates will be reviewed to identify additional information required in relation to Assurance, aligned to the SFRS Assurance Framework.

Action owner: Risk and Audit Manager / Head of Corporate Governance

Due date: 31 March 2025

- 2.5 Since April 2023, the Head of Corporate Governance, Strategy and Performance has maintained an excel spreadsheet which lists all reports submitted to various SFRS Committees in chronological order. For each report the spreadsheet records the following details:
- Name of the committee
 - Report title
 - Level of assurance provided (as per paragraph 1.1 above)
 - Outcomes Offered - Links to Strategy and Corporate Values
- 2.6 The Head of Corporate Governance, Strategy and Performance explained that the above level assurance is used to map assurances received in respect of the areas covered by the above reports. He added that they intended to discuss the levels of assurance provided in the above reports with the relevant Committee Chairs to ascertain whether they agreed with the level of assurance given or whether the rating needed to be revised.
- 2.7 We understand that some assurance mapping has been undertaken by the Group Commander – Board Support which has been overseen by the Head of Corporate Governance, Strategy and Performance. Furthermore, on 18 January 2024 a report was submitted to the Integrated Governance Forum which provided an update on the assurance mapping carried out at the time. This report highlighted that

assurances in respect of the 3rd and 4th lines of defence were limited (these relate to assurance obtained from internal audit and other external assessments). Gaps in assurance were identified, but the report acknowledged that assurance mapping was still under development.

- 2.8 Initially assurance mapping was aligned to the Service’s strategic risks. It was then decided to map assurances using themes raised at each Committee. However, we understand from the Group Commander – Board Support that it has subsequently been decided to revert to basing the assurance maps on Committee-aligned risks. We were advised that both sets of assurance maps have been retained.
- 2.9 We were advised by the Head of Corporate Governance, Strategy and Performance that it was agreed with SLT and the Board that assurance mapping would be gradually introduced. The aim was to map assurances to Committees and the Board in order to enhance committee planning and the annual statements of assurance.
- 2.10 Below we have included an example of an assurance map which has been devised in respect of the Audit and Risk Assurance Committee:

SFRS Board – Audit and Risk Assurance Committee (ARAC) – Assurance Map 2023-24 – Dec 23								
	1 st Line		2 nd Line		3 rd Line	4 th Line		Strategic Outcome(s)
	Internal Reports	Self-assessment	Risk Register	Performance	Internal Audit Reports	External Audit Reports	HMFSI	
Consultations – Stakeholder feedback SDD010								Outcomes 5 & 7
Communications Management - Reputation SPPC007								Outcomes 5 & 7
Partnership Working and Community Planning SPPC013								Outcome 7
Information Governance SPPC004								Outcome 5
Statutory Compliance – Frameworks SPPC003								All Outcomes
Cyber Security SDD007								Outcomes 5 & 6
Organisational Security SPPC012								Outcomes 5 & 6

Asset Management Planning and Investment FCS002	Substantial	Substantial	Substantial	Substantial	Substantial	Substantial	Outcomes 2, 3 & 5
Funding/ Financial Sustainability FCS005	Substantial	Substantial	Reasonable	Substantial	Substantial	Substantial	Outcome 5
Fraud FCS011	Substantial	Substantial	Substantial	Substantial	Substantial	Substantial	Outcomes 5 & 6
Financial Alignment FCS010	Substantial	Substantial	Substantial	Substantial	Substantial	Substantial	Outcome 5
Financial Planning and Controls FCS006	Substantial	Substantial	Substantial	Substantial	Substantial	Substantial	Outcome 5

Substantial	Reasonable	Limited	Insufficient
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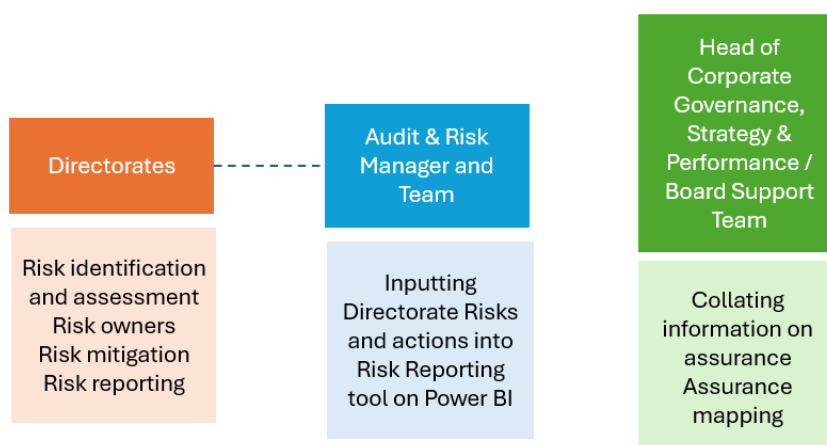
2.11 We understand that the main source of information upon which the assessments were based is the level of assurance provided by Directors on Board and Committee papers (paragraph 1.11 above refers).

2.12 We acknowledge that there are several methods by which assurance can be mapped. According to HM Treasury's Orange Book, there are various approaches to assurance mapping which can be based on the following:

- Principal risks
- Process
- Controls
- Risk assurance

2.13 The Orange Book states that it is down to each organisation to decide which is the best approach to adopt or indeed whether to adopt a number of different approaches. Based on information provided to us at the time of the review we have created an assurance map based on the Cyber Security risk (Appendix B refers)

2.14 During our review, we noted that co-ordination between the different sections involved in managing risk could be improved particularly in relation to the risk assurance framework. At the time of the review, responsibilities were allocated as follows:



Risk area – Co-ordinated approach to risk assurance

There is a risk of different parts of the organisation operating in silos with regard to risk assurance which could lead to the risk assurance framework not being as effective or streamlined as possible with opportunities for a co-ordinated approach to managing and monitoring assurance not being explored and optimised.

Recommendation 4

- 2.15 Management should consider adopting a more co-ordinated approach to risk assurance to ensure that processes are as effective and streamlined as possible with responsibilities clearly defined. At Appendix C, we have included a flowchart where we have suggested how risk management including the assurance framework could operate in practice to ensure this is achieved and that maximum use is made of the technology available for recording and reporting on risk.

Management Action

Advisory

Further alignment between Assurance and Risk frameworks will be identified with additional guidance provided.

Action owner: Risk and Audit Manager / Head of Corporate Governance

Due date: 31 March 2025

- 2.16 During our previous review of Risk Management undertaken in 2020/21, we completed a maturity matrix which was based on the Chartered Institute of Internal Auditors' Risk Maturity Scale which is set out below:



2.17 As part of this review, we have re-performed this exercise and have included the results at Appendix D. As can be seen from the assessment carried out, there has been some progress made with our assessment increasing from risk-defined to risk-managed in relation to the following areas:

- Training in risk and responsibility for risk management;
- Defined processes to manage risk, which have been followed;
- Risk assessment in accordance with a defined scoring system;
- Selection and implementation of risk responses; and
- Methods to monitor the proper operation of key processes, responses and action plans ('monitoring controls').

2.18 However, in one area our assessment has reduced from risk-managed to risk-defined. This relates to management providing assurance on the effectiveness of their risk management. Whilst the Service's risk management arrangements have matured to a certain degree, expectations of what organisations should have in place in relation to assurance have also evolved since the last assessment took place. In addition, it is acknowledged that assurance is an area which is still under development.

2.19 There are still further improvements required in order to mature SFRS's risk management arrangements to an optimum level including key elements such as developing the Service's risk appetite statement and fully implementing its assurance framework. At the time of this review, SFRS was predominantly within the Risk-defined/Risk-managed stages in relation to its risk maturity development.

3. Assurance within the Directorates

- 3.1 As part of this review, we selected a sample of five significant risks and interviewed their owners to gain further insight into the risks as well as to discuss the assurance the risk owners obtain that the risks are being effectively mitigated.

Directorate	Finance and Contractual Services
Risk Name	Core Funding
Risk Description	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.
Risk Score	16
Control Action	Continue to secure Capital and Resource Funding and review spending in line with the Resource Spending Review action plan.
Risk Owner	Director of Finance and Contractual Services

- 3.2 The above risk was discussed with the Director of Finance and Contractual Services. In terms of assurance, she confirmed that regular meetings are held with the Finance Team and also their Scottish Government Sponsor Team where the issue of core funding is discussed. Work has also been carried out by the Chief Officer who has engaged with ministers and Members of the Scottish Parliament over this issue.
- 3.3 In terms of reporting, regular updates are provided to the Board in relation to funding. This was confirmed by review of the Board minutes.
- 3.4 The Director of Finance and Contractual Services provided a copy of a presentation which was made to members at their Board Strategy Day which focussed on the approach to setting the budget for 2024/25.
- 3.5 In February 2024, a paper was submitted to the Board also setting out the approach to the 2024/25 budget. This document was deemed to provide substantial assurance according to the covering paper, the rationale behind this being that the *“Finance Business Partners and the Deputy Accounting Manager (Capital) work closely with budget holders and relevant corporate functions throughout the year to develop a detailed understanding of budget requirements and actual spending patterns. Development of both capital and resource budgets is undertaken collaboratively, at a detailed level, and is subject to rigorous scrutiny and challenge at corporate level up to and including the Strategic Leadership Team.”*
- 3.6 We noted that in the most recent set of available Board papers for the meeting of 25 April 2024, a paper was presented to the Board seeking approval for the Resource Budget. In addition, we noted that the SFRS 3 Year Delivery Plan 2024/5 – 2026/27 was presented for approval. This document confirmed that, in cash terms for 2024/25, the Scottish Government has provided an uplift of £13.6 million in resource funding and an additional £10.3 million for capital. However, irrespective of these funding increases, it is anticipated that the Service will continue to experience ongoing cost pressures, which will require substantial savings during the period of the plan.

Directorate	Finance and Contractual Services
Risk Name	Supply Chain Shortages
Risk Description	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.
Risk Score	16
Control Action	Continue to monitor and re-phase 2023/24 Capital Programme as required, ensuring required levels of governance maintained.
Risk Owner	Asset Governance and Performance Manager

- 3.7 The above risk was discussed with the Asset Governance and Performance Manager, the risk owner, who described an example of a supply chain shortage relating to delays of 12 to 18 months in obtaining specialist ladders, a situation which has been compounded by Brexit. SFRS was using a German supplier and a visit was carried out to them to try and ascertain what was happening with a view to resolving this issue. The Asset Governance and Performance Manager explained that they are constantly re-phasing the capital programme based on need and risk and that they use the Tranman database to help prioritise investment. This often involves looking longer term in relation to supplies they need, managing to obtain what supplies they can by being prepared and prioritising supplies they need.
- 3.8 The Asset Governance and Performance Manager stated that all vehicles are brought in and monitored every 13 weeks by Fleet Technicians and that all information arising from this is available on Tranman. In addition, they have been looking for alternative suppliers and consequently they now have a range of suppliers they can call on particularly for items they use a lot e.g. tyres. He went on to state that supplies which used to be readily available now are not always available so it is important that they have early dialogue with suppliers regarding the Service's needs.
- 3.9 The Asset Governance and Performance Manager advised that risks are regularly discussed at Asset Management Team meetings.
- 3.10 In terms of assurance, the Asset Governance and Performance Manager confirmed that he has been challenged on risks relating to his area of responsibility by members of the Asset Management Liaison Board (AMLB) and that the AMLB was driving which risks they specifically wanted him to focus on. (We were advised that the AMLB has since been disbanded and that going forward Asset Management will come under the remit of the Service Delivery Board).
- 3.11 A number of Risk Spotlight papers have been produced and presented to the AMLB and the Audit and Risk Assurance Committee which have provided updates on several risks in relation to Asset Management.
- 3.12 The template for the Risk Spotlight update is included as an appendix in the Risk Management Policy and Framework document with the aim of these being to provide additional assurance to the Audit and Risk Assurance Committee and other relevant Committees/Boards. The template requires the following information to be provided in respect of a specific risk:
- Background: What would cause the risk to materialise / what is the effect likely to be?
 - Controls and mitigating actions (stating what actions are being taken if the residual/current risk assessment is operating above or below risk appetite).

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

3.13 The risks covered by the Risk Spotlight papers submitted by Asset Management relate to:

- Retrieval of personal protective equipment;
- Supply chain shortages;
- Backlog investment across fleet and equipment assets; and
- Staffing issues.

3.14 With regard to the risk related to Supply Chain Shortages, Risk Spotlight updates were provided to the AMLB on 6 December 2022 and 5 December 2023. Both reports provide information on external factors which have affected global supply chains which predominantly relate to the war between Russia and Ukraine and also the effects of the Covid-19 pandemic.

Directorate	People
Risk Name	Remedial Pensions Actions
Risk Description	There is a risk that the People and Finance teams are unable to effectively support the significant number of concurrent Pensions related exercises and associated implementations due to competing priorities and capacity constraints, and not receiving timely information and engagement from the Scottish Public Pensions Agency resulting in lack of clarity and discontent for employees, and potential legal challenge and / or employee relations issues resulting in delays, employee discontent , uncertainty over procedures and entitlements, and financial disadvantage.
Risk Score	16
Control Action	Ensure regular participation in process planning, and ongoing dialogue is in place with Scottish Public Pensions Agency and Finance colleagues through a number of informal and formal forums and provide regular progress updates to SFRS management teams and stakeholders to ensure appropriate oversight and escalation of potential challenges should these arise. Engage with Scottish Public Pensions Agency and stakeholders to develop appropriate employee communications on each Pension related exercise to ensure current and former employees are updated on the potential impacts and implementation arrangements timeously. Continue to monitor the resource requirements related to each Pensions exercise and capacity within the People and Finance teams to support this as a result of reprioritising work activities or the need for business case for additional resource if appropriate.
Risk Owner(s)	Deputy Head of People

3.15 The above risk was discussed with the Deputy Head of People. She advised that the risk has been scored at 16 since it was added in August 2023. However, it is hoped that the risk score will reduce over the coming months.

3.16 She added that this risk has been monitored by the People Board which met every 6 weeks (at the time of the audit this Board was due to be replaced by the Corporate Board). The Directorate Risk Register is a standing agenda item for the People Board as well as the People Committee which meets on a

quarterly basis. She also stated that there is an Internal Working Group which meets to discuss the progress made in relation to various workstreams.

3.17 In terms of assurance, the Deputy Head of People stated that a number of reports have been presented to the People Board and SLT on the various workstreams being undertaken within the Directorate. She added that the Interim Director – People also provides regular verbal updates on risk to SLT and other committees/Boards as required.

3.18 We reviewed the following documentation which was provided by the Deputy Head of People to evidence the discussions and reporting taking place in relation to the above risk:

- Risk spotlight update on the Pensions risk which was presented to the People Board on 1 November 2023
- Minutes of discussion on the above Risk Spotlight update at the People Board on 1 November 2023
- Agendas for the People Board meetings which were held on 13 December 2023 and 24 January 2024 which evidence that the ‘Risk Register’ was a standing agenda item along with the risk reports included in the papers for each meeting
- Draft Terms of Reference for Corporate Board (which were scheduled to be agreed at its inaugural meeting on 21 February 2024) which capture the Board’s remit in relation to risk
- Copies of recent governance papers to People Board, SLT and the Remunerations, Appointments & Nominations Sub-committee which relate to the pension workstreams
- A copy of an email dated 16 January 2024 between the People Directorate’s Reward Manager and the Scottish Public Pensions Agency (SPPA) workstream lead which sets out the actions arising from a joint workshop which took place on 10 January 2024. This evidences the engagement with the SPPA on the workstreams and actions which are being taken forward to assist in mitigating the risk associated with pensions.

Directorate	Service Development
Risk Name	Cyber Security
Risk Description	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.
Risk Score	20
Control Action	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. Carry out first bi-annual test exercise of the Cyber Security Incident Plan. Carry out second bi-annual test exercise of the Cyber Security Incident Plan.
Risk Owner(s)	Head of ICT

3.19 This risk was discussed with the ICT Technical Strategy Manager who is responsible for this area (as the risk owner was on leave). He stated that cyber security is an ever changing landscape and confirmed that any cyber incidents against SFRS are recorded and thoroughly investigated.

- 3.20 He added that there are many physical and logical controls in place in relation to cyber security and that policies are subject to regular review and are improved, where necessary. Emails contain safe links and anti-phishing information and firewalls and proxies are in place in relation to SFRS's systems. He also advised that at the time of this review 80% of all accounts were enabled for multi-factor authentication.
- 3.21 Each year, SFRS run cyber awareness training for staff which comprises 10 modules which staff are required to pass. There is also additional, more technical training for more senior/specialist staff.
- 3.22 He stated that they periodically review their Microsoft 365 Secure Score with the aim on demonstrating that changes they have introduced are making a difference and improving cyber security. According to Microsoft, the Secure Score is a *numerical summary of your security posture based on system configurations, user behaviour, and other security-related measurements.*"
- 3.23 He also added that as per the control action noted above two test exercises were carried out in 2023/24, the outcomes of which were reported to the Digital Board.
- 3.24 We were provided with and reviewed the Cyber Security Updates which were presented to the Digital Board at their meetings which took place during the following months in 2023:
- January
 - March
 - April
 - June
 - August
 - October
 - November
- 3.25 The Cyber Security Updates were found to routinely include information on the number of cyber security incidents which had occurred as well as details of cyber training completed and penetration testing carried out. The Update for April 2023 noted that 6-monthly testing of the Cyber Security Incident Plan was being planned along with enhancements to Microsoft 365 Conditional Access Policies.
- 3.26 In subsequent Updates it was confirmed that the desk top testing exercise had been undertaken on 6 September 2023 in relation to the Cyber Security Incident Plan. However, the results of this exercise were not included in the Update. It was noted that a further testing exercise would be undertaken in January/February 2024.

Directorate	Training, Safety and Assurance
Risk Name	Health and Safety Legal Compliance
Risk Description	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.
Risk Score	16
Control Action	Identify areas for improvement within risk assessments in SFRS and develop a programme of work to collaborate with business partners.
Risk Owner(s)	Head of Safety and Assurance

- 3.27 The above risk was discussed with the Assistant Chief Officer (ACO), Director of Training, Safety and Assurance and the Head of Safety and Assurance. Both confirmed that risk is a standing agenda item at Directorate meetings and that they have worked hard on addressing the risks faced by their Directorate.
- 3.28 The Head of Safety and Assurance advised that he is responsible for overseeing controls put in place to mitigate risks and that monthly highlight reports are produced along with functional updates. He also added that they have been looking at their key performance indicators and how this links to managing risk.
- 3.29 He went on to state that there has been a significant shift in how they approach risk over the past year. Functional Management Teams have developed Functional Risk Registers which are being developed further. These provide more detail in relation to operational risks and sit below the Directorate Risk Register which is more high level.
- 3.30 The ACO Training, Safety and Assurance stated that he is comfortable with the arrangements the Directorate has in place to manage their risks.
- 3.31 The Head of Safety and Assurance advised that each year they develop an Improvement Plan and that they have also developed a Risk Assessment Plan specifically related to addressing the above risk. He added that on a quarterly basis they are required to report to the Health and Safety Board on progress made in respect of the Health and Safety Improvement Plan and the Risk Assessment Plan.
- 3.32 At the time of the audit, the Head of Safety and Assurance envisaged that the gaps in compliance which had given rise to the above risk would be addressed by the end of the financial year, which would result in a reduction in the score for this risk.
- 3.33 It is apparent that for each of the risks examined as part of this review, the risk owners are very aware of the risks they are responsible for including the controls in place to mitigate them and external factors which may impact the risks. In addition, each risk owner was able to demonstrate to a certain extent that they are obtaining assurance that the mitigating actions in place are effective. However, some of this was found to be quite high level.
- 3.34 We acknowledge that the Risk Spotlight Updates are used consistently throughout the Service and are intended to provide additional assurance to management and members of the Board/Committees on how risks are being managed. However, whilst they provide details of controls/actions being taken to address specific risks, from the Updates reviewed we noted that they do not appear to provide any comment as to the effectiveness of the mitigating actions. Moreover, our discussions with the risk owners revealed that none of them has been required to give formal consideration to the assurances they receive and to fully document these.
- 3.35 To date, responsibility for documenting, mapping and providing an assessment of assurance has been the responsibility of the Head of Corporate Governance, Strategy and Performance assisted by the Group Commander, Board Support. However, management within the Directorates are closer to the risks and the operational and external factors which may affect their assessment and prioritisation. In addition, they should be more aware of different types of assurance which may be obtained.
- 3.36 As stated above, the list of assurance maintained by the Board Support Team comprises reports to the Board/Committees and other governance forums. However, there are other types of assurance such as internal controls and checks and other internal tests performed to verify that controls are operating

effectively as well as independent reviews and assessments performed by external organisations and a full review of these is required.

- 3.37 It may be more beneficial for risk owners assisted by their managers to ascertain and document assurances obtained in relation to their Directorate risks.

Risk area – Responsibility for documenting assurance

Failure to capture and make best use of the knowledge held by risk owners and associated managers in relation to assurance obtained for their Directorate risks increases the probability that gaps in assurance are not identified which could ultimately result in the risk materialising. Moreover, assurance activities could be duplicated leading to ineffective use of resources.

Recommendation 5

Management should consider assigning responsibility for identifying and documenting assurances obtained in relation to individual Directorate risks to the risk owners and relevant managers in order to ensure that assurances are fully reviewed and that any gaps/duplication relating to assurance activities are more likely to be identified.

Management Action

Advisory

The risk management policy will be reviewed and updated to include Directors' and relevant officers' responsibilities for the identification and documentation of assurances obtained in relation to individual risks.

Action owner: Risk and Audit Manager / Head of Corporate Governance

Due date: 31 March 2025

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.

Appendix B

Example Assurance Map

KEY to assurance assessment

Substantial	Reasonable	Limited	Insufficient
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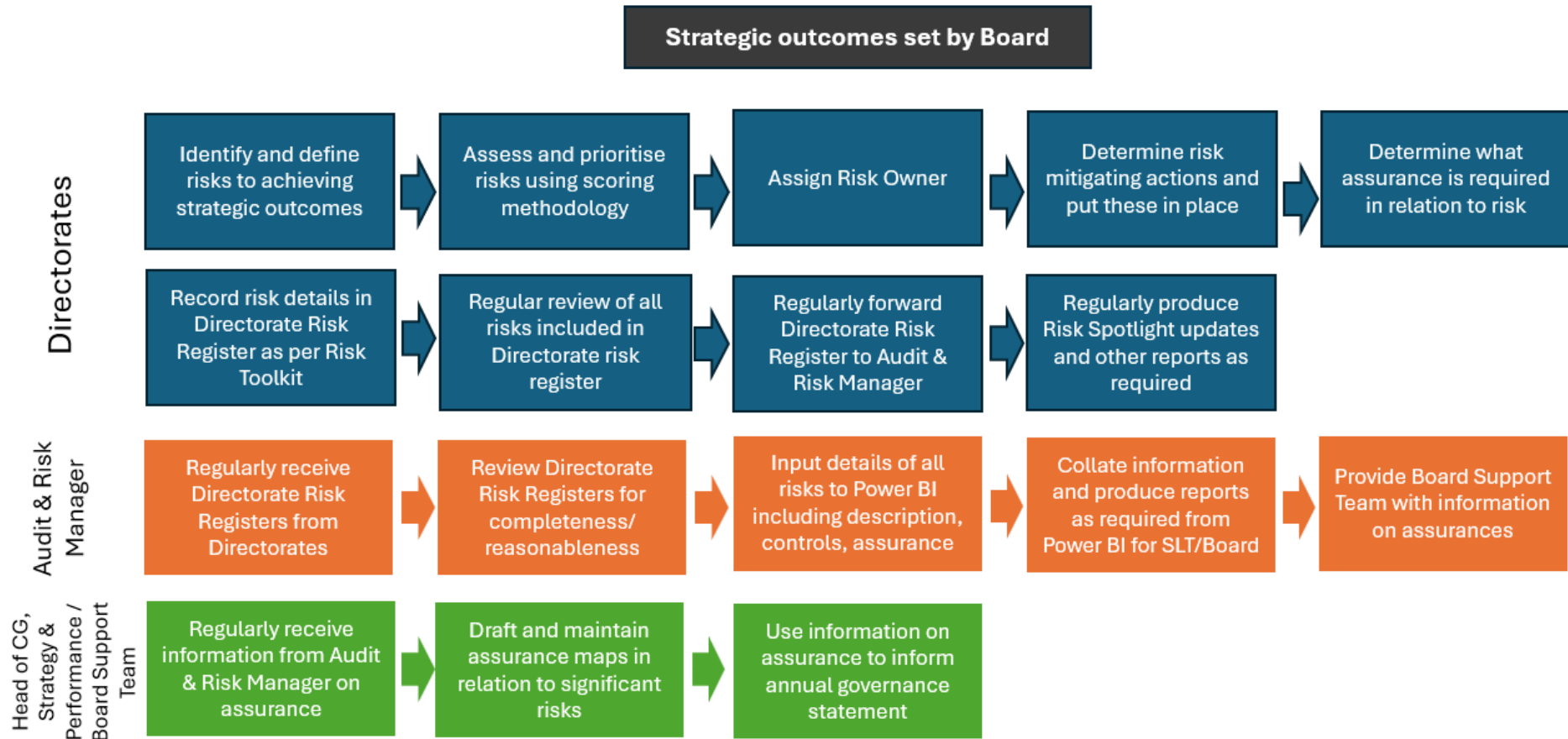
RISK DETAIL					LINE OF DEFENCE			
Risk Ref	Risk Name	Link to Strategic Outcome	Current Risk Score	Target Risk Score	1 st Management Control	2 nd Oversight Function	3 rd Independent Internal Scrutiny	4 th Independent External Assessments
SDD007	Cyber Security	All outcomes	20	12				

Information extracted from Risk Reporting Power BI regarding each specific risk to support Assurance Map assessment

Risk Ref	Risk Name	Risk Description	Controls/ mitigating actions	Comments	Assurance (including line of defence)	Assessment of Assurance
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.	<p>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.</p> <p>Carry out first bi-annual test exercise of the Cyber Security Incident Plan.</p> <p>Carry out second bi-annual test exercise of the Cyber Security Incident Plan.</p>	<p>This control action aims to introduce further technical measures to minimise the opportunity for cyber-attacks.</p> <p>This control action aims to confirm the controls implemented including awareness training for users are effective in protecting the Service from cyber attack.</p>	<p>Approval and dissemination of updated conditional access reports (1st)</p> <p>Regular updates to Digital Board in respect of this risk (2nd)</p> <p>Outcome of bi-annual test exercises (1st)</p> <p>Internal audit review of Cyber Security planned for 2024/25 (3rd)</p> <p>Results of MS Secure Check (4th)</p>	<p>1st Substantial</p> <p>2nd Reasonable</p> <p>3rd Reasonable</p> <p>4th Reasonable</p>

Appendix C

Example Risk Management Process



Appendix D

















Risk Maturity Model

















2020/21 assessment



2023/24 assessment

<i>For details of assessment categories refer to diagram at 2.16 above</i>	Risk Naïve	Risk Aware	Risk Defined	Risk Managed	Risk Enabled
PROCESS					
The organisation's objectives are defined			 		
Management have been trained to understand what risks are, and their responsibility for them					
A scoring system for assessing risks has been defined				 	
The risk appetite for the organisation has been defined in terms of the scoring system		 			
Processes have been defined to determine risks, and these have been followed					
All risks have been collected into one list. Risks have been allocated to specific job titles				 	
All risks have been assessed in accordance with the defined scoring system					
Responses to the risks have been selected and implemented					

<i>For details of assessment categories refer to diagram at 2.16 above</i>	Risk Naïve	Risk Aware	Risk Defined	Risk Managed	Risk Enabled
Management have set up methods to monitor the proper operation of key processes, responses and action plans ('monitoring controls')					
Risks are regularly reviewed by the organisation				 	
Management report risks to directors where responses have not managed the risks to a level acceptable to the board				 	
All significant new projects are routinely assessed for risk				 	
Responsibility for the determination, assessment, and management of risks is included in job descriptions			 		
Management provide assurance on the effectiveness of their risk management					
Managers are assessed on their risk management performance				 	



2020/21 assessment



2023/24 assessment

Appendix E

Internal Audit Assignment Plan

Client:	Scottish Fire and Rescue Service
Assignment:	Risk Assurance Advisory Review

Background:

In April 2023, the Scottish Fire and Rescue Service (SFRS) published its Good Governance Framework. The aim of the Framework is to outline the Service’s *“continued commitment to upholding high standards of corporate governance by setting out the principles and supporting characteristics [it] will apply to ensure [it is] achieving [its] intended outcomes while always acting in the public interest.”*

One of the governance principles which underpins the Framework relates to the management of risk, as follows:

“We will take informed transparent decisions and manage risk effectively.”

A key element of an effective system for managing risk is establishing an appropriate assurance framework, thereby ensuring mechanisms exist to obtain assurance that actions and controls put in place to mitigate risks are operating effectively. In accordance with the Good Governance Framework, *“assurance in summary means the confidence based on sufficient evidence that internal controls are in place, operating effectively and objectives are being achieved.”*

SFRS has adopted the four lines of defence method of determining and obtaining assurance in relation to its risks, which are outlined below:

LINES OF DEFENCE			
1st Management Control those responsible for delivery	2nd Oversight Function assurance separate from delivery & the management chain	3rd Independent Internal Scrutiny	4th Independent External assessments

As part of the process of developing its assurance framework, SFRS has carried out some initial assurance mapping with the ultimate aim being of establishing integrated assurance.

Scope:

In accordance with the 2023/24 internal audit plan, we will review the work undertaken to date on SFRS's assurance framework which is still under development and will focus on a sample of the Service's most significant risks. We will conduct interviews with the related risk owners in order to ascertain their views on assurance for their particular risk and will review evidence of assurance obtained.

The aim of this review is to provide SFRS management with advice on how they can continue to develop an assurance framework which is based on recommended best practice e.g. HM Treasury Orange Book, where any lessons that can be learned to improve existing practices are identified along with opportunities for streamlining assurance frameworks and the potential for achieving additional value for money from existing processes and practices.

As part of this review, we will develop a maturity model, the aim of which will be to provide insight into the current status of the development of the Service's risk assurance framework and to define levels of maturity to guide and measure improvements to the assurance framework as it develops.

Control objectives and methodology:

Control Objective 1

An appropriate framework exists for determining assurances in relation to SFRS's most significant risks (including assurance mapping) which ensures that assurance providing activities are determined and are appropriate and proportionate to the degree of risk to which SFRS is exposed.

Methodology

We will compare the assurance framework in place to recommended best practice as well as to frameworks we have seen operating within other similar organisations. We will consider how assurances are determined and mapped. We will also consider how SFRS ensures that the assurance measures are commensurate with the level of risk posed in order to ensure that resources are directed towards risks which pose the greatest risk to the Service.

We will evaluate SFRS's approach to assurance in comparison to other bodies we work to identify options and opportunities for achieving value for money.

For a sample of significant risks, we will consider whether the assurance obtained reflects the level of risk involved in order to ensure that resources are appropriately focussed in order to improve efficiency. This will also be discussed with the relevant risk owners to gain their insight into how the assurances were determined as well as the degree of assurance that is required.

Control Objective 2

Any gaps where assurance is limited or overlaps in assurance are identified with appropriate action taken to address these in order to ensure assurance providing activities encompass all risks, are efficient and any duplication is minimised.

Methodology

We will ascertain how SFRS ensures that there are no gaps in assurance and identifies any instances of assurance overlap. The aim of this is to ensure that appropriate action is taken to rectify any gaps in assurance and that any duplication in assurance is addressed in order to improve efficiency.

Relevant risk owners will be challenged on the adequacy of assurances in place and how any gaps/overlaps are going to be addressed.

We will compare and contrast SFRS's approach to assurance with other organisations we work with to identify potential options and opportunities to achieve value for money.

Control Objective 3

Assurance providing activities are regularly reported on and are subject to frequent review to ensure any changes in the assessment of risks are addressed and that information provided as assurance is of a high quality, is reliable and sufficient in nature to provide comfort as to whether risk mitigating actions are effective or to alert management/members to any areas where risk mitigation is not operating as planned.

Methodology

We will ascertain how SFRS reports on assurance and for ensuring assurances are subject to regular review in order to ensure they remain relevant and appropriate.

We will determine what tools, if any are used to produce information providing assurance, and how SFRS ensures the reliability and integrity of this information to ensure decisions are based on good quality data.

For a sample of significant risks we will discuss related assurance with the risk owners and will provide advice as to how this could be improved, if appropriate.

We will identify opportunities for SFRS to streamline processes for achieving and reporting on assurance, particularly options for greater automation in data gathering and reporting.

Control Objective 4

Oversight of the assurance framework is carried out by the Board, its sub-Committee members and senior management with regular feedback obtained from them on the adequacy of the assurances provided in order to aid continuous improvement.

Methodology

We will review the arrangements for reporting on assurance to the Board, its sub-Committees and senior management. We will compare SFRS's approach to governance with other bodies we audit to identify opportunities for improving or streamlining governance to achieve better value for money.

We will ascertain the mechanisms in place for members and senior management to challenge risk owners on the assurance provided.

We will examine the arrangements for obtaining feedback from members and senior management on assurance and how any areas for improvement are taken forward.

We will interview a sample of members/senior managers to ascertain their perspective on the level/quality of assurance provided with the aim of improving processes, where appropriate.

Risk register link:	This review is relevant to all of the most significant risks identified by SFRS.
Client contacts:	Audit Sponsor: Sarah O'Donnell, Director of Finance & Contractual Services Key Contacts: Richard Whetton, Head of Corporate Governance, Strategy & Performance David Johnston, Risk & Audit Manager
Resources:	Senior Manager: Gill Callaghan, 10.5 days Audit Director: Matt Swann, 1 day Audit Partner: Gary Devlin, 0.5 day
Reporting format:	Standard internal audit report to management and the Resources and the Audit and Risk Assurance Committee.
Agreed by client and date:	S O'Donnell 21 March 2024

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Report No: C/ARAC/29-24

Agenda Item: 9.2

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:	25 JUNE 2024						
Report Title:	SFRS PROGRESS UPDATE/MANAGEMENT RESPONSE						
Report Classification:	For Scrutiny	Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u>					
		A	B	C	D	E	F
1	Purpose						
1.1	To provide Audit and Risk Assurance Committee (ARAC) with the current status of recommendations raised by Internal Audit.						
2	Background						
2.1	This report maintains the previous format for updates with the addition of comments on the current status from Azets.						
3	Main Report/Detail						
3.1	26 actions remain outstanding with the oldest related to audits carried out in 2020/21. Internal Audit are working with management to assess progress and to consider the extent to which recommendations remain valid.						
4	Recommendation						
4.1	ARAC is asked to note the content of the report and consider the timelines noted for outstanding recommendations.						
5	Key Strategic Implications						
5.1	Risk						
5.1.1	The internal audit programme forms part of the Service's Assurance Framework.						
5.2	Financial						
5.2.1	There are no direct implications associated with the report.						
5.3	Environmental & Sustainability						
5.3.1	There are no direct implications associated with the report.						
5.4	Workforce						
5.4.1	There are no direct implications associated with the report.						
5.5	Health & Safety						
5.5.1	There are no direct implications associated with the report.						
5.6	Health & Wellbeing						
5.6.1	There are no direct implications associated with the report.						

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5.7 5.7.1	Training There are no direct implications associated with the report.	
5.8 5.8.1	Timing The report notes progress made in implementing outstanding audit actions from 2020/21 - 2023/24.	
5.9 5.9.1	Performance Internal audit is intended to support the service and where relevant identify areas where performance can be enhanced.	
5.10 5.10.1	Communications & Engagement 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	Legal There are no direct implications associated with the report.	
5.12 5.12.1	Information Governance 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	Equalities 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	Service Delivery There are no direct implications associated with the report.	
6	Core Brief	
6.1	Not applicable	
7	Assurance (Board/Committee Meetings ONLY)	
7.1	Director:	Sarah O'Donnell, Director of Finance and Contractual Services
7.2	Level of Assurance: (Mark as appropriate)	Substantial/Reasonable/Limited/Insufficient
7.2	Rationale:	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
8	Appendices/Further Reading	
8.1	None.	
Prepared by:	Gill Callaghan, Senior Manager - Azets	
Sponsored by:	Sarah O'Donnell, Director of Finance and Contractual Services	
Presented by:	Matt Swann, Director - Azets	
Links to Strategy and Corporate Values		
Working Together for a Safer Scotland		
Governance Route for Report	Meeting Date	Report Classification/ Comments
<i>Audit and Risk Assurance Committee</i>	<i>25 June 2024</i>	<i>For scrutiny</i>

Appendix A – Progress update on Internal Audit Recommendations (Quarter 1 2024/25)

1. Background

In accordance with the Internal Audit Plan 2024/25, 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:

- No further actions have been added since the previous Quarter.
- For Quarter 1, sufficient evidence has been provided to close seven actions which are as follows:

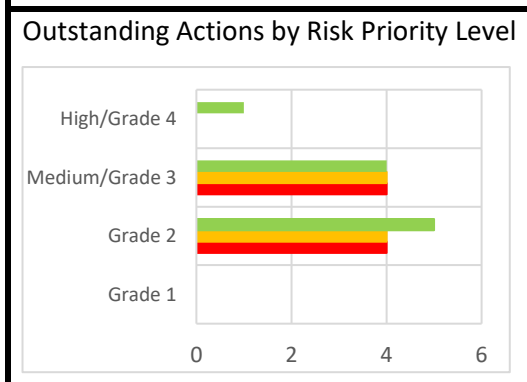
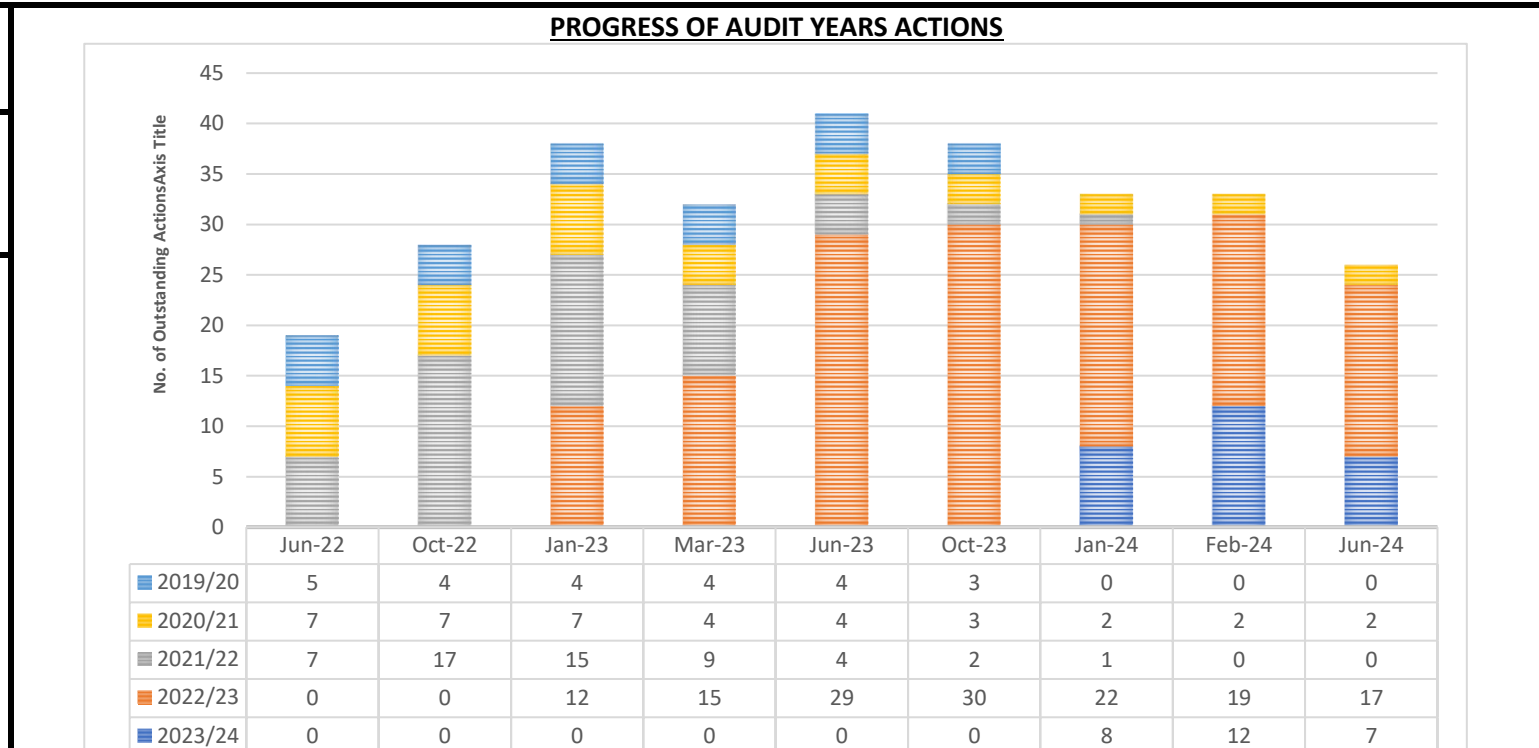
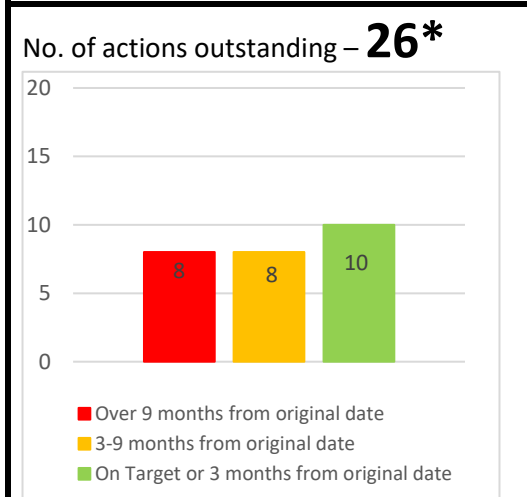
Year	Audit Assignment	Rec Ref	Subject of Recommendation	Grade
2022-23	Training	5.1	Training Feedback	2
2022-23	Revenue and Funding Maximisation	1.3c	Accommodation Revenue Maximisation	2
2023-24	Budgetary Control	1.1	Consultation with Budget Holders	2
2023-24	Workforce Planning – On Call Firefighters	1.1	Recruitment and Selection Policy	2
2023-24	Workforce Planning – On Call Firefighters	2.1	PREP Feedback	2
2023-24	Workforce Planning – On Call Firefighters	2.3	PREP Documentation	2
2023-24	Workforce Planning – On Call Firefighters	4.1	New Start Information Form	2

Dashboard – data as at 31st May 2024

*Budgetary Control Rec No. 4.2 is classed as 1 recommendation & would not be closed until both parts are classed as complete. Equality Diversity & Inclusion, parts of 2.1 and 5.1 will be classed as 1 recommendation & would not be closed until both parts are classed as complete

No. of actions complete past 12 months
35

No. of Actions closed since last ARAC meeting
7



RED STATUS ACTIONS – by months past original due date

No Months past original date (as at 31.05.2024)	AUDIT YEAR	AUDIT REVIEW	Action No.	Action Priority	Original Action Due	Revised Date	% Complete
37	2020/21	Risk Management	5a	GRADE 2	30.04.2021	30.06.2024	50%
33	2020/21	Risk Management	5b	GRADE 2	31.07.2021	30.06.2024	10%
17	2022/23	Revenue & Funding Maximisation	1.3a	GRADE 3	31.12.2022	30.04.2024	100%
17	2022/23	Revenue & Funding Maximisation	3.1	GRADE 3	31.12.2022	30.04.2024	100%
14	2022/23	Revenue & Funding Maximisation	2.1	GRADE 3	31.12.2023	30.04.2024	60%
14	2022/23	Post Pandemic Review	1.1	GRADE 3	01.04.2023	01.04.2024	70%
13	2022/23	Corporate Performance Management	2.1	GRADE 2	30.04.2023	30.04.2024	90%
11	2022/23	Revenue & Funding Maximisation	4.1	GRADE 2	30.06.2023	30.09.2024	15%

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Dates in RED have been requested to be agreed by SLT

2020-21	Risk Management		Total No of Actions	% Complete Actions	Fully Implemented				Part/In Progress				Not Implemented			
			9	78%	4	3	2	1	4	3	2	1	4	3	2	1
Rec No. 5a	RISK	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		6 th Agreed Revised Date		Priority		% Complete		Status					
	Responsible Owner Agreed Response Risk & Audit Manager		A Risk Appetite was held on 30 th 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.		30 April 2021		30 June 2024 New requested date 31 March 2025		Grade 2		50%		RED			
Progress to date (Update provided 27/05/24)		A report was submitted to SLT 15th May 2024 detailing proposals for the development of Risk Appetite Statements. SLT Risk Owners were identified for identified risk categories with a SLT Workshop to be held Mid July.														
Outstanding actions to close the recommendation		SLT Risk Owners to draft risk appetite statements for risk categories. Risk appetite statements to be discussed at SLT Workshop. Following workshop discussion to be held with ARAC/Board to develop a plan to embed the use of Risk appetite in our ways of working. Update Risk Management Policy & Guidance. Date extension requested to allow SLT work to be completed and subsequent discussions to be held with ARAC/Board.														
Azets Comments		To be taken forward as part of Risk Assurance Advisory Review actions once agreed by ARAC.														
Rec No. 5b	RISK	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		6 th Agreed Revised Date		Priority		% Complete		Status					
	Responsible Owner Agreed Response Risk & Audit Manager		The second element in relation to training to be aligned with Recommendation 3.2 – Risk Management Training. As the LCMS training package is developed, this will include elements in relation to Risk Appetite.		31 July 2021		30 June 2024 New requested date 31 March 2025		Grade 2		10%		RED			
Progress to date (Update provided 27/05/24)		Work outlined within Rec 5a once complete will allow further guidance on Risk Management to be provided.														
Outstanding actions to close the recommendation		The agreed Risk appetite statements 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. Date extension to allow work within 5a to be completed.														
Azets Comments		To be taken forward as part of Risk Assurance Advisory Review actions once agreed by ARAC.														

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	50%	0	2	0	0	0	2	0	0	0	0	0	0
Rec No. 1.1	RISK	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 st Agreed Revised Date	Priority	% Complete	Status								
	Responsible Owner Agreed Response Head of Governance, Strategy & Performance	<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 SPCC 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 <i>New requested date 31 August 2024</i>	Grade 3	90%	RED								
	Progress to date (Update provided 22/05/24)	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. New BCP Policy moving to consultation in Q3/Q4. BCP Policy consultation is complete. All areas requested to update current BCP plans.														
Outstanding actions to close the recommendation	Business Continuity Framework to go to June Corporate Board for approval.															
Azets Comments	Awaiting evidence of approval of BC framework by Corporate Board in order to close action.															
Rec No. 2.2	RISK	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.														
	<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	2nd Agreed Revised Date	Priority	% Complete	Status								
	Responsible Owner Agreed Response Director of Finance & Contractual Services	<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> <i>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.</i>		31 December 2023	30 Sept 2024	Grade 3	75%	AMBER								

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	(Formerly Acting Director of Asset Management)	The Service will continue to explore opportunities to streamline use of its property portfolio, for example through collaboration and colocation with partner agencies.					
Progress to date (Update provided 16/05/24)		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. A paper was presented to the Board on 30 th 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. Only the Occupational Health team are now in the Hamilton offices, with alterations to their future location due to commence. The desk booking system for Cambuslang HQ now in operation with Central Admin taking over administration of the system. An online survey template has been prepared and will be used by property officers to complete and reflect office usage across the estate and highlight any possible options for rationalisation.					
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 accommodation estate is being best utilised, the Asset Management Department have been asked to undertake an office accommodation review, this will report back later in 2024. A number of site visits are scheduled for later this year to review office accommodation.					
Azets Comments		Awaiting evidence of outcome of office accommodation review to determine whether accommodation is being utilised effectively in order to close action.					

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	50%	0	0	4	0	0	3	1	0	0	0	0	0

Rec No. 1.3a	RISK	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.															
	<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	3rd Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response Head of Finance & Procurement (formerly Acting Head of Finance & Procurement)	Agreed to improve the visibility of external funding by reporting progress on external funding through Good Governance Board for scrutiny.											31 December 2022	31 March 2024 New date Request 30th Sept 2024	Grade 3	90%	RED
Progress to date (Update provided 22/05/24)		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. At appropriate times, the Deputy Accounting Manager will produce a report to the Head of Finance and Procurement that will be presented to the GGB. 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.															
Outstanding actions to close the recommendation		Changes to SFRS corporate board structure necessitates that this now progresses through Corporate Board rather than GGB. Corporate Board TOR to be reviewed to ensure it meets requirements and then to be provided to Azets. Extension to Due Date request to 30 th September to allow agreement of Corporate Board TOR and ensure inclusion of Scrutiny of Funding activities.															
Azets Comments		Awaiting revised Corporate Board ToR.															

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Rec No. 2.1	RISK	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.					
	<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	4th Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response Head of Finance & Procurement (formerly Acting Head of Finance & Procurement)	<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	31 December 2024	Grade 3	65%	RED
Progress to date (Update provided 22/05/24)		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. 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 reviewed by Azets					
Outstanding actions to close the recommendation		Further work is ongoing to review existing funding projects to ensure all documentation has been capture & re-engage if needed.					
Azets Comments		Awaiting evidence of applications and grant conditions being retained on file centrally and/or re-engagement having taken place to agree details of the funding in order to close the action.					
Rec No. 3.1	RISK	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.					
	<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"> Monitoring of existing funds against defined objectives, Review of funds post completion for meeting objectives and maximising usage of funds, Scoping of future funding opportunities and which SFRS should apply for. <u>Revenue generating activities</u> <ul style="list-style-type: none"> 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, Review of activities post completion to assess success and whether appropriate charges have been invoiced, Overview of key figures for current activities and planned future activities. 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	2nd Agreed Revised Date	Priority	% Complete	Status

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	Responsible Owner Agreed Response Head of Finance & Procurement (formerly Acting Head of Finance & Procurement)	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.	31 December 2022	31 March 2024 New date Request 30 th Sept 2024	Grade 3	90%	RED
Progress to date (Update provided 22/05/24)		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. GGB TOR has been updated to allow inclusion of reviews of external funding – The Income generation policy clearly states the process for reporting through the GGB and the process of all income information being centrally held. At this time no income from External Funding has been received, however the process and methodology of governance has all been implemented to allow for governance to be followed in line with this action as and when income is received.					
Outstanding actions to close the recommendation		Supporting Evidence has been forwarded to Azets for Review. Further evidence to be provided to Azets as per note at 1.3a and the changes to SFRS governance board structure.					
Azets Comments		Awaiting revised Corporate Board ToR.					
Rec No. 4.1	RISK	If there is no formal evaluation framework in place to evaluate the effectiveness of funding and revenue generating activities out with the P&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.					
	<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	2nd Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response Head of Finance & Procurement (formerly Acting Head of Finance & Procurement)	The Service will expand the evaluation approach used by P&P to cover all external funding opportunities.	30 June 2023	30 Sept 2024	Grade 2	15%	RED
Progress to date (Update provided 22/05/24)		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 had been halted due to other commitments, ie, Year end. Work on action will now be accelerated. New date requested to allow for the collaborative engagement with other directorate to assist with the embedding of framework					
Azets Comments		Awaiting evidence of evaluation framework being extended to areas outwith P&P in order to close action.					

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	50%	0	0	2	0	0	1	1	0	0	0	0	0	
Rec No. 2.1	RISK	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	2nd Agreed Revised Date	Priority	% Complete	Status										
	Responsible Owner Agreed Response Head of Governance, Strategy & Performance	<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	30 April 2024	Grade 2	100%	RED										
Progress to date (Update provided 22/05/24)		- 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 for 23/24 but those that can, will. Only 11 KPIs from 65 have no target but are actively being 'tracked' - PMF agreed by the SFRS Board. New PMF reporting dashboards for Q1 23-24 July 2023 used for SFRS Board papers August Meeting. Meet with Azets to discuss progress. All remaining KPI's without target have been reviewed with KPI owners. Following this review there is no change and the 11 will remain without target.															
Outstanding actions to close the recommendation		Supporting evidence providing rationale for this decision will be provided by the responsible officer for Azets to Review															
Azets Comments		Awaiting evidence of targets (or if not appropriate, how performance will be tracked) being set for remaining KPIs as stated above in order to close action.															
Rec No. 3.1	RISK	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.															
	<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 Head of Governance, Strategy & Performance	1. <i>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 identified as a priority. Requirements have been detailed, prioritised and submitted to ICT to be progressed throughout 2023.</i> 2. <i>SFRS will establish a central capability within the BI team to manage data quality and will put in place data quality action plans for key data sources.</i>	30 April 2024	n/a New date requested 31 July 2024	Grade 3	70%	GREEN										
Progress to date (Update provided 22/05/24)		- Data Governance Group established. - OSR Standards adopted.															

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	<ul style="list-style-type: none"> - Systems pipelining and connectivity identified and prioritised. - Data quality framework in draft. - Design of reporting product between BI and Data Services and all SFRS directorates is on-going. - SFRS Data literacy Conference held in May 2023.
Outstanding actions to close the recommendation	<ul style="list-style-type: none"> - Work to progress the Office for Statistical Regulations (OSR) Standards as part of data quality work but is on hold due to lack of resources. - Pipeline of SFRS systems providing direct access to the Business Intelligence function by ICT is ongoing – it has not been prioritised. - Business Case submitted for dedicated Data Quality role within the service – approved in principle during January 2023 but no resources provided to create post.
Azets Comments	Awaiting evidence of the implementation of tasks stated above in order to class action as closed.

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

Rec No. 3.1	RISK	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.														
	<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	1st Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response AC Training Delivery & Performance	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	31 August 2024	Grade 3	80%	GREEN
Progress to date (Update provided 22/05/24)		Continued progress is being made with regard to the production of a first draft of the Training Delivery Framework which is nearing completion, further stakeholder engagement and the submission through governance is underway.														
Outstanding actions to close the recommendation		The production of our Training Delivery Framework in the coming months will ensure that all elements of Training Delivery are carried out in a manner that's as effective and efficient as possible. External Training Provision will form part of these ongoing considerations. Additionally, a new zero-based budgeting approach within SFRS will ensure that all elements of training provision are considered within the scope of current budgetary challenges.														
Azets Comments		Awaiting evidence of Training Delivery Framework to demonstrate VFM and consideration of External Training Provision.														

Rec No. 4.1	RISK	There is a risk that firefighters are not adequately trained to perform in their role as they are not compliant with the TfOC 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.														
	<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. 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.										Report Agreed Date	1st Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response AC Training Delivery & Performance	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	31 August 2024	Grade 4	80%	GREEN

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Progress to date (Update provided 22/05/24)	Continued progress is still being made with regard the production of a first draft of the Skills Maintenance Framework which is nearing completion, further stakeholder engagement and the submission through governance is underway..
Outstanding actions to close the recommendation	Develop and produce the Skills Maintenance Framework.
Azets Comments	Awaiting evidence of completed Skills Maintenance Framework and its application in order to close this action.

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

Rec No. 2.2	RISK	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.														
	<u>New Firefighter PPE</u> We acknowledge the interdependency between HR and the ARCs 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	1 st Agreed Revised Date	Priority	% Complete	Status										
	Responsible Owner Agreed Response Scottish Equipment Manager/People	<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	30 June 2024	Grade 2	80%	AMBER									
Progress to date (Update provided 16/05/24)	Further meeting with staff from the People Directorate and Asset Management have taken place. A process map/flow chart has been created documenting the process for the issue of PPE.															
Outstanding actions to close the recommendation	Recruitment process documents produced, issued and in use. Flow chart will be updated to reflect timeline and responsibilities.															
Azets Comments	Awaiting evidence of defined process being put in place to ensure new firefighters receive their PPE in a timely manner in order to close action.															

Rec No. 5.1	RISK	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.														
	<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 Scottish Equipment Manager/People	<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	30 June 2024	Grade 3	80%	GREEN									
Progress to date (Update provided 16/05/24)	People Directorate are reviewing the existing Exit Interview Policy this financial year, which will become a guidance note in future. In the meantime, the People Services Team have received an updated Leavers Kit Return List from Asset Management, which is issued to staff upon receipt of receipt of resignation/retiral. Correspondence issued to staff from People Services emphasises the actions required by both staff and line managers to ensure safe return of kit.															

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Outstanding actions to close the recommendation	Ext interview questionnaire now includes response re return of PPE. Leavers return list for ICT and Kit return in use and issued to leavers. Resignation/retiral letters also include “return of SFRS property” text. Stores Team check return of kit against leavers list and Equipment Return List form. POD to prepare revised guidance note to replace existing policy as per Policy Review Report of 16/11/23.
Azets Comments	Awaiting evidence of revised guidance note to ensure leavers return of their kit in order to close action.

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

Rec No. 4.1	RISK	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.														
	<u>Evidence of prioritisation in the event of slippage</u> 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	2nd Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response Director of Finance & Contractual Services (formerly Acting Head of Finance & Procurement)		<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	30 Sept 2024	Grade 2	100%	AMBER
Progress to date (Update provided 22/05/24)		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		Further supporting evidence will be supplied by responsible owner for to Azets review														
Azets Comments		In order to class this action as closed, 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.														

2022-23	Sickness Absence 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
					0	3	1	0	0	1	1	0	0	0	0	0
RISK		There is a risk of incomplete employee files with incorrect or mitted 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 felling unsupported within their job roles.														
Rec No. 1.1	<u>Compliance with Policies and Procedures</u> Line managers should be given reminders or a fresher 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 with the Service.		Report Agreed Date	2nd Agreed Revised Date	Priority	% Complete	Status									
	Responsible Owner Agreed Response People Manager (Advice & Employee Relations) & People Manager (Talent)	<i>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.</i>	31 October 2023	30 June 2024 New requested date 31 December 2024	Grade 3	90%	AMBER									
Progress to date (Update provided 23/05/24)		The review of the current guidance documentation has taken place. People Adviser leads have completed the action plan to progress the revisions to the middle manager development sessions and develop the inclusion of a managing absence toolkit in the management induction toolkit for implementation in 2024. Communication managers' reminder was issued in January 2024 and will be shared periodically. This includes reminding managers of the procedures and their responsibilities for the completion of E-self-certs, ensuring fit notes cover whole of absence period, submission and storage of fit notes and recording of ASMs. The Management Capability framework will be rolled out iteratively which will also encompass these aspects. Design of the broader framework beyond the 1 day session based on Senior Leadership Team feedback and an extension of content/ requirements/ delivery model will be discussed and confirmed in Q4. The one day development session will be piloted in the East Service Delivery Area early Q4 and reviewed to inform actions for 2024/25 and will remain iterative. Discussion around the development of an independent periodic verification process of compliance (all absence management file documentation being complete and recorded in e-PRF) between People and Audit & Risk commenced in Quarter 4.														
Outstanding actions to close the recommendation		Discussion around the development of an independent periodic verification process of compliance between People and Audit & Risk to progress in Q1 with a process and approach agreed, along with appropriate timescales for this. There have been some further delays to developing a proposed independent verification process and approach due to competing priorities and absence within the People team, along with some associated actions required related to GDPR and storage of documentation in the agreed centralised location of the e-PRFs which need to be resolved prior to this process being viable therefore a further extension to December 2024 is requested to ensure this is resolved and embedded prior to a verification process commencing.														
Azets comments		Awaiting evidence of checks being undertaken by management to ensure all documentation has been correctly retained in order to close this action.														
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.														
Rec No. 4.2	<u>Absence Triggers</u> 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.		Report Agreed Date	1st Agreed Revised Date	Priority	% Complete	Status									
	Responsible Owner Agreed Response People Manager (Advice & Employee	<i>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.</i>	31 October 2023	30 April 2024 New Requested date 31 December 2024	Grade 2	90%	AMBER									

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		SQA have confirmed availability for an EV visit on 29 May 2024. Following a positive outcome from the EV meeting further assessor and IV training will be provided on a regular basis.						
		<p>SFRS Assessor and Verifier Succession Planning Arrangements The Strategic Workforce Planning Update report is used to inform meetings and discussions regarding the succession planning requirements for SFRS.</p>						
Outstanding actions to close the recommendation		Evidence of internal Assessor/ IV portfolios and training course, and report that informs succession planning attached will be forwarded as supporting evidence						
Azets Comments		Evidence of Internal Assessor/Verifier training course required as well as evidence of succession planning arrangements in order to close action.						
Rec No. 5.4	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.						
	<p><u>Governance – Ownership & Oversight</u> 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.</p>			Report Agreed Date	2nd Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response Deputy Head of People	<p><i>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.</i></p>			31 December 2023	30 April 2024	Grade 2	100%
Progress to date (Update provided 28/05/24)		As a result of discussions with key stakeholders, strategic oversight will be via the Service Delivery Board with the first SVQ update scheduled for the Service Delivery Board meeting on 8 April 2024. SVQ/MA programme update is now a standing agenda item on the Service Delivery Board to enable Strategic level scrutiny of arrangements.						
Outstanding actions to close the recommendation		Supporting evidence by responsible owners will be forwarded						
ARAC Comments		Evidence of the above arrangements required in order to close action.						

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2023-24	Workforce Planning – On Call Firefighters (Attraction & Recruitment)		Total No of Actions		% Complete Actions				Fully Implemented				Part/In Progress				Not Implemented			
			5		80%		4	3	2	1	4	3	2	1	4	3	2	1		
	RISK	There is a risk SFRS are not identifying the reasons behind withdrawn applications and potential barriers to candidates continuing on with the PREP, due to a lack of consistent analysis of candidate figures, resulting in potential loss of good candidates and reputational damage.																		
Rec No. 2.2	PREP Analysis The analysis currently being performed should be enhanced to include further detail on the uptake of PREP such as: • The number of recruits who were given the opportunity to participate in PREP against those who did participate and those who chose not to; and • The number of recruits who did participate in PREP, but subsequently went on to withdraw their applications and the reason why. This will assist in determining the effectiveness of the programme and future recruitment activities.		Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status													
	Responsible Owner Agreed Response People Manager (Strategic Partnering)	<i>Review and revisit current On Call R&S dashboard to include additional detail regarding what stage candidates participating in PREP withdraw from the process and the reasons for this. Ensure that this dashboard information is being presented to the appropriate SFRS forums to ensure this can fully inform decision making in respect of the evolution of PREP in supporting On Call recruitment.</i>	31 March 2024	n/a New Completion date to be advised	Grade 2	95%	GREEN													
Progress to date (Update provided 22/05/24)		Improvements to the dashboard to capture dropout rates are under review at present. Feedback questionnaires have been issued to a significant number of candidates to evaluate candidate experience and recruiting managers asked to follow up locally. Analysis of returns will be undertaken and findings presented to OCSCG in April 2024. Changes to the Candidate Tracker are being explored to support dashboard analysis. Recruiting manager guidance being developed to help reaffirm stakeholder responsibilities and encourage timely review/updates to candidate tracker. Template for sharing information is in development and will be shared at OCSCG in April 2024.																		
Outstanding actions to close the recommendation		Supporting evidence forwarded to Azets 27/03/24 for review. Azets reviewed & provided comment below People will include these areas of the form for PREP and then a form for the next stages in the process to allow us to get better data in next version and will advise of new completion date.																		
Azets Comments		Awaiting further supporting evidence to be provided in order to close action.																		

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2023-24	Budgetary Control *4.2 is classed as 1 recommendation		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	50%	0	0	1	1	0	2	0	0	0	0	0	0	
Rec No. 4.1	RISK	There is a risk that, due to the lack of clarity over the circumstances where a business case is required, decisions may be made in relation to significant spends without sufficient information upon which to base them, leading to potential significant overspends and resulting in financial sustainability not being achieved															
	Business Case Process	The monetary value which determines when a business case is required and which type needs to be clearly defined, in order to promote clarity and ensure high value spends and business altering projects are subject to the correct level of scrutiny and approval.						Report Agreed Date	2nd Agreed Revised Date	Priority	% Complete	Status					
	Responsible Owner Agreed Response Decision Support Manager	<i>The business cases process will be updated to set out the financial parameters that dictate when a business case should be prepared and which level of business case is required.</i>						01 December 2023	31 March 2025	Grade 3	90%	AMBER					
Progress to date (Update provided 22/05/24)		Drafting of the updated Business Case is in progress, however this also links to the determination of stewardship of the Business Case process sits within the Service. Discussion underway to determine Stewardship, financial parameters and governance routes. Due to capacity, competing priorities and changing of roles, we have struggled to move these forward in the time we originally anticipated. This extension allows us to give this full attention and meet the timings of governance routes for any approvals required															
Outstanding actions to close the recommendation		Agreement of Stewardship, Financial parameters and approval through governance has now been completed – Approved Budgetary control Framework will now be submitted to Azets for review.															
Azets Comments		Awaiting evidence re agreement of stewardship, financial parameters and approval route for business cases in order to close action.															
Rec No. 4.2*	RISK	There is a risk that the process for business cases is not always followed consistently and decisions are not adequately informed or evidenced. This could lead to an inability to evidence that expenditure is being committed consistently with procurement and value for money principles applied, resulting in expenditure being committed that may be detrimental to the Service's financial health.															
		SFRS needs to ensure that all relevant steps required for processing business cases are completed and fully documented including following the agreed governance route. In addition, it needs be made clear as to who is responsible for overseeing the business case process and ensuring compliance with internal procedures.						Report Agreed Date	2nd Agreed Revised Date	Priority	% Complete	Status					
	Responsible Owner Agreed Response Decision Support Manager	<i>A corporate communication will be issued to reiterate the need for business cases to be completed in full. And offering training to anyone completing business cases.</i>						01 December 2023	n/a New Date Required	Grade 3	90%	AMBER					
Responsible Owner Agreed Response Head of Finance & Procurement	<i>A review of where best, within the Service, the stewardship of the business case process sits will be undertaken and the business case process will be updated accordingly.</i>						30 November 2023	31 March 2025	90%		AMBER						
Progress to date (Update provided 22/05/24)		Stewardship of Business Cases being reviewed as part of task at 4.1 Due to capacity, competing priorities and changing of roles, we have struggled to move these forward in the time we originally anticipated. This extension allows us to give this full attention and meet the timings of governance routes for any approvals required															
Outstanding actions to close the recommendation		Evidence now to be provided to Azets on Approved Framework and also Comms issued.															
Azets Comments		As per 4.1 above															

2023-24	Equality, Diversity & Inclusion <small>*2.1 & 5.1 are classed as one recommendation</small>		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	25%	0	0	1	0	0	0	4	0	0	0	0	0	0	
Rec No. 1.2	RISK	The Equality and Diversity Charter may become outdated and obsolete if it is not subject to periodic review to ensure it remains fit for purpose.																
	Review of Equality and Diversity Charter		SFRS should ensure the Equality and Diversity Charter is subject to periodic review and that this is evidenced by ensuring appropriate version control is recorded on the document. Should any updates be required if there are any changes in Scottish Regulations for Mainstreaming Equality, these should be made in a timely manner.						Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status					
	Responsible Owner Agreed Response	ED I Manager	Review as required the Equality and Diversity Charter to ensure this remains up-to-date and relevant, taking account of the outcomes of the review of the Scottish Regulations for Mainstreaming Equality. This should include appropriate version control.						31 March 2025	n/a	Grade 2	0%	GREEN					
	Progress to date (update provided 22/05/24)		This item will not progress until Q3 2024 following receipt of further information regarding renewal of the Public Sector Equality Duty.															
Outstanding actions to close the recommendation		Review of Charter following receipt of changes to PSED regulations and introduction of version control onto the document																
Azets Comments		Awaiting updated Equality and Diversity Charter which includes version control in order to close action.																
Rec No. 2.1*	RISK	There is a risk that there are errors in the tracking of completion rates for EDI training, this could lead to incomplete mandatory training going unaddressed, and result in staff not having an appropriate awareness of and approach to EDI matters.																
	Monitoring of training completion data		Management should ensure that the system is being updated with relevant employee data (new joiners/ leavers/ transfer of location) regularly in order for it to produce accurate training completion rates. An overall summary table should be included in the report that differentiates completion rates for operational and non-operational staff to improve the presentation of the report and make it easier to understand.						Report Agreed Date	1 st Agreed Revised Date	Priority	% Complete	Status					
	Responsible Owner Agreed Response	ED I Manager/ People Services Manager	A process to be developed and introduced between People and Training, Safety and Assurance colleagues that enables the employee data on the Learnpro system to be periodically updated to ensure accurate reporting of training completion data.						31 March 2024	31 May 2024	Grade 2	100%	GREEN					
	Responsible Owner Agreed Response	ED I Manager/ Learning Content, E-Systems and Performance Manager	Reporting of E&D/Professional Behaviours training completion rates to be reviewed and enhancements to the presentation of the report introduced, including a summary table containing breakdown by employee group.						31 March 2024	31 July 2024	Grade 2	90%	GREEN					
Progress to date (update provided 22/05/24)		Part 1 - Written process agreed between EDI Team and Learning and E Development Team documenting quarterly reporting requirements which will come into effect for the reporting of Q1 2024/25. The process also documents the method for onward sharing of the data to the EDI Team for wider organisational distribution and reporting in the annual Mainstreaming Report.																
Outstanding actions to close the recommendation		Part 1 - The EDI Manager to share the process agreement as evidence of completion with the Internal Audit team. Part 2 - Module is scheduled for Q1 2024/25 of Training for Operational Competence cycle and will allow reporting against this training cohort. Production of first report using the new process following the end of Q1 2024/25.																
Azets Comments		Awaiting evidence of completion of tasks above in order to close action.																

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Rec No. 4.1	RISK	In the absence of a centralised record of EHRIAs, there is an increased risk that an EHRIA may not have been performed where required. There is also a risk of the EHRIAs not being reviewed and updated in a timely manner which could result in SFRS not having given adequate consideration to EDI matters when approving policies etc.					
	Central record of Equality and Human Rights Impact Assessments		Report Agreed Date	Agreed Revised Date	Priority	% Complete	Status
	SFRS should maintain a centralised record of Equality and Human Rights Impact Assessments which have been performed along with their respective review dates. As part of this, SFRS should consider whether there are any common issues identified as part of the assessment process from which lessons for future improvement could be learned						
	Responsible Owner Agreed Response EDI Manager	Develop and collate a register of existing Equality and Human Rights Impact Assessments and introduce guidance to assist managers in updating the register as they complete an EHRIA.	30 June 2024	Requested New date 30 Sept 2024	Grade 2	70%	GREEN
Progress to date (update provided 22/05/24)		Validation of existing data held has been completed. The introduction of a revised process for maintaining a register of completed EHRIA has been developed as a component part of the proposed modifications to the EHRIA process which commences governance approval stages on 28 May 2024. In this regard an extension to the deadline until 30 September 2024 is requested to allow the proposed EHRIA revised process to complete all governance stages.					
Outstanding actions to close the recommendation		An extension to the deadline until 30 September 2024 is requested to allow the proposed EHRIA process modifications to complete governance stages which will meet the recommendation of introducing new guidance for managers in contributing data to the EHRIA register.					
Azets Comments		Awaiting evidence of centralised register of EHRIAs and capture of lessons learned for future improvements in order to close action.					
Rec No. 5.1*	RISK	There is a risk that important actions raised as part of the Equal Pay and Gender Pay Gap report have not been monitored and progressed as required. In addition, there is a risk that as part of making EDI 'business as usual', directorates may not give sufficient consideration to EDI matters and monitor EDI related actions appropriately in order to provide the EDI team with sufficient information for them to perform their role effectively and efficiently.					
	5.1 Action Plan Monitoring		Report Agreed Date	1 st Agreed Revised Date	Priority	% Complete	Status
	Management should review the Action Plan created as part of the Equal Pay and Gender Pay Gap report 2023 to ascertain how these actions are being taken forward and monitored, if still required. In addition, the EDI Manager should consider what enhancements could be made to the current monitoring/reporting arrangements in relation to EDI actions with particular consideration given to the role of the Equality Partnership Group and ways in which the Directorates could facilitate this process in order to improve effectiveness and efficiency of the EDI monitoring and reporting arrangements.						
	Responsible Owner Agreed Response EDI Manager/Reward Manager	Undertake a mapping exercise of the Action Plan within the Equal Pay and Gender Pay Gap report 2023 to identify where and how each action is being progressed. A summary of progress against each action to be provided to Corporate Board.	30 June 2024	Requested new date 30 Sept 2024	Grade 2	80%	GREEN
	Responsible Owner Agreed Response EDI Manager	Review the Terms of Reference and attendees of the Equality Partnership Group to incorporate clear expectations regarding the role of the group in relation to EDI monitoring and reporting and reinvigorate the group itself	31 March 2024	31 May 2024	Grade 2	100%	GREEN
Progress to date (update provided 22/05/24)		Part 1 - The Equal Pay Gap and Gender Pay Gap Action Plan progress review is included within the governance papers for the Mainstreaming Report which commences governance stages on 28 May 2024. In this regard, an extension to 30 September is requested for this element of the recommendation to allow the completion of all governance stages relating to the update on the Equal Pay actions and publication of the Mainstreaming Report. Part 2 - With respect to the review of the Terms of Reference of the Equality Partnership Group – this review has been completed and has informed proposed changes to the Terms of Reference which commences governance stages on 28 May 2024.					
Outstanding actions to close the recommendation		An extension to part 1 (Equal Pay and Gender Pay Gap Action Plan) reporting to Corporate Board is requested – reporting to the Corporate Board will be included within the annual Mainstreaming Report documentation which commences governance routes on 28 May 2024. With respect to part of the recommendation relating to reviewing the Terms of Reference to the Equality Partnership Group, this has now concluded. The findings of the review informed the development of proposed revised Terms of Reference for that Group and approval and governance stages for that commence on 28 May 2024. Evidence of completion of the review and its findings are contained within that reporting package and will be shared with the Internal Audit team.					
Azets Comments		Awaiting evidence of the above in order to consider closing action.					

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/31-24

Agenda Item: 9.3

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:	25 JUNE 2024						
Report Title:	SFRS INTERNAL AUDIT ANNUAL REPORT 2023/24						
Report Classification:	For Scrutiny	Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
1	Purpose						
1.1	To provide an overview of the work undertaken in respect of the 2023/24 internal audit programme and to provide our overall annual opinion.						
2	Background						
2.1	In accordance with the Public Sector Internal Audit Standards, the Chief Audit Executive is required to deliver an annual internal audit opinion and report that can be used by Scottish Fire and Rescue Service (SFRS) to inform its governance statement. This must conclude on the overall adequacy and effectiveness of SFRS's framework of governance, risk management and control.						
3	Main Report/Detail						
3.1	The report summarises our conclusions and key findings from the internal audit work undertaken at SFRS during the year ended 31 March 2024 and provides our overall opinion on SFRS's governance, risk management and internal control frameworks.						
4	Recommendation						
4.1	The Audit and Risk Assurance Committee are provided with the report for scrutiny.						
5	Key Strategic Implications						
5.1	Risk						
5.1.1	The internal audit programme forms part of the Service's Assurance Framework and our annual internal audit opinion can be used by SFRS to inform its governance statement.						
5.2	Financial						
5.2.1	There are no direct implications associated with the report.						
5.3	Environmental & Sustainability						
5.3.1	There are no direct implications associated with the report.						
5.4	Workforce						
5.4.1	There are no direct implications associated with the report.						

OFFICIAL

5.5 5.5.1	Health & Safety There are no direct implications associated with the report.
5.6 5.6.1	Health & Wellbeing There are no direct implications associated with the report.
5.7 5.7.1	Training There are no direct implications associated with the report.
5.8 5.8.1	Timing This report summarises the work carried out in the 2023/24 financial year.
5.9 5.9.1	Performance Internal audit is intended to support the service and where relevant identify areas where performance can be enhanced.
5.10 5.10.1	Communications & Engagement 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	Legal There are no direct implications associated with the report.
5.12 5.12.1	Information Governance Collection or use of personal data has not been required in the preparation of the Internal Audit Annual Report. For this reason, a Data Protection Impact Assessment has not been required.
5.13 5.13.1	Equalities For each audit assignment, relevant directors need to consider whether an Equality and Human Rights Impact Assessment is applicable in respect of any recommendations made.
5.14 5.14.1	Service Delivery There are no direct implications associated with the report.
6	Core Brief
6.1	Not applicable
7	Assurance (Board/Committee Meetings ONLY)
7.1	Director: Sarah O'Donnell, Director of Finance and Contractual Services
7.2	Level of Assurance: (Mark as appropriate) Substantial/ Reasonable /Limited/Insufficient
7.2	Rationale: The SFRS Annual Internal Audit Report identifies that SFRS has a framework of governance, risk management and controls that provide reasonable assurance regarding the effective and efficient achievement of objectives.
8	Appendices/Further Reading
8.1	Appendix A: Internal Audit Annual Report 2023/24.
Prepared by:	Gill Callaghan, Senior Manager - Azets
Sponsored by:	Sarah O'Donnell, Director of Finance and Contractual Services
Presented by:	Matt Swann, Director - Azets

Links to Strategy and Corporate Values		
Working Together for a Safer Scotland		
Governance Route for Report	Meeting Date	Report Classification/ Comments
<i>Audit and Risk Assurance Committee</i>	<i>25 June 2024</i>	<i>For scrutiny</i>



Scottish Fire and Rescue Service

Internal Audit Annual Report 2023/24

June 2024



Scottish Fire and Rescue Service

Internal Audit Annual Report 2023/24

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Appendix 1 – Planned v actual days 2023/24	10
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 31st March 2024, 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 2023/24 internal audit plan;
- Any scope limitations imposed by management;
- Matters arising from previous reviews and the extent of follow-up action taken including in year audits;
- Expectations of senior management, the Audit and Risk Assurance Committee and other stakeholders;
- The extent to which internal controls address the client's risk management /control framework;
- The effect of any significant changes in SFRS's objectives or systems; and
- The internal audit coverage achieved to date.

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

Internal Audit Opinion

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

Azets

June 2024

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 2023/24, only one change was made to the Annual Internal Audit Plan. We had originally planned to carry out an Assurance Stocktake in respect of the Risk Management review. However, as the Service's risk assurance framework was found to be still under development, the approach to the review was changed to advisory in nature with the aim of assisting in enhancing the effectiveness of the Service's evolving risk assurance framework,

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 2023/24 Internal Audit Plan comprised 150 days of audit work and we completed the full programme. A comparison of actual coverage against the 2023/24 plan is attached at Appendix 1.

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






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

Reports

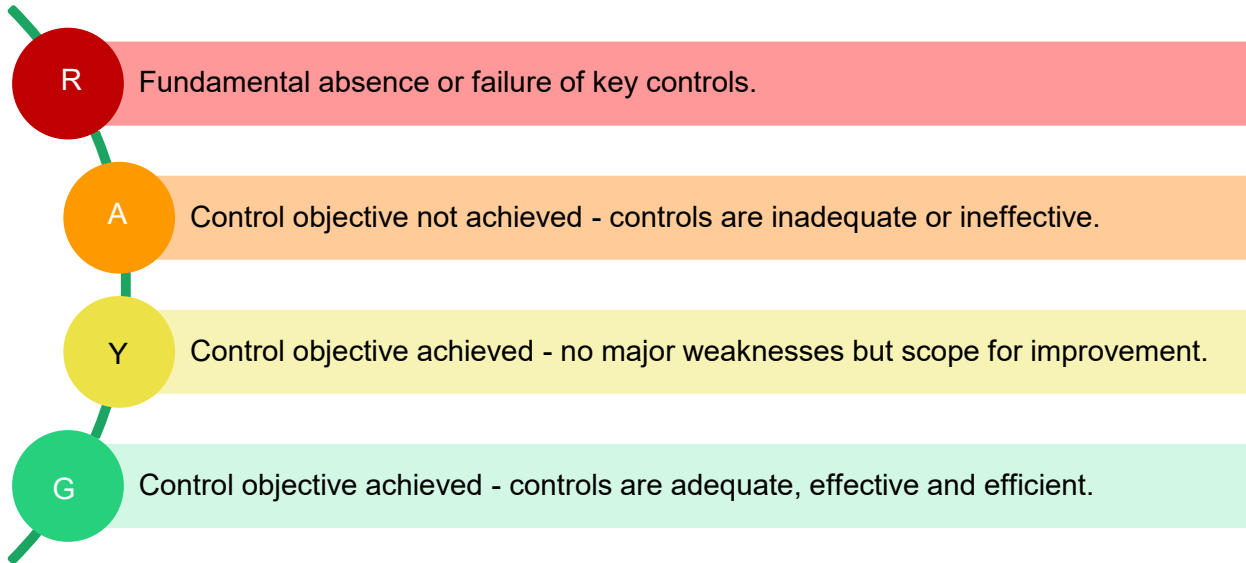
We prepared a report from each review and presented these reports to the Audit and Risk Assurance Committee. The reports are summarised in the table below.

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

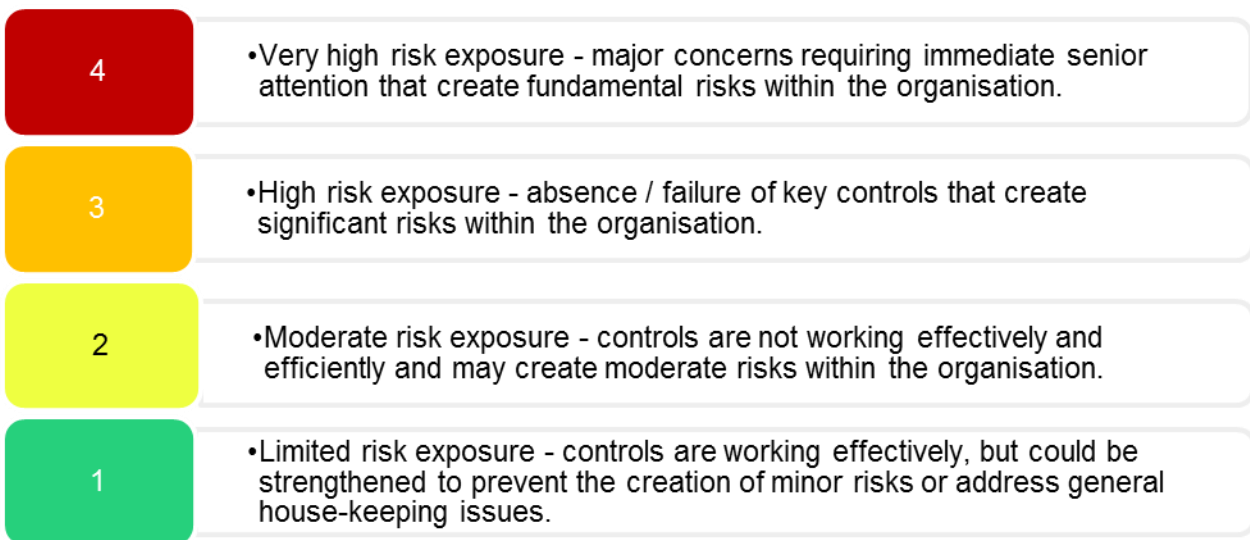
Summary of reports by control assessment and action grade

Review	Control objective assessment	No. of issues per grading					Advisory
		4	3	2	1		
A.6 Budgetary Control		-	2	1	1	-	
B.5 Equality, Diversity and Inclusion		-	-	5	-	-	
C.8 Risk Assurance (Advisory Review)	N/A Advisory	-	2	1	-	2	
D.3 Workforce Planning (On Call Firefighters)		-	-	5	-	-	
D.6 Partnership Working		-	1	2	-	-	
D.7 Contract Management		-	8	6	-	-	

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	6	11	13	4
No. of actions to be completed	41	38	33	33

The following charts set out the position at the end of the year in relation to the 33 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

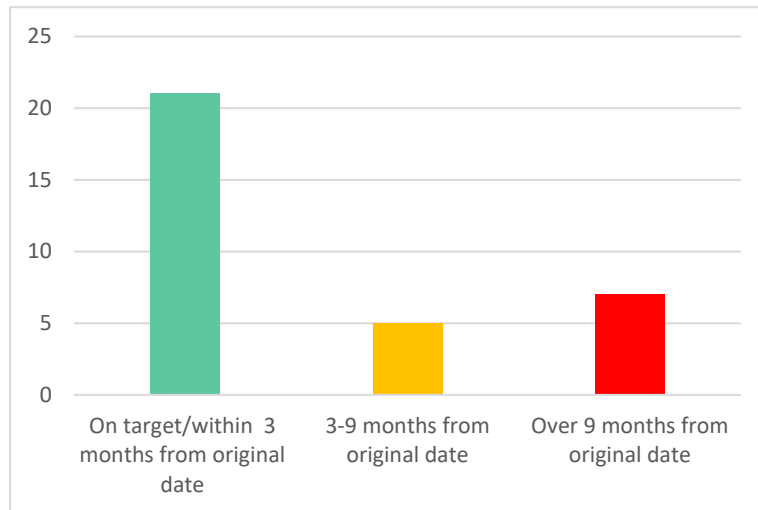
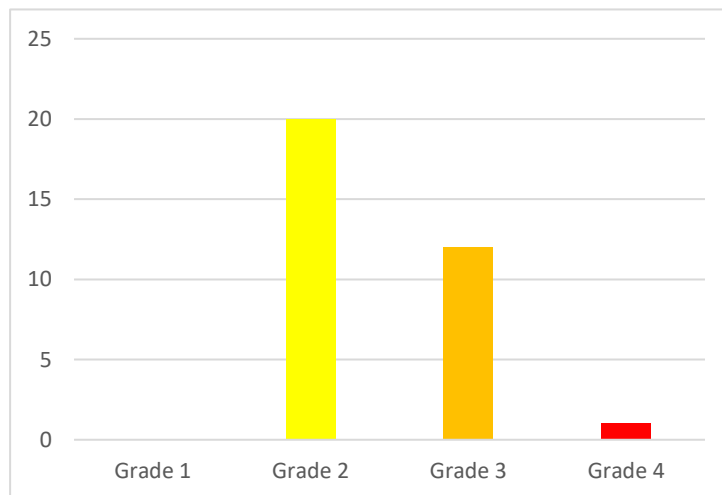


Chart 2: Outstanding actions by grade



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

Key themes from audit work in 2023/24

- Two grade three recommendations were made in respect of the Budgetary Control review in relation to the need to clearly document the criteria for determining when a business case is required and which type, in order to ensure significant spend commitments are consistently subject to thorough impact analysis and scrutiny. Furthermore, there was a need to ensure that the business case process is consistently adhered to and overseen at an appropriate level.
- Our review of Equality, Diversity and Inclusion identified the need to update the EDI Charter, ensure training rates in the subject are improved and that progress made in relation to outstanding EDI actions is monitored through to completion.
- The Risk Assurance Advisory Review made two grade three recommendations in relation to updating the Risk Management Policy and ensuring the Service defines its risk appetite statement along with some advisory recommendations aimed at enhancing the Service's risk assurance framework which is under development.
- Our review of Workforce Planning, which focussed on recruitment and selection of on-call firefighters, highlighted the need to review and update the recruitment policy and to ensure that a formal mechanism is put in place to obtain feedback from candidates who have undergone the Pre-Recruitment Engagement Programme in order to aid continuous improvement.
- For Partnership Working, we made one grade three recommendation related to the need to review the resources committed to partnership working at a local level and to ensure that appropriate resources are identified at both individual partnership and corporate levels. We also identified the need to draw up guidance for Local Senior Officers to ensure partnerships are managed in a controlled and consistent manner.
- For Contract Management, we made eight grade 3 recommendations which related to the need to review and update procedural guidance and well as to provide a clear definition for the different levels of risks associated with contracts. With regard to contracts, we identified the need to:
 - determine the type and frequency of monitoring for each contract;
 - determine the contractors' own self-monitoring processes and whether any reliance can be placed on these;
 - establish quality standards/KPIs from the outset of the contract;
 - allocate resources effectively;
 - ensure contractors comply with specific reporting requirements; and
 - ensure appropriate action is taken in the event of poor/under performance.

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 2023/24 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 2023/24

Ref and Name of report	Planned Days	Actual Days
A.6 Budgetary Control	20	20
B.5 Equality, Diversity and Inclusion	14	14
C.8 Risk Management (Assurance Stocktake)	12	22
D.3 Workforce Planning – On Call Firefighters	18	18
D.6 Partnership Working	25	26
D.7 Contract Management	20	21
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 & internal audit progress reports, meetings with management	8	8
G.4 Contingency	10	-
Total	150	152

* **Partnerships Working** - additional day due to delays in information being received

* **Contract Management** - extra day to perform additional testing at management's request in relation to Soft FM Contract

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:

- Budgetary Control
- Workforce Planning (On Call Firefighters)

Awaiting further feedback on other audits from Risk Manager

Key

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

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SCOTTISH FIRE AND RESCUE SERVICE

Audit and Risk Assurance Committee



Report No: C/ARAC/33-24

Agenda Item: 10

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:	26 JUNE 2024						
Report Title:	INSPECTION ACTION PLANS AND CLOSING REPORTS UPDATE						
Report Classification:	For Scrutiny	SFRS Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
1	Purpose						
1.1	The purpose of this report is to provide the Audit and Risk Assurance Committee (ARAC) with an overview update of the current HMFSI inspection action plans for scrutiny.						
1.2	There are no closing reports to consider.						
2	Background						
2.2	HM Fire Service Inspectorate inspects and reports on the SFRS with the purpose of assuring the public and Scottish Ministers that we are working in an efficient and effective way, and to promote improvement in the Service.						
2.3	In line with the thematic process agreed in May 2020 once approved, action plans to meet the report recommendations made will be presented to ARAC to scrutinise progress.						
3	Main Report/Detail						
3.1	ARAC members are presented with the current HMFSI Inspection Action Plan overview dashboard, attached as Appendix A , for information. This provides high level details of all action plans (HMFSI Actions Plans) and includes a section detailing ongoing and forthcoming inspections and reports.						
3.2	<p>The dashboard shows that 16 out of the 23 total Action Plans are complete. Of the seven remaining live Actions Plans:</p> <ul style="list-style-type: none"> • Health and Safety: An Operational Focus has moved from amber to red due to a further slip in timescales. Work is progressing on the remaining 4 actions however revised due dates have been proposed to bring these to completion. Outstanding actions are dependent on the completion of the iHub/Website Project, the publication of the Communications and Engagement Framework, and introduction of ICT solutions. • Firefighting in Highrise Buildings remains amber due to a slip in timescales. Of the 4 outstanding actions, 3 were completed by the previously extended end date of March 2024, however, 1 action remains outstanding and a further revised due date has been proposed from March 2024 to September 2024 to allow for the publication of packages within the Document Conversion Project. • Command and Control Mobilising System is progressing with 95% complete but this has now moved from green to amber due to a slip in timescales. The remaining outstanding action is on track to be completed by the agreed due date of July 2024. • Climate Change – Impact on Operational Activity: was approved by SLT in February 2024 and the first progress update will be presented to the Corporate Board in June 						

	<p>2024. This action plan is green and 90% complete, with 9 actions completed and 3 actions in progress.</p> <ul style="list-style-type: none"> • East Service Delivery Area: was approved by SLT in February 2024 and the first progress update will be presented to the Corporate Board in June 2024. This action plan is green and 95% complete with 8 actions completed and 1 action in progress. • Review of contingency planning arrangements in relation to potential Industrial Action: was presented to SLT in March 2024 alongside an interim progress update and the first formal progress update will be presented to the Corporate Board in June 2024. This action plan is amber and 45% complete, with 3 actions completed and 4 actions in progress with a revised due date from April 2024 to August 2024 proposed. • Mental Health and Wellbeing Support in the Scottish Fire and Rescue Service: was presented to SLT in April 2024 and the first formal progress update will be presented to the Corporate Board in September 2024.
4	Recommendation
4.1	<p>The ARAC members are invited to:</p> <ul style="list-style-type: none"> • Scrutinise the progress of all action plans as presented in the HMFSI Inspection Action Plan Dashboard, attached as Appendix A.
5	Key Strategic Implications
5.1	Risk
5.1.1	There are no risks associated with the recommendations of this report.
5.2	Financial
5.2.1	There are no financial implications associated with the recommendations of this report.
5.3	Environmental & Sustainability
5.3.1	There are no environmental implications associated with the recommendations of this report.
5.4	Workforce
5.4.1	There are no workforce implications associated with the recommendations of this report.
5.5	Health & Safety
5.5.1	There are no health and safety implications associated with the recommendations of this report.
5.6	Health & Wellbeing
5.6.1	There are no health and wellbeing implications associated with the recommendations of this report.
5.7	Training
5.7.1	There are no training implications associated with the recommendations of this report.
5.8	Timing
5.8.1	Each HMFSI Action Plan will be reported to the Senior Management Board on a quarterly cycle until completion.
5.9	Performance
5.9.1	This process supports robust challenge and scrutiny of our performance against HMSFI recommended improvements.
5.10	Communications & Engagement
5.10.1	There is no implication associated with the recommendations of this report.

5.11 5.11.1	Legal The arrangements for independent inquiries into the state and efficiency of the SFRS are a statutory requirement as laid out in Section 43 of the Fire Scotland Act 2005.	
5.12 5.12.1	Information Governance A Data Protection Impact Assessment (DPIA) is not required for this report as there is no sensitive information to consider.	
5.13 5.13.1	Equalities 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 5.14.1	Service Delivery There are no service delivery implications associated with the recommendations of this report.	
6	Core Brief	
6.1	Not applicable.	
7	Assurance (SFRS Board/Committee Meetings ONLY)	
7.1	Director: Mark McAteer, Director of Strategic Planning, Performance and Communications	
7.2	Level of Assurance: (Mark as appropriate) Substantial/ Reasonable /Limited/Insufficient	
7.2	Rationale: Following receipt of HMFSI 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.	
8	Appendices/Further Reading	
8.1	Appendix A: Inspection Action Plan Overview Dashboard	
Prepared by:	Kirsty Jamieson, Planning and Performance Officer	
Sponsored by:	Richard Whetton, Head of Governance, Strategy and Planning	
Presented by:	Mark McAteer, Director of Strategic Planning, Performance and Communications	
Links to Strategy and Corporate Values		
Our audit and inspection process contributes to Strategic Outcome 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.		
Governance Route for Report	Meeting Date	Report Classification/ Comments
<i>Corporate Board</i>	<i>24 June 2024</i>	<i>For recommendation</i>
<i>Audit and Risk Assurance Committee</i>	<i>25 June 2024</i>	<i>For scrutiny</i>
<i>Change Committee</i>	<i>1 August 2024</i>	<i>For scrutiny (CCMS)</i>
<i>Service Delivery Committee</i>	<i>22 August 2024</i>	<i>For scrutiny (Firefighting in Highrise Buildings; East SDA; Climate Change; Industrial Action)</i>



Report No: C/ARAC/25-24

Agenda Item: 11.1

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:	25 JUNE 2024						
Report Title:	EXTERNAL AUDIT UPDATE REPORT						
Report Classification:	For Scrutiny	SFRS Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u>					
		A	B	C	D	E	F
1	Purpose						
1.1	The purpose of this report is to provide the Audit and Risk Assurance Committee (ARAC) with a progress report on external audit follow up activity following the appointment of Audit Scotland.						
2	Background						
2.1	Following the appointment of Audit Scotland, as external auditors to SFRS, Audit Scotland are reviewing progress against recommendations made by Deloitte to ensure recommendations remain relevant and provide added value to SFRS.						
2.2	Previous reports, provided quarterly, to the Audit and Risk Assurance Committee identified outstanding recommendations in relation to: <ul style="list-style-type: none"> • Deloitte Audit Dimensions and Best Value review. • 2020/21 Annual Report and Accounts. • 2021/22 Annual Report and Accounts. 						
2.3	Audit Scotland will now incorporate previous work into future planned activity where relevant, with any remaining recommendations to be completed and evidence to be provided to Audit Scotland to allow closure.						
3	Main Report/Detail						
3.1	ARAC receive quarterly progress reports against external audit recommendations. Following agreement with Audit Scotland all remaining actions, identified through work undertaken by Deloitte, will now be incorporated within a single dashboard, attached in Appendix A.						
3.2	Following updates, 3 recommendations have been classed as complete by action owners, with supporting evidence provided to Audit Scotland. Audit Scotland will meet with the relevant functions to discuss these actions and review work undertaken. This information is reflected on the dashboard with RAG status BLUE* and will remain on the progress report until formerly signed off by Audit Scotland.						
3.3	In relation to Rec No. 4.3, marked as AMBER and 100% complete, supporting evidence will be forwarded by the responsible owner for Audit Scotland to review and consider closure. Where required, a meeting will be arranged by Audit Scotland to obtain any further						

	supporting information. The action will remain current on the dashboard under further information is received from Audit Scotland.
3.4	One date extension has been identified by the Director of People, in relation to Rec No. 4.5. The extension relates to a delay in capturing all of the evidence to review the Equality Partnership Group in Q3 2023/24. A new due date of 31 st October 2024 has been identified to allow work to be completed.
3.5	The Verification Team will continue to engage with relevant action owners to update the monitoring plan and further discussions will be held with Audit Scotland to determine the format of future reports to ARAC.
4	Recommendation
4.1	The Audit and Risk Assurance Committee is asked to scrutinise progress against the External Audit recommendations.
5	Key Strategic Implications
5.1	Risk
5.1.1	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.
5.2	Financial
5.2.1	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.
5.3	Environmental & Sustainability
5.3.1	Any implications arising from the report will be managed by the relevant Directorate.
5.4	Workforce
5.4.1	Any implications arising from the report will be managed by the relevant Directorate.
5.5	Health & Safety
5.5.1	Any implications arising from the report will be managed by the relevant Directorate.
5.6	Health & Wellbeing
5.6.1	Any implications arising from the report will be managed by the relevant Directorate.
5.7	Training
5.7.1	Any implications arising from the report will be managed by the relevant Directorate.
5.8	Timing
5.8.1	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	Performance
5.9.1	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	Communications & Engagement
5.10.1	Any implications arising from the report will be managed by the relevant Directorate.

5.11 5.11.1	Legal Any implications arising from the report will be managed by the relevant Directorate.	
5.12 5.12.1	Information Governance 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	Equalities 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	Service Delivery Any implications arising from the report will be managed by the relevant Directorate.	
6	Core Brief	
6.1	Not applicable.	
7	Assurance (SFRS Board/Committee Meetings ONLY)	
7.1	Director:	Sarah O'Donnell, Director of Finance and Contractual Services
7.2	Level of Assurance: (Mark as appropriate)	Substantial/ Reasonable /Limited/Insufficient
7.3	Rationale:	The report is based upon work undertaken by Responsible Owners and discussions held with Audit Scotland. Audit Scotland are now in the process of reviewing the information with further feedback to be received. I have confidence that the information is correctly reported based upon these returns.
8	Appendices/Further Reading	
8.1	Appendix A – External Audit Wider Scope Dashboard and Outstanding Actions	
Prepared by:	David Johnston, Risk and Audit Manager	
Sponsored by:	Sarah O'Donnell, Director of Finance and Contractual Services	
Presented by:	Sarah O'Donnell, Director of Finance and Contractual Services	
Links to Strategy and Corporate Values		
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:		
Outcome 5: We are a progressive organisation, use our resources responsibly and provide best value for money to the public.		
<ul style="list-style-type: none"> Objective 5.1: Remaining open and transparent in how we make decisions. Objective 5.6: Managing major change projects and organisational risks effectively and efficiently. 		
Governance Route for Report	Meeting Date	Report Classification/ Comments
<i>Corporate Board</i>	<i>24 June 2024</i>	<i>For Scrutiny</i>
<i>Audit and Risk Assurance Committee</i>	<i>25 June 2024</i>	<i>For Scrutiny</i>

APPENDIX A

EXTERNAL AUDIT OUTSTANDING ACTIONS

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
1.3	Director of Finance & Contractual Services (formerly Acting Director of Finance & Procurement)	HIGH	31/03/2023	30/06/2024	31.05.2024	-	✓	-	-	10%	GREEN

FINANCIAL SUSTAINABILITY

Action No.	Action Owner	Action Priority	Action Due	Revised Date	Last updated	Not Started	In Progress	Complete	Not Implemented	% Complete	RAG STATUS
2.2	Director of Finance & Contractual Services (formerly Acting Director of Asset Management)	HIGH	31/03/2022	30/06/2024	28.05.2024	-	-	✓	-	100%	BLUE*
2.3	Director of Finance & Contractual Services (formerly Acting Director of Finance & Procurement)	HIGH	31/03/2023	30/09/2024	31.05.2024	-	✓	-	-	10%	GREEN

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	21.05.2024	-	-	✓	-	100%	BLUE*
4.3	Interim Deputy Chief Officer (formerly Director of Service Development)	HIGH	31/03/2022	30/06/2023	16.11.2023	-	-	✓	-	100%	AMBER
4.5	Director of People (formerly Director of People & Organisational Development)	MEDIUM	31/12/2022	31/10/2024	30.05.2024	-	✓	-	-	95%	GREEN

EXTERNAL AUDIT REPORT dated 15 December 2021 – OTHER SIGNIFICANT FINDINGS – INTERNAL CONTROLS

Action No.	Action Owner	Action Priority	Action Due	Revised Date	Last updated	Not Started	In Progress	Complete	Not Implemented	% Complete	RAG STATUS
7	Director of Finance & Contractual Services (formerly Acting Director of Finance & Procurement)	LOW	31/10/2023	31.10.2024	30.05.2024	-	✓	-	-	50%	GREEN

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

Action No.	Action Owner	Action Priority	Action Due	Revised Date	Last updated	Not Started	In Progress	Complete	Not Implemented	% Complete	RAG STATUS
13	Director of Finance & Contractual Services (formerly Acting Director of Finance & Procurement)	LOW	31.12.2024	-	30.05.2024	-	-	✓	-	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	89%	2	5	0	1	0	0	0	1	0
Rec No.	Financial Reporting	The annual budget should provide a high-level summary of how resources are allocated against the Service's outcomes, to enable the Board to challenge whether resources are appropriately allocated and sufficiently targeted to address areas of poor performance.		Action Date Due	2nd Agreed Revised Date	Priority	% Complete	Status				
1.3	Responsible Owner Agreed Response Director of Finance & Contractual Services (Formerly Acting Director of Finance & Procurement)	SFRS agree with this recommendation and will seek to engage with the Board on the presentation of the budget to demonstrate how resources are allocated to outcomes to aid scrutiny.		31/03/2023	30/06/2024	HIGH	10%	AMBER				
Progress to Update		Discussion with Audit Scotland on action. Auditors have confirmed there are no examples to follow. Audit Scotland have suggested a revised action (s) 1) That SFRS present regular resource monitoring to the Board that includes Actual V Budget spend by Directorate to enable greater scrutiny of financial information and linkage to outcomes 2) That SFRS considers developing financial reporting against a single outcome being Climate Change. This would facilitate learning and also provide information to support Scottish Government's objectives of net zero.										
Outstanding actions to close the recommendation		The above actions will now be progressed. Audit Scotland will consider update for future ARAC meetings.										
External Audit Comments												

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	83%	1	7	0	2	0	0	0	0	0
Rec No. 2.2	Capital Planning & Asset Management Instead of reporting against a single 'backlog' figure, the Service should differentiate between required capital investment to transition from the current asset base to the required asset base, and actual maintenance/repair/replacement backlogs, to enable appropriate assessment of the risk of asset failure and the impact of delayed capital investment on service delivery.		Target Due		3rd Agreed Revised Date		Priority		% Complete		Status	
	Responsible Owner Agreed Response Director of Finance & Contractual Services (formerly Acting Director of Asset Management)	As part of the work for the new Asset Strategy documents for Fleet, Property and Equipment, a detailed examination of current maintenance backlog figures will be undertaken. The intention will be to differentiate the backlog figure between required capital investment to transition from the current asset base to the required asset base, as well as to highlight actual maintenance/ repair/ replacement backlogs.	31/03/2022		30/06/2024		HIGH		100%		BLUE*	
Progress to Update		The 10-year Risk Based Capital Investment Plan 2024 covering Property, Fleet and Equipment was approved by SFRS Board on 27 March. This plan aligns with the capital programme and ensures that capital investment decisions are data led and follow a risk based approach. The plan will be updated annually to inform future capital programmes, whilst aligning with SSRP outputs.										
Outstanding actions to close the recommendation		A formal reporting document will be produced for submission to Scottish Government; A copy of the Risk Based Capital Investment Plan 2024 is now approved and available. Action to be considered for closure. Arranging meeting with Audit Scotland to discuss recommendation.										
External Audit Comments												
Rec No. 2.3	Medium-to-Long Term Financial Planning The LTFS should be revised to demonstrate how the Service plans to allocate resources against outcomes over the length of the Strategy. Alternatively, the MTFM could be revised to serve this purpose.		Action Date Due		1 st Agreed Revised Date		Priority		% Complete		Status	
	Responsible Owner Agreed Response Director of Finance & Contractual Services (Formerly Acting Director of Finance & Procurement)	Agreed. As indicated at 1.3 the Service will review the LTFS and will include how the service applies budget resources to outcomes.	31/03/2023		30/09/2024		HIGH		10%		GREEN	
Progress to Update		Audit Scotland have confirmed there are no examples to follow. The revised action will be to consider how SFRS could present Directorate information over MTFM to enable greater scrutiny by Board. In addition, in developing the LTFS considers budget allocation on a single outcome being climate change.										
Outstanding actions to close the recommendation		Development of the LTFS based on discussions with Audit Scotland and will be considered within future updates to ARAC.										
External Audit Comments												

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	40%	2	0	0	2	1	0	0	0	0
Rec No. 4.1	Performance Management Framework 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 nd Agreed Revised Date		Priority	% Complete	Status					
	Responsible Owner Agreed Response Director of Strategic planning, Performance & Communications	Agreed. As part of the annual review of the Performance Management Framework (PMF) an annual performance report detailing trends in performance including relevant benchmarking data from Services elsewhere in the UK will be produced for the Board. The Business Intelligence and Data Services Team continues to support the Service Delivery Directorate on internal benchmarking and sharing of improvement practices across the Service. The development of performance monitoring across the service will be reported to Good Governance Board. This will include reporting on benchmarking of internal performance.	31/03/2022	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 th February and still presented to the Board on the 31 st 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. It is possible for commanders within Service Delivery to benchmark across all areas of Scotland now. We also have benchmarking published within the official stats publications. Regional performance is also published within our organisational performance material. This is all inter-Scotland benchmarking, but this was very much our starting point, and are planning on introducing UK benchmarking from Q1 24-25. This will make use of the CIPFA fire services benchmarking tool which the service has agreed to purchase. This tool is used by the majority of other UK FRS services and by His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). This tool will show how SFRS compares to all other UK FRS against a range of indicators. (It won't be perfect, but it will be standard). Also discussed, is a desire to undertake international comparison activity and we about to commence some initial international benchmarking with Fire Emergency New Zealand (FENZ). Supporting evidence been forwarded to Audit Scotland Arranging meeting with Audit Scotland to discuss recommendation.										
External Audit Comments												
Rec No. 4.3	Performance Management Framework Consideration should be given to the development of a systematic programme of operational self-assessment to demonstrate the Service's commitment to continuous improvement.	Action Date Due	2 nd Revised Date	Priority	% Complete	Status						
	Responsible Owner Agreed Response Director of Service Development	Agreed. SFRS does not have at this time a specific forward-looking plan for service improvement. The service improvement team work proactively with Directorates to support Service Improvement across the Service to ensure appropriate methodologies are being used and good practice applied. A Service Improvement Framework to ensure the systematic approach to continuous improvement will be developed to demonstrate the commitment to continuous	31/03/2022	30/06/2023	HIGH	100%	AMBER					

		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 nd 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.					
Progress to Update		We have concluded our consideration of a systematic programme of operational self-assessment to demonstrate the Service's commitment to continuous improvement. This involved selecting a methodology, the European Foundation for Quality Management (EFQM), training key staff in this, developing a test of change, and implementing this test of change within the D&G LSO Area. Local Areas for Improvement and expansion of strengths have been prioritized and embedded in the local improvement plan, whilst national findings are being given consideration in support of prioritization within the Strategic Service Review. The Test of Change on EFQM Self-Assessment will now not go to CPIG, but is being included into Corporate Services Review of SSRP.					
Outstanding actions to close the recommendation		Supporting evidence to be forwarded by responsible owner. Awaiting to have discussion with the auditors to discuss action.					
External Audit Comments							
Rec No. 4.5	Equalities Annual reporting on equality outcomes should provide reporting against targets (where they exist) and summarised trend data to demonstrate where inequalities are being reduced and where further work is required.		Action Date Due	2 ND Agreed Revised Date	Priority	% Complete	Status
	Responsible Owner Agreed Response Director of People (formerly Director of People and Organisational Development)	Agreed. This will be collated throughout the year and summarised for the Annual Report.	31/12/2022	30/06/2024 New date request 31/10/2024	MEDIUM	95%	GREEN
Progress to Update		A Mainstreaming Report for 2022-23 was published in April 2023. The Equality Partnership Group has been reconvened with a series of meetings scheduled for 2023/24. Further support in gathering information on progression of the Equality Outcomes is being provided by the introduction of the Strategic People Partner role providing closer working relationships between the People Directorate functions and senior management across SFRS. The Mainstreaming Report has commenced governance in May 2024 and an extension to the target date is requested to allow completion of all governance stages.					
Outstanding actions to close the recommendation		Evidence on progress against the Equality Outcomes is being progressed principally through the Equality Partnership Group and the EDI business partnership route and will form the basis of a published report in April 2024, with governance taking place in Q4 of 2023/24. The Mainstreaming Report has commenced governance in Q1 and requires to complete all stages to permit publication and conclusion of this action.					
External Audit Comments							

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.		Action Date Due		1 st Agreed Revised Date		Priority	% Complete		Status			
7	<p>Impairment Review 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.</p> <p>Responsible Owner Agreed Response Director of Finance & Contractual Services (Formerly Acting Director of Finance & Procurement)</p>	The SFRS will carry out an annual review for different categories of assets to take into account potential changes in value.		31/10/2023		31.10.2024		LOW	50%		GREEN	
Progress to Update		Impairment reviews have been carried out in previous years on Ops Equipment and Heritage Assets. Reviews of ICT completed. A review of 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		An impairment review of vehicles is required to complete the action. This was planned as part of the year end processes for 2022/23, however additional work involved in implementing IFRS 16 Leases has led to this work being delayed. Change date to 31 October 2024 in line with expected completion of audit and approval of Accounts for sign-off.										
External Audit Comments												

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	93%	0	1	12	0	0	1	0	0	0
Rec No. 13	<p>FFPS: Booth Case 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.</p>		Action Date Due	Agreed Revised Date	Priority	% Complete	Status					
	<p>Responsible Owner Agreed Response Director of Finance & Contractual Services (Formerly Acting Director of Finance & Procurement)</p>	Agreed	31/12/2024	n/a	LOW	100%	BLUE*					
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		<p>Action to be considered as closed based on the following paragraph re Booth contained in a report (attached) from the Government Actuary's Department (GAD) (page 12, Section 3, para 19).</p> <p>19. There has been no further information on the retrospective impact of this change in pensionable salaries definition. Therefore, at this stage, we do not expect any additional costs to be included in the 2023/24 Resource Accounts.</p> <p>Supporting evidence forwarded to Audit Scotland for review 28/03/2024</p>										
External Audit Comments												



Report No: C/ARAC/24-24

Agenda Item: 12

Report to:		AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:		25 JUNE 2024						
Report Title:		AUDIT AND RISK ASSURANCE COMMITTEE QUARTERLY PERFORMANCE – Q4 2023/24						
Report Classification:		For Scrutiny	SFRS Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u>					
			<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
1		Purpose						
1.1		To provide members with the fourth quarter performance of KPIs 35 – 42 for fiscal year 2023-24 along with end year performance for KPIs 58 - 61, 64 and 65						
2		Background						
2.1		The Performance Management Framework (PMF) 2023/24 defines how we, the Scottish Fire and Rescue Service (SFRS), manage our performance and how we use performance information to inspire change and improvement.						
2.2		Fifty Six quarterly indicators and 9 national indicators were identified across directorates to provide senior leaders, committees and the SFRS Board with relevant information on our performance to support their role in scrutinising the Service and accounting to the people of Scotland for how we perform in delivering our Strategic Plan Outcomes.						
2.3		The quarterly performance dashboard (and report) provides an overview for those indicators and through the use of statistical process control charts (SPC) alerts stakeholders to situations deteriorating or improving or where performance is stable and in control.						
3		Main Report/Detail						
3.1		This paper covers all performance indicators stated in the PMF intended for scrutiny by the SFRS Board.						
3.2		Exceptional variation &/or for monitoring:						
3.2.1		39 - Confirmed Frauds 40 - % Invoices in 30 Days 41 - % Service Desk Incidents within SLA						
3.3		Deteriorating (long-term):						
3.3.1		38 - % FOI within Timeframe 58 - Average Age of Heavy Fleet 59 - Average Age of Light Fleet						
3.4		Improving (long-term):						
3.4.1		NA						

3.5 3.5.1	Not changing: 35 - Cyber Security Breaches 36 - % Subject Access within Timeframe 37 - Data Breaches 42 - % Service Desk Requests within SLA
3.6 3.6.1	Not known – limited data: 60a - % Stations in Good or Satisfactory Condition 60b - % Station Gross Internal Area in Good or Satisfactory Condition 61 - % Stations in Good or Satisfactory Suitability 64 - % Savings of Resource Budget 65 - % Budget Outturn
4	Recommendation
4.1	Members are invited to scrutinise the contents of the Audit Risk and Assurance Committee Performance Report , question KPI performance and provide feedback on practical use of reporting to ensure continuous development of user experience.
5	Key Strategic Implications
5.1 5.1.1	Risk SFRS has a specific risk SPPC001 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.
5.2 5.2.1	Financial There are no specific financial issues raised within this paper.
5.3 5.3.1	Environmental & Sustainability There are no specific Environmental & Sustainability implications addressed in this paper.
5.4 5.4.1	Workforce There are no specific Workforce implications addressed in this paper.
5.5 5.5.1	Health & Safety There are no specific Health and Safety implications addressed in this paper.
5.6 5.6.1	Health & Wellbeing There are no specific Health and Wellbeing implications addressed in this paper.
5.7 5.7.1	Training There are no specific Training implications addressed in this paper.
5.8 5.8.1	Timing Some performance indicators rely on manual collation of data and are a 'snapshot' in time (2/3 weeks ahead of scrutiny) and may be subject to change dependant on relevant business areas business practices.
5.9 5.9.1	Performance All performance measures reported are linked to Strategic Outcomes 5.
5.10 5.10.1	Communications & Engagement There are no specific Communications & Engagement implications addressed in this paper.

5.11 5.11.1	Legal There are no specific Legal implications addressed in this paper.	
5.12 5.12.1	Information Governance DPIA completed - No	
5.13 5.13.1	Equalities EHRIA completed - No	
5.14 5.14.1	Service Delivery There are no specific Service Delivery implications addressed in this paper.	
6	Core Brief	
6.1	Not applicable	
7	Assurance (SFRS Board/Committee Meetings ONLY)	
7.1	Director:	Mark McAteer, Director for Strategic Planning, Performance and Communications
7.2	Level of Assurance: (Mark as appropriate)	Substantial /Reasonable/Limited/Insufficient
7.3	Rationale:	The service has continued to develop its approach to performance reporting. The Organisational Performance Dashboard, aligned to the SFRS Performance Management Framework, is now live and available across the service with a pdf version made available to the public. Scrutiny of service performance is evident across the service, at executive level and by the SFRS Board at committee and board level.
8	Appendices/Further Reading	
8.1	Appendix A - PDF copy of PBI0068	
8.2	Link to Audit Risk and Assurance Committee Performance Report	
Prepared by:	Chris Fitzpatrick, Business Intelligence and Data Services Manager	
Sponsored by:	Richard Whetton, Head of Corporate Governance, Strategic Planning, Performance and Communications Directorate	
Presented by:	Mark McAteer, Director for , Strategic Planning, Performance and Communication	
Links to Strategy and Corporate Values		
<u>Strategy</u> Outcome 5 – We are a progressive organisation, use our resources responsibly and provide best value for money to the public		
<ul style="list-style-type: none"> • Remaining open and transparent in how we make decisions. • Improving levels of Service performance whilst providing value for money to the public. • Improving the use of data and business intelligence to support decision making. 		
Governance Route for Report	Meeting Date	Report Classification/ Comments
<i>Corporate Board</i>	<i>24 June 2024</i>	<i>For scrutiny</i>
<i>Audit and Risk Assurance Committee</i>	<i>25 June 2024</i>	<i>For scrutiny</i>



SCOTTISH

FIRE AND RESCUE SERVICE

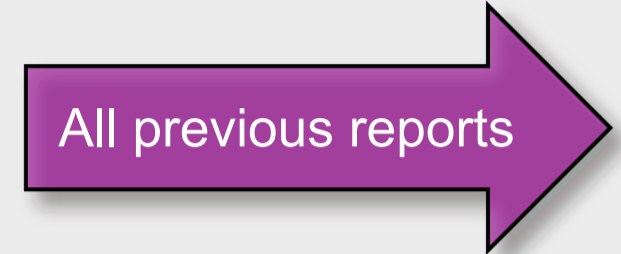
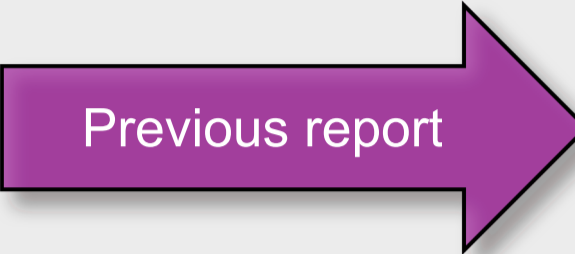
Working together for a safer Scotland

Audit, Risk & Assurance Committee Performance Report



**LIVE
MANAGEMENT
INFORMATION**

Latest quarter shown: **2023-24 Q4**



APPENDIX A

You can use these navigational buttons to go to other pages, or use the contents panel at the left-hand side of the screen



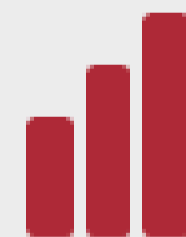
Welcome

The Audit, Risk and Assurance Committee Performance Report provides a view of how the Scottish Fire and Rescue Service is performing against its corporate performance measures, as mapped against our Strategic Plan Outcomes.

Our Performance Management Framework 2023-24 defines these corporate performance measures, whilst the Strategic Plan 2022-25 outlines the high-level outcomes through which the Service will continually work towards its overall purpose.

This report is a tool to support and scrutinise effective delivery of the Strategic Plan 2022-25. Each KPI has an owner, who's responsible for monitoring and commenting on its performance.

Key contact: BI@firescotland.gov.uk



**BUSINESS
INTELLIGENCE**



LIVE MANAGEMENT INFORMATION

There is no confidential information in this report – content can be shared with partners.
Data is subject to change.

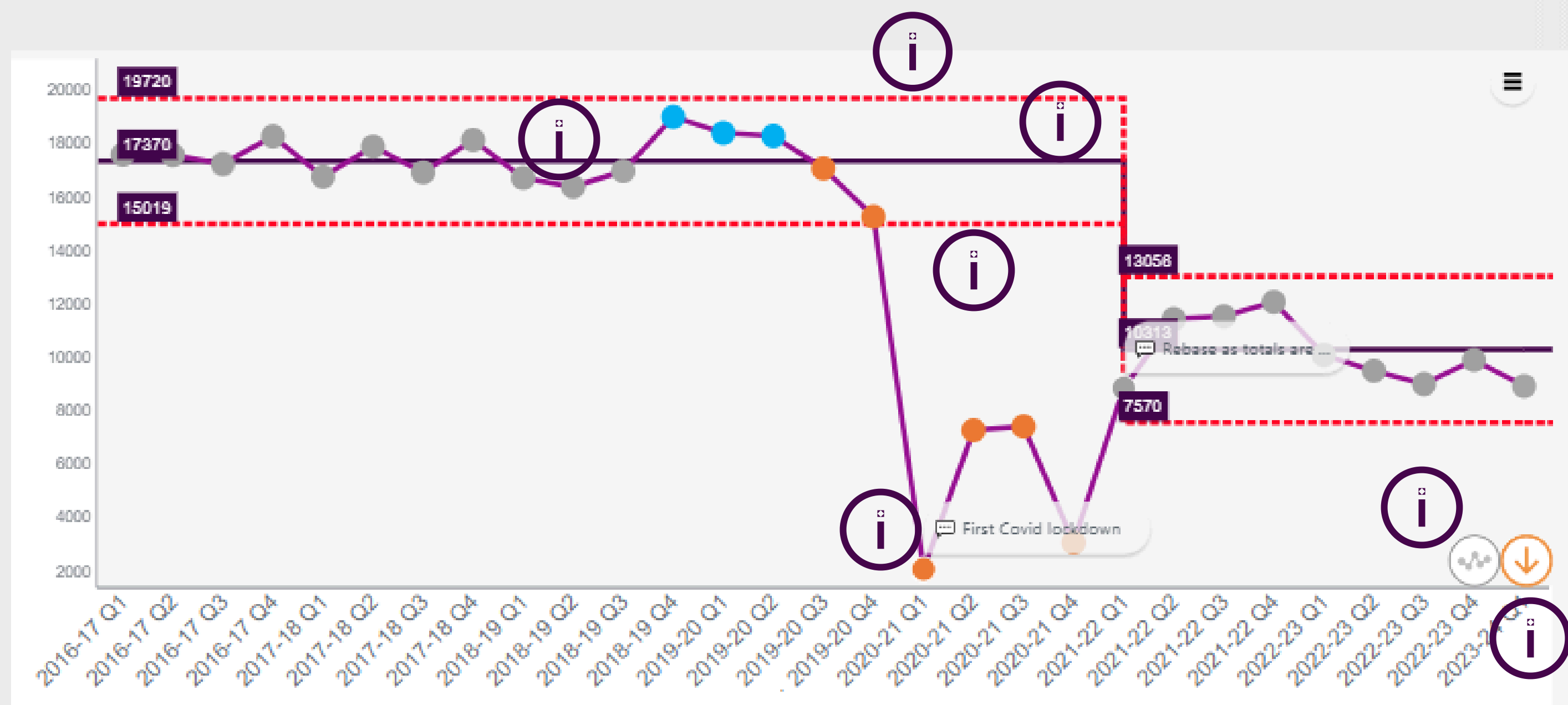
This report presents data over time for each of the quantitative performance measures as detailed in the [Performance Management Framework 2023-24](#), broken down into the Strategic Plan Outcomes. The Contents page (next) provides direction as to where you can find certain information.

SPC Charts

In this PMF Board Report, we use **Statistical Process Control (SPC) charts** to analyse and visualise how the Service is performing against each of its corporate performance measures. We also use commentary as provided by the KPI owner to provide context and highlight key messages. This approach to analysis is how the Business Intelligence Team will analyse, interpret and present performance data going forwards.

SPC is an analytical technique that **plots data over time**. It helps us to **understand variation** and guides us to take the most appropriate action.

SPC alerts us to a situation that may be deteriorating, shows us if a situation is improving, shows us how capable a system is of delivering a standard or target, and shows us if a process that we depend on is reliable and in control.



Above: anatomy of a SPC chart

How to Interpret SPC Charts - see chart - anatomy of a SPC chart

Normally data points will fall **between the upper and lower control limits**. If any of the following scenarios apply, the change needs to be investigated and an explanation provided. Over time this lets us analyse performance in a meaningful way.

- An **ORANGE** data point indicates special cause variation of particular concern and needing action. For example, whenever a data point falls outside of a control limit, or if 2 out of 3 data points are close to a control limit.
- A **BLUE** data point indicates where improvement appears to lie.
- A **GREY** data point indicates no significant change (common cause variation) as well as the baseline.

The following variation icons will also appear on each SPC chart:

Common cause – no significant change	Special cause of concerning nature or higher pressure due to (H)igher or (L)ower values	Special cause of improving nature or lower pressure due to (H)igher or (L)ower values

Source: [making-data-count-getting-started-2019.pdf \(england.nhs.uk\)](#)

Data source for this report:

Details of each data source can be found on the Index page. Some of these are automated whilst others are manual.

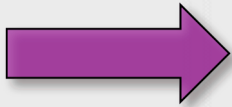
Frequency of update:

This report will be updated quarterly.



OUTCOME 05 (Effective Governance & Performance)

We are a progressive organisation, use our resources responsibly and provide best value for money to the public.



We are a progressive organisation, use our resources responsibly and provide best value for money to the public.

KPI	Indicator	Purpose	Geography	Frequency	Target	Business Area
35	Number of Cyber Security Breaches	To record the number of successful cyber breaches experienced by the Service	National	Quarterly	0	Information and Communication Technology
36	% of subject access requests responded to within the statutory timescales	Demonstrates if we are meeting the statutory timescales of GDPR/Data Protection legislation	National	Quarterly	95%	Corporate Communications
37	Number of Data Breaches	Demonstrates if staff are complying with GDPR/Data Protection legislation to avoid data breaches	National	Quarterly	0	Corporate Communications
38	% of FOIs responded to within statutory timescales	Demonstrates if we are meeting the statutory timescales of Freedom of Information legislation	National	Quarterly	95%	Corporate Communications
39	Number of confirmed frauds	Unavailable	National	Quarterly	0	Finance and Procurement
40	% of invoices paid in 30 days	Unavailable	National	Quarterly	98%	Finance and Procurement
41	% Service Desk incidents resolved within Service Level Agreement	To demonstrate the level of compliance with Service Level Agreement for dealing with incidents (eg broken equipment or no access to an ICT system or service)	National	Quarterly	85%	Information and Communication Technology



Effective Governance and Performance

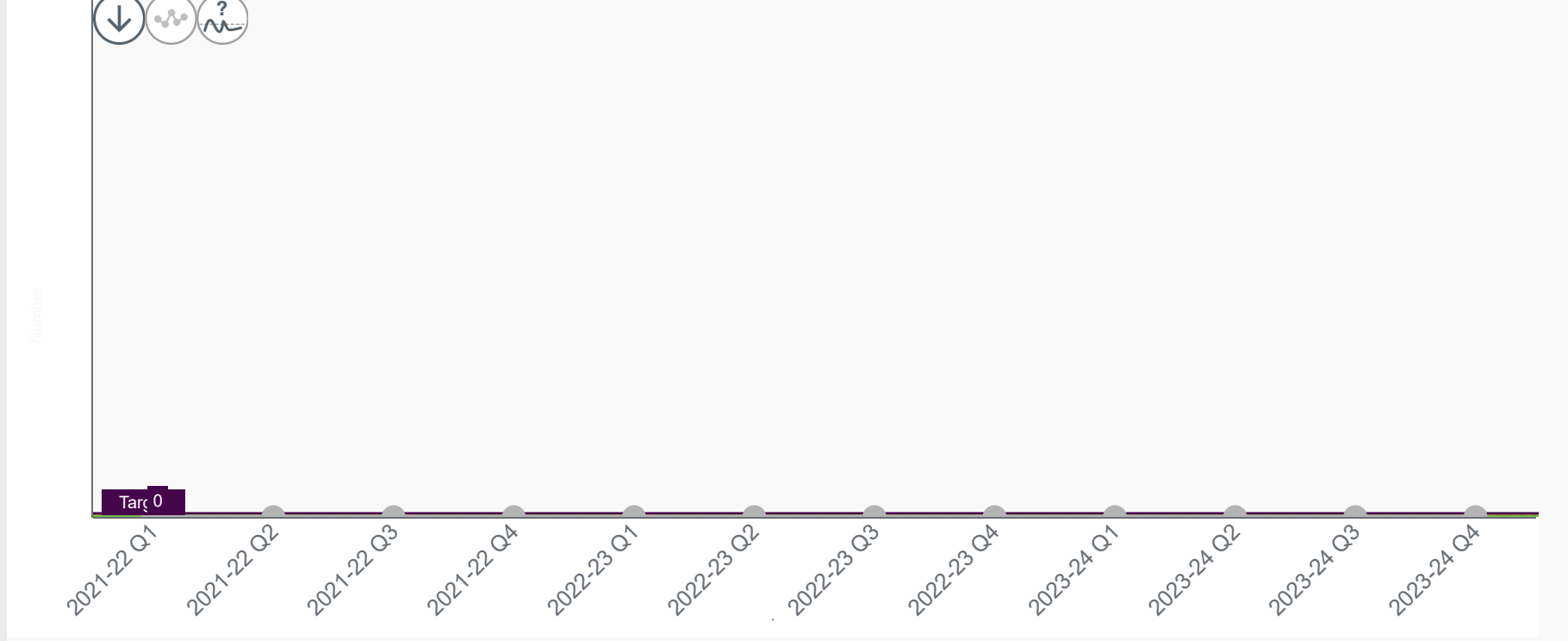


We are a progressive organisation, use our resources responsibly and provide best value for money to the public.

KPI 35 Cyber Security Breaches

PURPOSE: To record the number of successful cyber breaches experienced by the Service

OWNER: Head of ICT

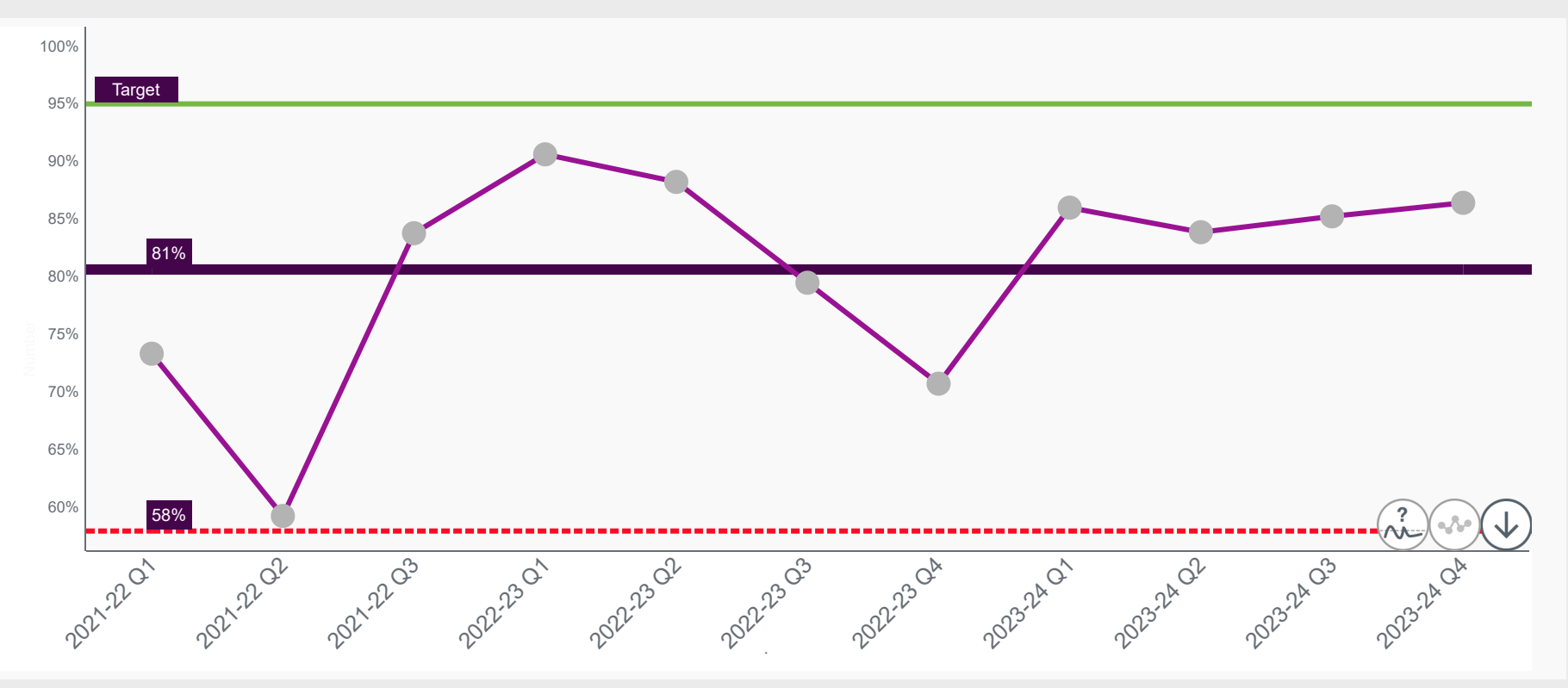


SUMMARY
Ongoing work by the SFRS ICT Cyber team to layer in additional levels of security controls including the enabling of corporate Multi Factor Authentication from 01/05/24.

KPI 36 % Subject Access within Timeframe

PURPOSE: Demonstrates if we are meeting the statutory timescales of GDPR/Data Protection legislation

OWNER: Head of Corporate Communications

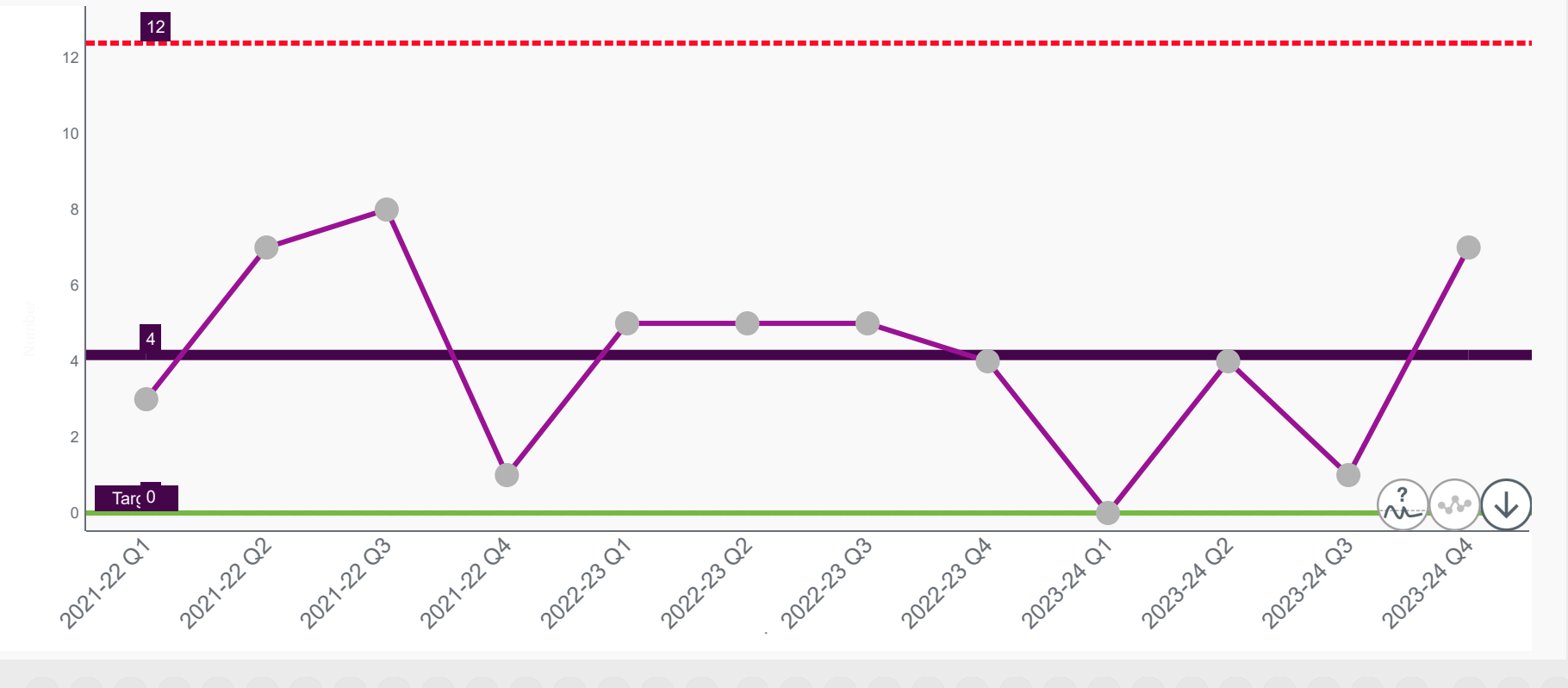


SUMMARY
Report being submitted to SLT highlighting issues in managing/handling information requests which are impacting on our ability to meet statutory deadlines and the risks. Also advertising for a temporary 9 month post to support the team with this and cover pre planned sick leave.

KPI 37 Data Breaches

PURPOSE: Demonstrates if staff are complying with GDPR/Data Protection legislation to avoid data breaches

OWNER: Head of Corporate Communications

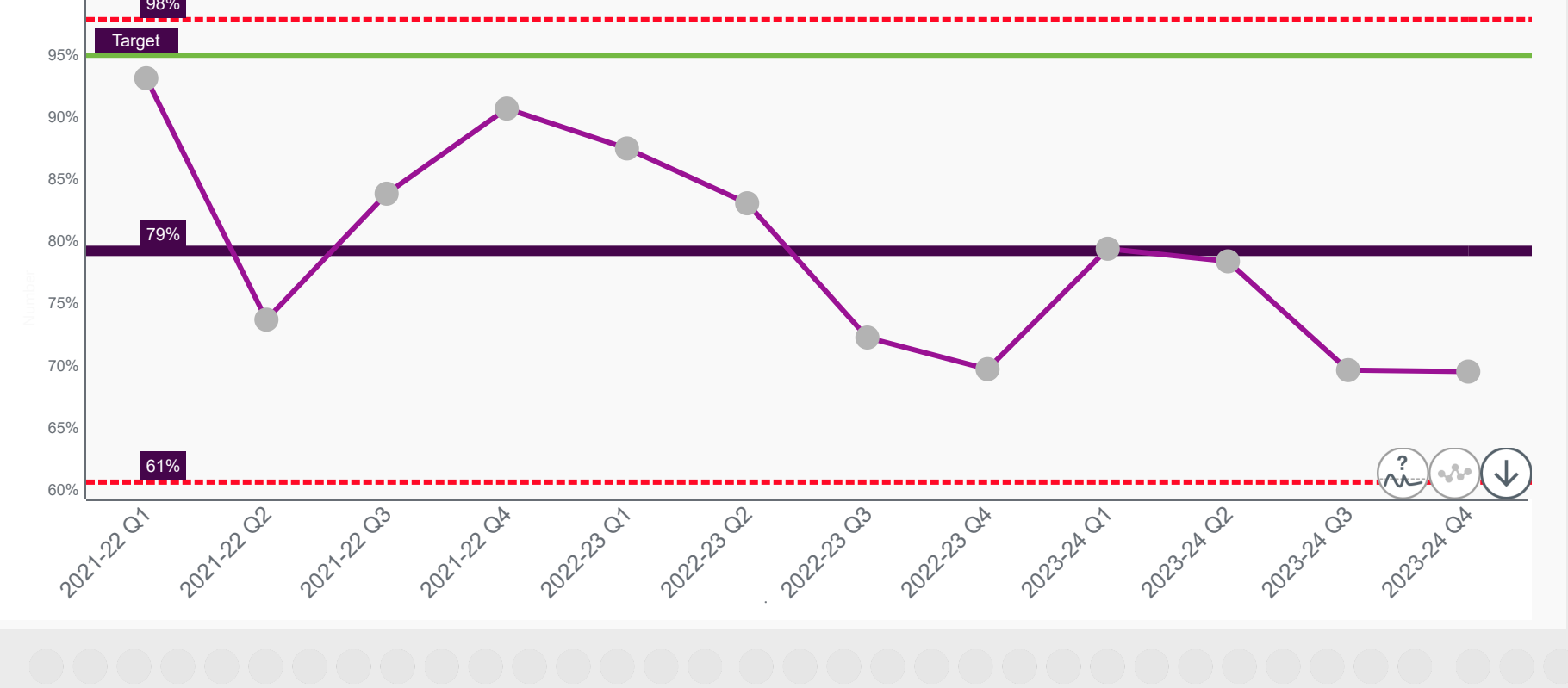


SUMMARY
Continually reviewing breaches as they occur to identify where improvements can be made and if there are any trends. Providing training to groups who need GDPR refreshers or one to one sessions if specific issues are identified. Use Corporate Communications to ensure staff are kept up to date.

KPI 38 % FOI Responded within Timeframe

PURPOSE: Demonstrates if we are meeting the statutory timescales of Freedom of Information legislation

OWNER: Head of Corporate Communications

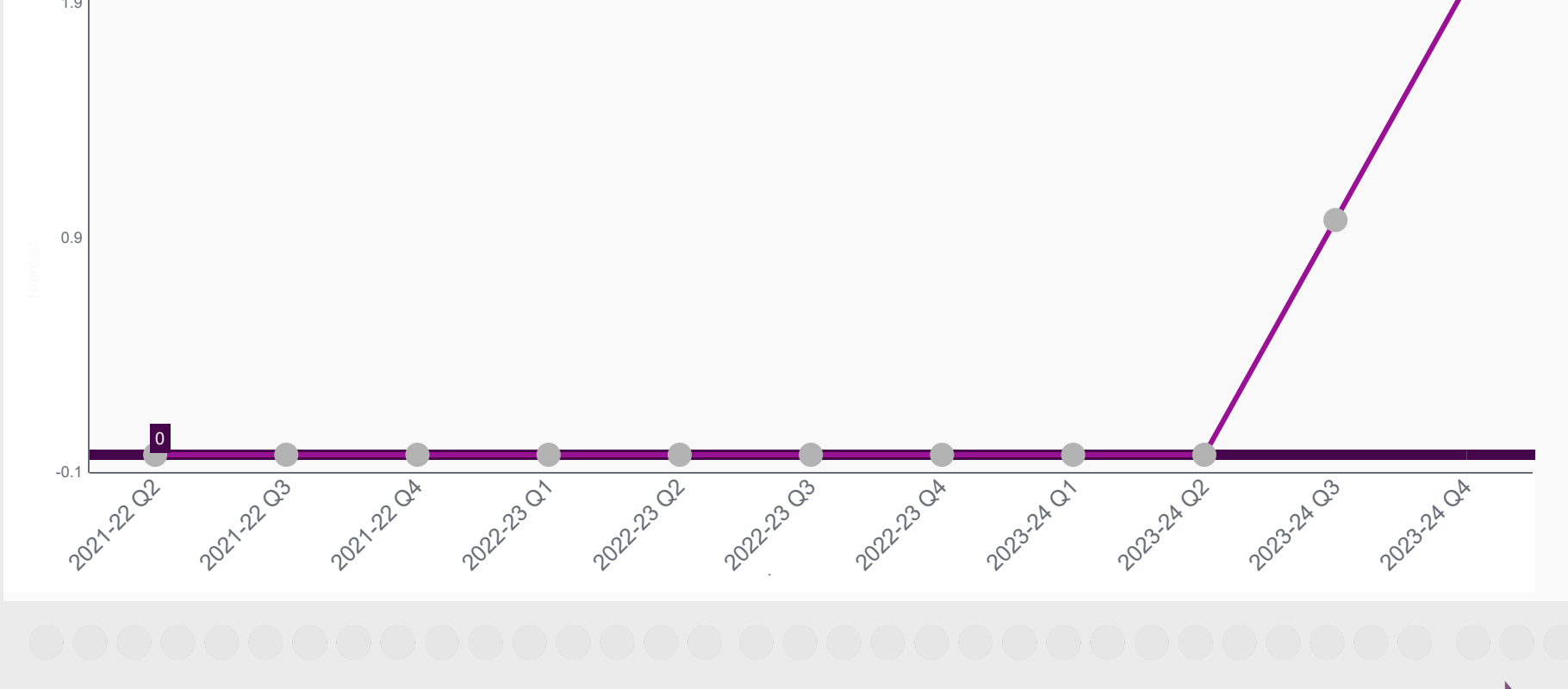


SUMMARY
Report being submitted to SLT highlighting issues in managing/handling information requests which are impacting on our ability to meet statutory deadlines and the risks. Also advertising for a temporary 9 month post to support the team with this and cover pre planned sick leave.

KPI 39 Confirmed Frauds

PURPOSE: Unavailable

OWNER: Head of Finance & Procurement

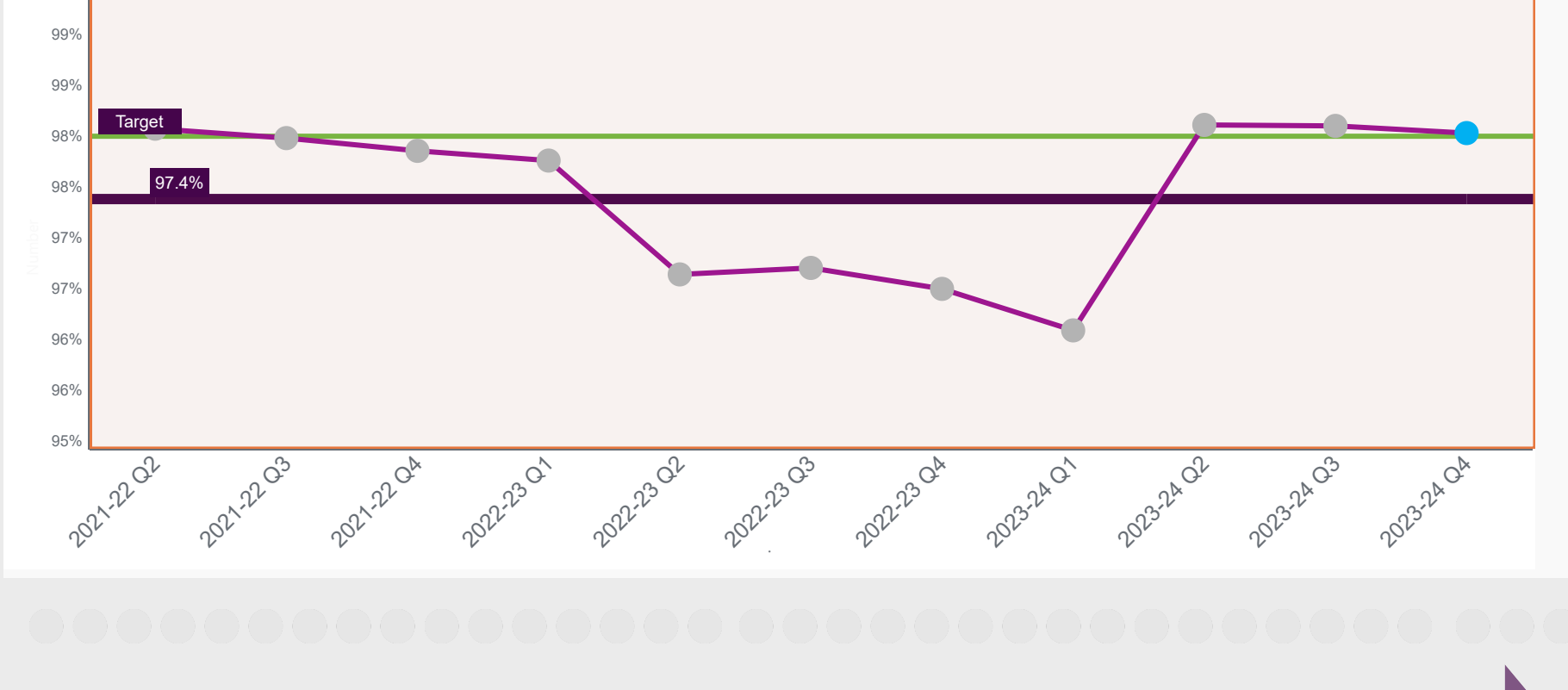


SUMMARY
Formal investigations were undertaken with reports provided to the Audit and Risk Assurance Committee and Strategic Leadership Team. Fraud action plans are being developed to minimise the potential for this to reoccur and additional training has been provided to raise awareness across the Service.

KPI 40 % Invoices Paid in 30 Days

PURPOSE: Unavailable

OWNER: Head of Finance & Procurement

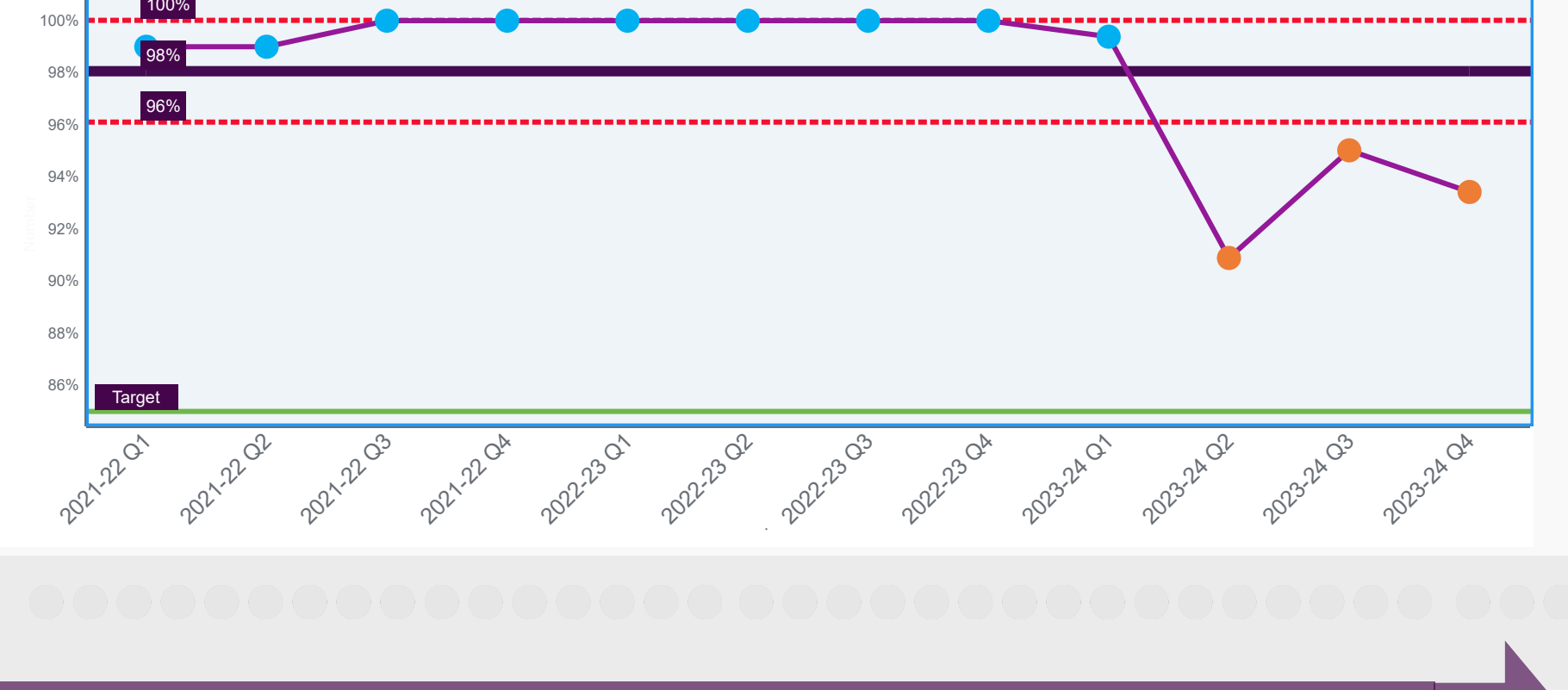


SUMMARY
Invoices are input to the financial system within a day of receipt. Reminders are issued to authorised on a weekly basis to ensure that invoices are paid on time.

KPI 41 % Service Desk Incidents within SLA

PURPOSE: To demonstrate the level of compliance with Service Level Agreement for dealing with incidents (eg broken equipment or no access to an ICT system or service)

OWNER: Head of ICT

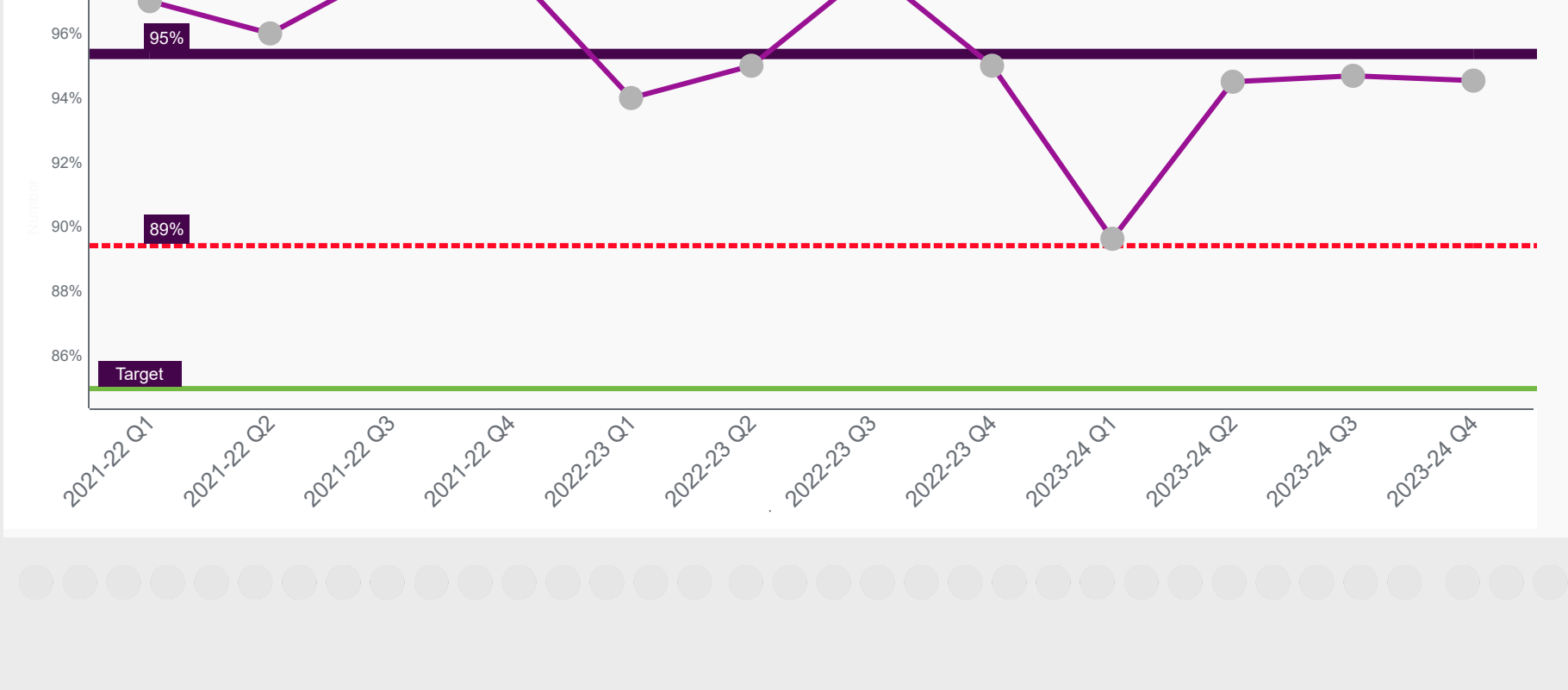


SUMMARY
ICT is currently in the process of proposing a restructure. We expect this restructure proposal, if implemented, would give us opportunity to improve our performance across various areas of focus, one specific being these KPI's which are reported.

KPI 42 % Service Desk Requests within SLA

PURPOSE: To demonstrate the level of compliance with Service Level Agreement for dealing with service requests (eg new or additional equipment or improvement to an ICT system or service)

OWNER: Head of ICT



SUMMARY
ICT is currently in the process of proposing a restructure. We expect this restructure proposal, if implemented, would give us opportunity to improve our performance across various areas of focus, one specific being these KPI's which are reported.

Effective Governance and Performance

We are a progressive organisation, use our resources responsibly and provide best value for money to the public.

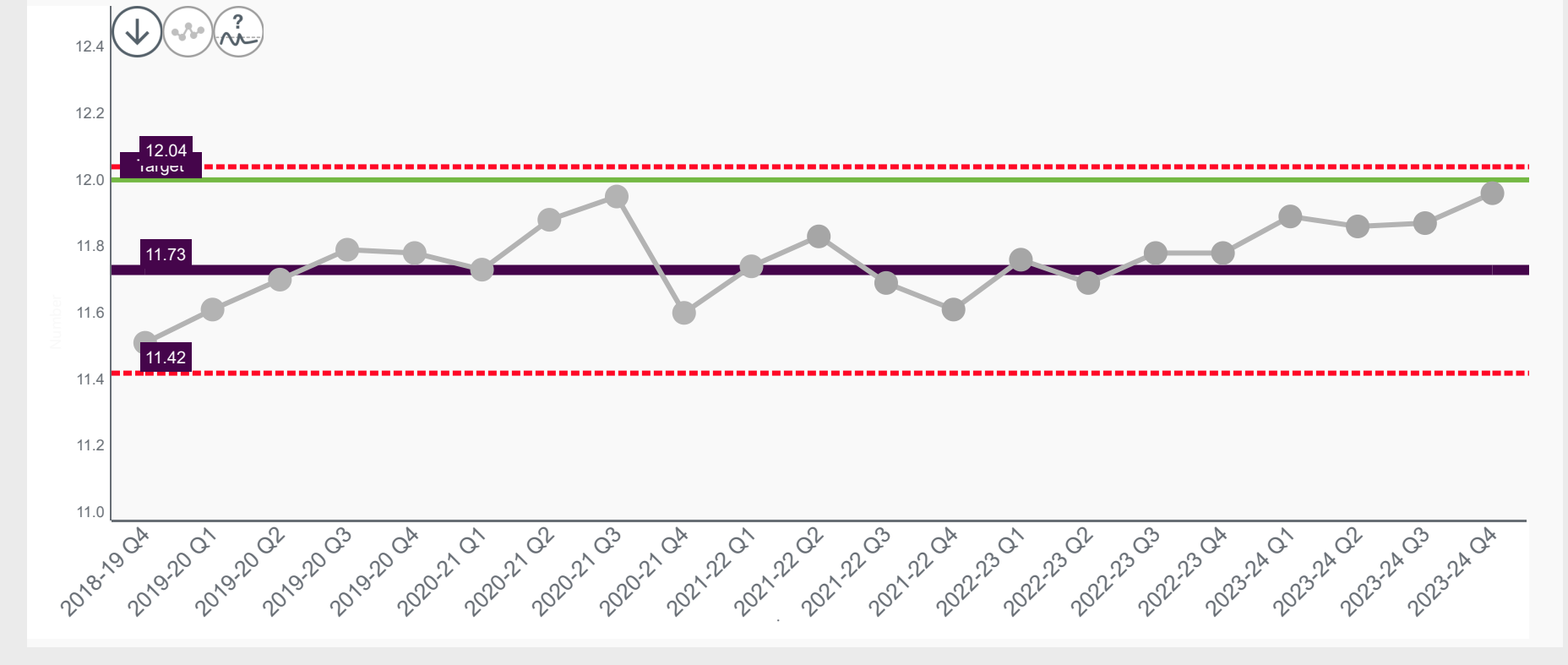


KPI 58 Average Age of Heavy Fleet

Target: 12 years and below

PURPOSE: The move towards reducing average age of heavy fleet.

OWNER: Head of Asset Management



SUMMARY

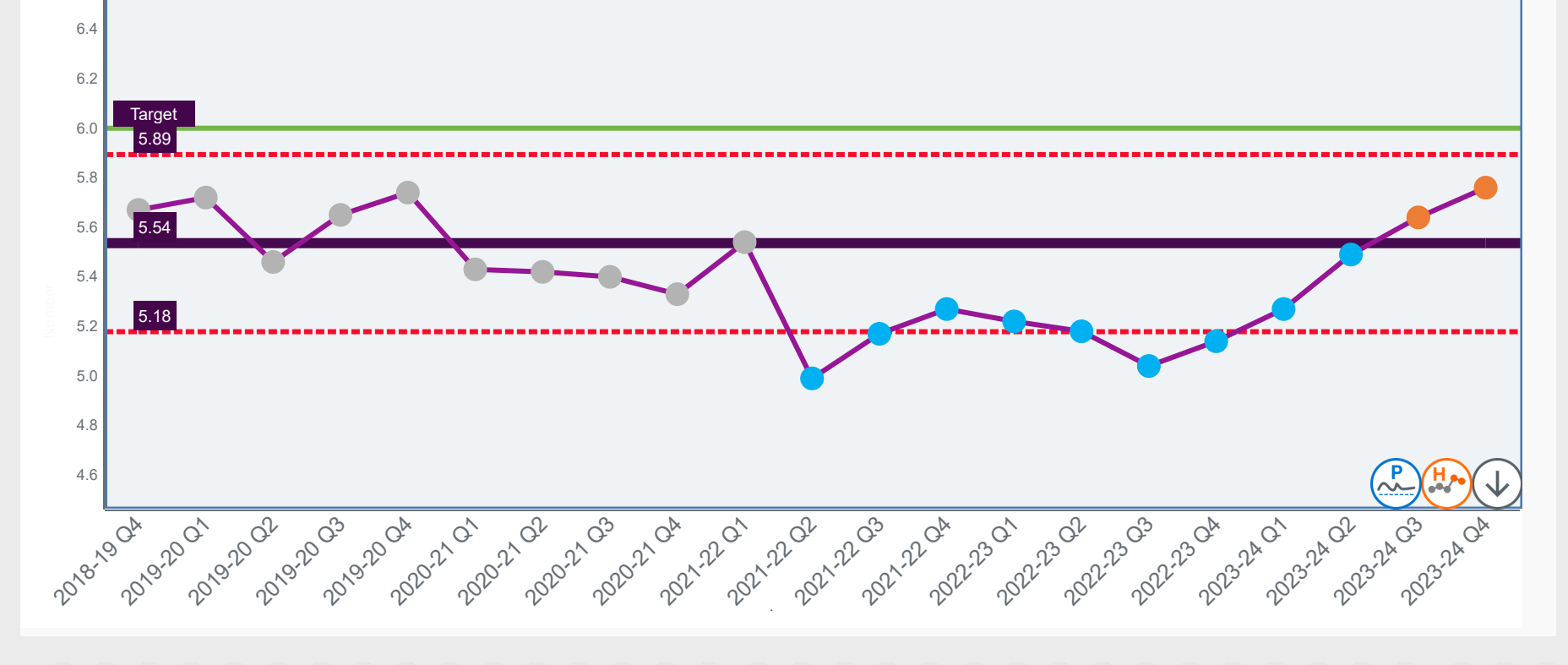
In the region of 40% of heavy fleet is overdue for replacement, Fleet has a 10 year capital investment requirement of £286m. Current annual allocation of £6.3m results in the Fleet Manager prioritising expenditure to maximise benefit. Supply chain issues

KPI 59 Average Age of Light Fleet

Target: 6 years and below

PURPOSE: The move towards reducing the average of light fleet

OWNER: Head of Asset Management



SUMMARY

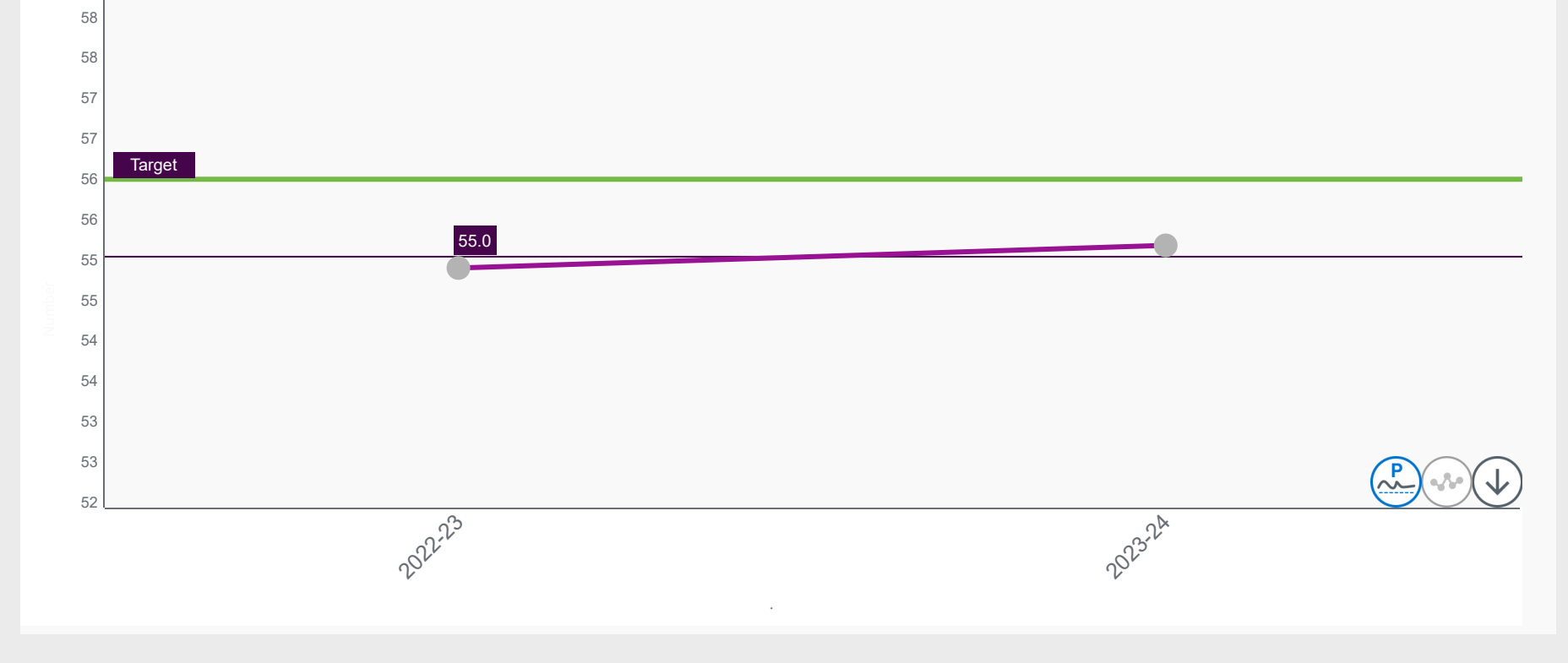
A light fleet review is currently underway. Automatic Vehicle Location (AVLS) data is being utilised to monitor vehicle usage, and highlight under used vehicles with the aim of reducing light fleet size and enable available funding to target highest priority expenditure

KPI 60a % Stations Good or Satisfactory Condition

Target: 1% increase against previous year

PURPOSE: The overall condition of the property estate

OWNER: Head of Asset Management



SUMMARY

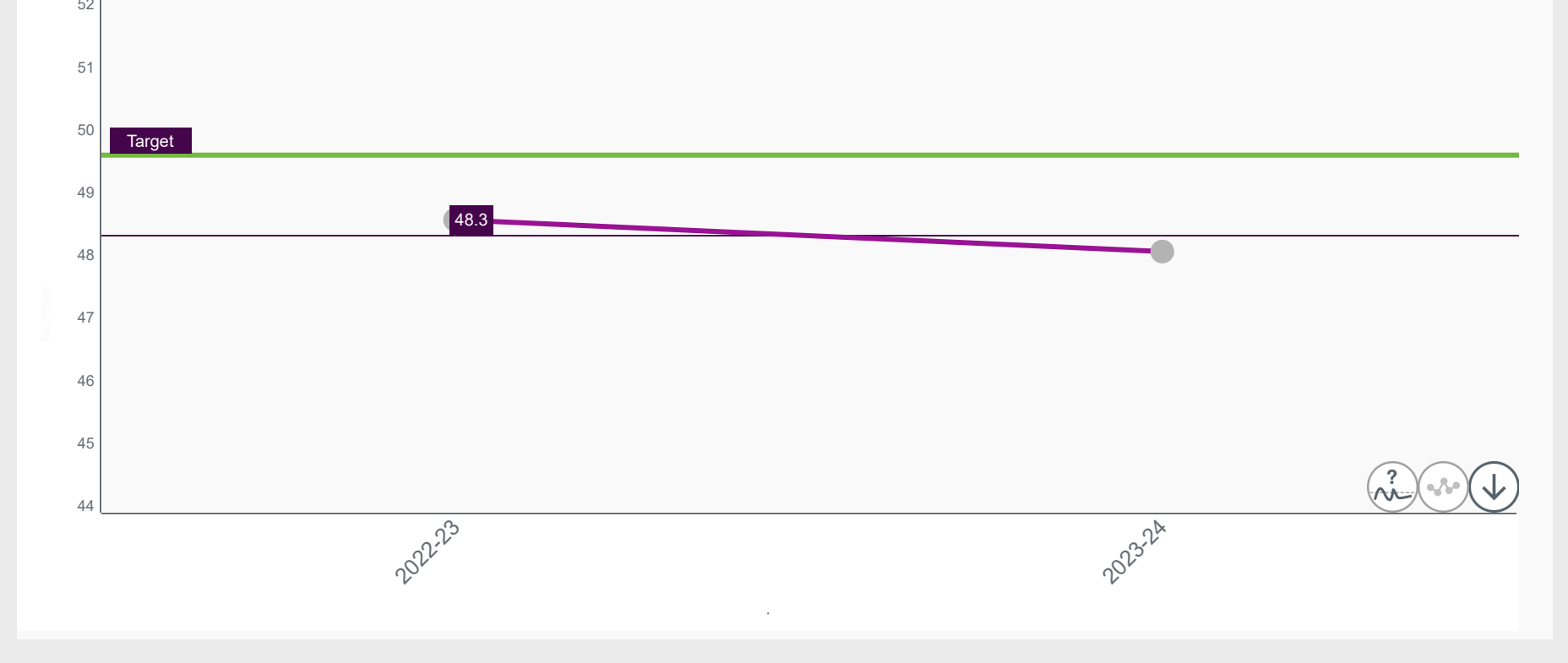
Stations with inadequate toilets and welfare facilities, and the need to enable contaminant control. The lack of facilities is a barrier to on-call recruitment and limiting the ability to increase diversity within on-call firefighters. A business case for additional funding has been prepared for SG.

KPI 60b % of Station Gross Internal Area Good or Satisfactory Condition

Target: 1% increase against previous year

PURPOSE: The overall condition of the property estate

OWNER: Head of Asset Management



SUMMARY

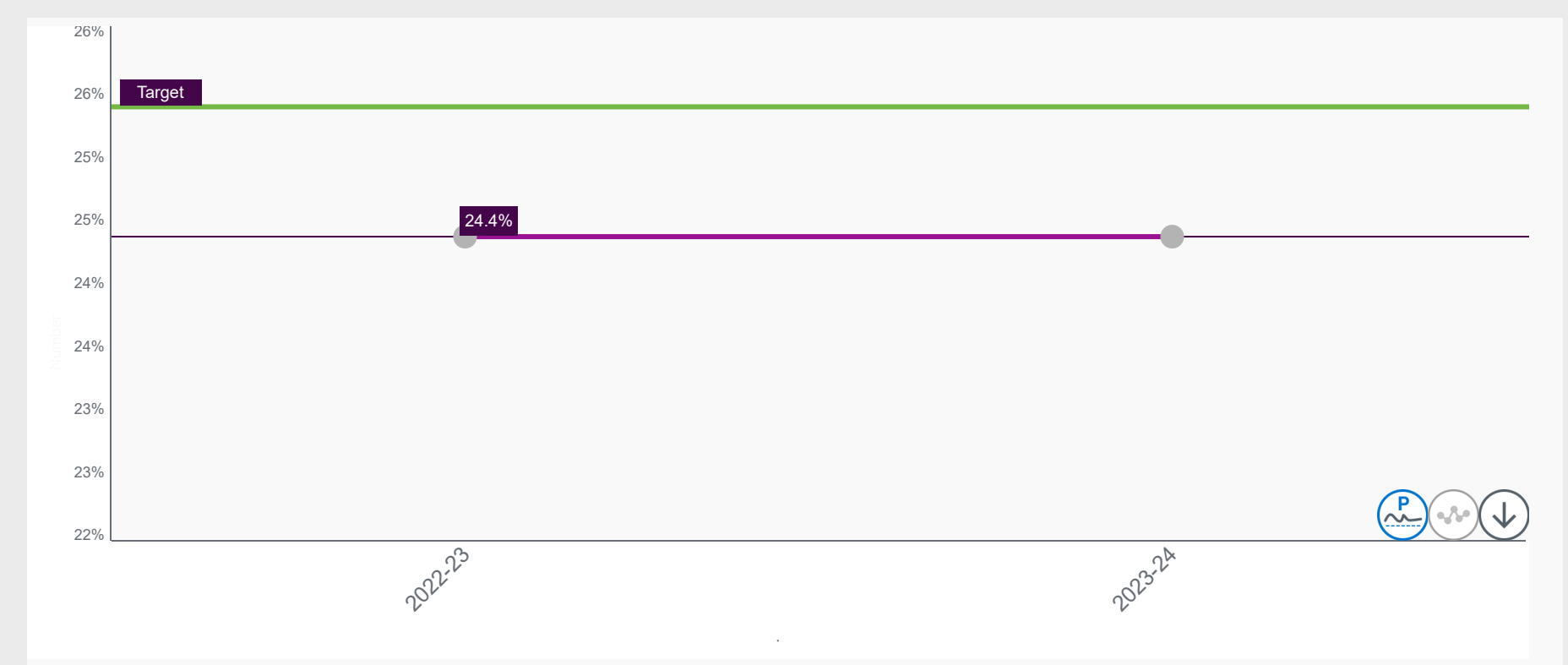
No Performance Statement Available

KPI 61 % Stations Good or Satisfactory Suitability

Target: 1% increase against previous year

PURPOSE: The overall suitability of the property estate

OWNER: Head of Asset Management



SUMMARY

Stations with inadequate toilets and welfare facilities, and the need to enable contaminant control. The lack of facilities is a barrier to on-call recruitment and limiting the ability to increase diversity within on-call firefighters. A business case for additional funding has been prepared for SG.

KPI 64 % Savings of Resource Budget

Target: 3.5% for 2023/34

PURPOSE: Unavailable

OWNER: Head of Finance & Procurement

This was not available for advance circulation, but will be included in the live report at the earliest opportunity.

SUMMARY

No Performance Statement Available

KPI 65 Budget Outturn

Target: Track

PURPOSE: Unavailable

OWNER: Head of Finance & Procurement

This was not available for advance circulation, but will be included in the live report at the earliest opportunity.

SUMMARY

No Performance Statement Available

Full guidance can be found on the [Power BI Users Yammer Community](#), along with details of available support.

How to navigate your way around this report:

You can use the navigational buttons on the left-hand/top of each page to return to the home page, go to the next page, return to the previous page, go to the Help page, or go to the About page.

How to interact with the report:

Power BI reports and dashboards are very interactive; this means you'll be able to interrogate the data yourself to look into certain periods or areas.

- Look out for the hint buttons on pages, which tell you how you can interact with the dashboard:



- You can view the details of data that make up a visualisation by **hovering over a chart/visual** (e.g. a point on a map or bar/line on a chart).
- You can change how a visual looks by sorting it, for example by numeric values or text data. To sort a visual, first select it and then click on the **More actions** (...) button on the visual, which will bring up the sorting options. Power BI reports retain the filters, slicers, sorting, and other data view changes that you make.
- You can use the filters on the report page to target specific areas or time periods etc. To select more than one option in a filter (for example more than 1 business area), **press and hold the Ctrl button on your keyboard** whilst you click on the filter selections.

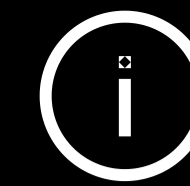
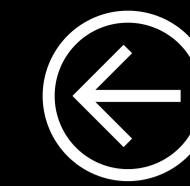
Interpreting statistics and trends:

For help with interpreting the statistics within this report, identifying potential trends, or to gain a deeper understanding of what the data means, please contact the Business Intelligence Team.

Usage:

This report uses **LIVE MANAGEMENT INFORMATION**. Only specific users can access the report, and you must not take screen shots of any of the pages.

For further help, please contact the Business Intelligence Team - bi@firescotland.gov.uk



Created by Business Intelligence

Any issues or questions with this report please contact

bi@firescotland.gov.uk

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:	25 JUNE 2024						
Report Title:	QUARTERLY UPDATE OF GIFTS, HOSPITALITY & INTERESTS REGISTER						
Report Classification:	For Scrutiny	SFRS Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
1	Purpose						
1.1	The purpose of this report is to provide the Audit and Risk Assurance Committee (ARAC) with the 2024/25 Q1 update on the Gifts, Hospitality and Interests Register.						
2	Background						
2.1	The SFRS Gifts, Hospitality and Interests policy establishes a formal and consistent approach in relation to the offer, refusal and acceptance of gifts and hospitality and ensures that conflicts of interest are identified and avoided where possible.						
2.2	The policy reflects the general underlying principle that SFRS will operate in an open and transparent manner and aims to ensure that the conduct of all staff is impartial, honest and beyond reproach at all times, ensuring that SFRS suffers no reputational damage.						
2.3	As part of the policy the Director of Finance and Contractual Services will publish a register of Gifts, Hospitality and Interests with a value in excess of £50 submitting a report on a quarterly basis to the Audit & Risk Assurance Committee (ARAC) and the Corporate Board (CB) for noting. The Risk & Audit Section will be responsible for managing any relevant information.						
3	Main Report/Detail						
3.1	The Gifts, Hospitality and Interests (GHI) register for 2024/25, up to 10 June 2024, identifies 4 entries, with further information identified within Appendix A to this report. Separately, a further 2 declarations, under the £50 threshold, were received but not published.						
3.2	Following the previous report to ARAC in March 2024 a further 2 entries were added to the 2023/24 Q4 register. These entries related to an offer of Hospitality and a declared Interest. The GHI register published on the website has been updated to include this information.						
3.3	Engagement in relation to gifts, hospitalities and interests has continued with meetings held with all Directorates Management Teams, LSO meetings and Functional meetings to communicate the requirements of the policy and examples of declarations that need to be made. The GHI policy was also updated with additional criteria which will identify areas for further evaluation or escalation.						

3.4	In relation to Appendix A one entry identifies the acceptance of hospitality in relation to the 2024 Euros.
3.4.1	Edinburgh is twinned with Munich and the Head of the Munich Fire Department forwarded an invitation, to the LSO of Edinburgh, for a delegation of 3 Edinburgh based officers to visit their Service in Germany on 12-16 June 2024 to promote better partnership arrangements.
3.4.2	The invitation includes formal engagement with their senior staff, attending a civic event, a review of preparations during the build-up to Euro 2024 and the opportunity to attend the opening ceremony of Euro 2024, Scotland v Germany. There is a requirement to wear uniform for the majority of the trip, as SFRS representatives, and further opportunities for partnership working with Munich likely in the future. Staff attending will fund their own travel costs.
4	Recommendation
4.1	The report is provided to the Audit and Risk Assurance Committee for scrutiny.
5	Key Strategic Implications
5.1	Risk
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	Financial
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	Environmental & Sustainability
5.3.1	Any implications arising from the report will be managed by the relevant Directorate.
5.4	Workforce
5.4.1	Any implications arising from the report will be managed by the relevant Directorate.
5.5	Health & Safety
5.5.1	Any implications arising from the report will be managed by the relevant Directorate.
5.6	Health & Wellbeing
5.6.1	Any implications arising from the report will be managed by the relevant Directorate.
5.7	Training
5.7.1	Any implications arising from the report will be managed by the relevant Directorate.
5.8	Timing
5.8.1	The report is provided to the Audit and Risk Assurance Committee on a quarterly basis as required.
5.9	Performance
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	Communications & Engagement
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 5.11.1	Legal Any implications arising from the report will be managed by the relevant Directorate.	
5.12 5.12.1	Information Governance DPIA completed – Yes, in relation to the Gifts, Hospitality and Interests Policy.	
5.13 5.13.1	Equalities EHRIA completed – Yes, in relation to the Gifts, Hospitality and Interests Policy.	
5.14 5.14.1	Service Delivery Any implications arising from the report will be managed by the relevant Directorate.	
6	Core Brief	
6.1	Not applicable	
7	Assurance (SFRS Board/Committee Meetings ONLY)	
7.1	Director:	Sarah O'Donnell, Director of Finance and Contractual Services
7.2	Level of Assurance:	Substantial /Reasonable/Limited/Insufficient
7.3	Rationale:	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. Additional engagement undertaken throughout the Service is resulting in additional awareness within Directorate and queries being received indicating an improving position. The LCMS module is available for all staff to access, and new personnel are directed to do it.
8	Appendices/Further Reading	
8.1	Appendix A – Gifts Hospitality and Interests Register Q1 2024-25	
Prepared by:	Hazel Buttery, Fraud, Risk & Compliance Officer	
Sponsored by:	Sarah O'Donnell, Director of Finance and Contractual Services	
Presented by:	David Johnston, Risk and Audit Manager	
Links to Strategy and Corporate Values		
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:		
Outcome 5: We are a progressive organisation, use our resources responsibly and provide best value for money to the public.		
<ul style="list-style-type: none"> • Objective 5.1: Remaining open and transparent in how we make decisions. • Objective 5.6: Managing major change projects and organisational risks effectively and efficiently. 		
Governance Route for Report	Meeting Date	Report Classification/ Comments
<i>Audit and Risk Assurance Committee</i>	<i>25 June 2024</i>	<i>For Scrutiny</i>

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/30-24

Agenda Item: 14.1

Report to:		AUDIT AND RISK ASSURANCE COMMITTEE						
Meeting Date:		25 JUNE 2024						
Report Title:		RISK UPDATE REPORT (INFORMATION AS AT MAY 2024)						
Report Classification:		For Scrutiny					<p style="text-align: center;">SFRS Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u></p>	
1		Purpose						
1.1		The purpose of this report is to provide the Audit and Risk Assurance Committee with an overview of the current risks highlighted by Directorates.						
2		Background						
2.1		The purpose of the risk register is to inform decision making through Scrutiny and Assurance processes, providing additional awareness of the risks we face, and the actions required to minimise these risks.						
2.2		The Audit and Risk Assurance Committee (ARAC) is responsible for advising the Board and the Accountable Officer on the adequacy and effectiveness of the Service's arrangements for risk management and has oversight of the Strategic Risk Register.						
2.3		The Strategic Leadership Teams (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.						
3		Main Report/Detail						
3.1		Risk Overview						
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 SLT all Directorate risks will be aligned to the Strategic Plan with only those risks rated 15 or above to be included within reporting templates. This will allow scrutiny to be focused on the most significant risks impacting upon Directorates and consideration of related control actions.						
3.1.3		The table below identifies the alignment between the 2022-25 Strategic Outcomes and the current Directorate Risks with each risk aligned to a single outcome:						

Strategic Outcomes		Directorate Risks				Total
		VH	H	M	L	
Outcome 1	Community safety and wellbeing improves as we deploy targeted initiatives to prevent emergencies and harm.	1	1	1		3
Outcome 2	Communities are safer and more resilient as we respond effectively to changing risks.	4	3	2		9
Outcome 3	We value and demonstrate innovation across all areas of our work.			1		1
Outcome 4	We respond to the impacts of climate change in Scotland and reduce our carbon emissions.		1			1
Outcome 5	We are a progressive organisation, use our resources responsibly and provide best value for money to the public	2	6	4		12
Outcome 6	The experience of those who work for SFRS improves as we are the best employer we can be.	1	4	2		7
Outcome 7	Community safety and wellbeing improves as we work effectively with our partners			1		1
		8	15	11		34

3.1.4

Risk Registers have also been updated to reflect common themes. Initial work has identified themes from within the Key Strategic Implications section from corporate reports and the table below provides an alignment between these themes and identified risk.

Themes	Directorate Risks				Total
	VH	H	M	L	
Communication and Engagement		1	1		2
Environmental and Sustainability		1			1
Financial	1	2			3
Health and Safety		1			1
Health and Wellbeing			1		1
Information Governance		1			1
Legal		2	2		4
Performance	1	1	1		3
Service Delivery	2		3		5
Training	1	1			2
Workforce	3	5	3		11
		8	15	11	34

3.1.5

The development of relevant themes will be informed by work being undertaken in relation to risk appetite (RA). Once the RA framework is developed a review will be undertaken of themes used and alignments revised.

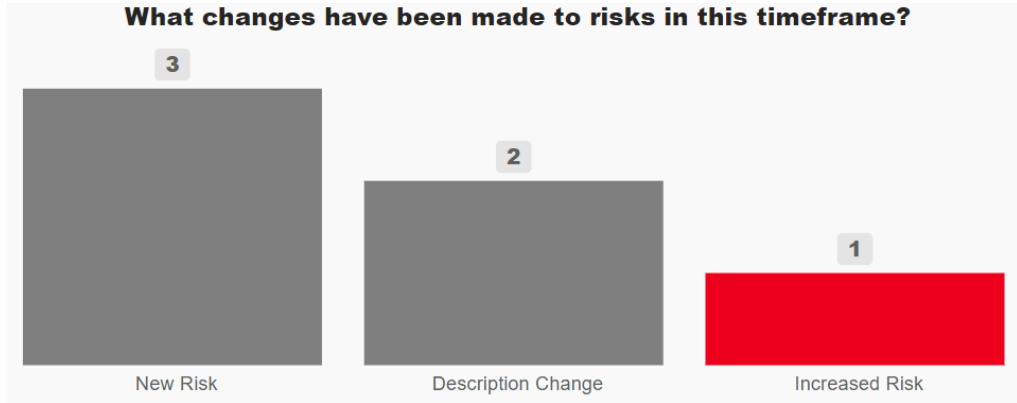
3.1.6

In relation to the current period Directorates reviewed their registers identifying 34 Directorate risks, aligned to all Committee's and Executive Boards, 8 of which are assessed at 15 or above and coloured red within the table.

What is the current status of each risk?						
		Impact				
		1	2	3	4	5
Probability	1					
	2			2	4	
	3		1	4	11	1
	4			4	4	1
	5				2	

3.1.7 Appendix A to the report provides information on the 8 risks rated 15 or above. The information is also available through the risk dashboard and a copy of the link is attached for information - [Risk Dashboard](#).

3.1.8 Following review in May 2025 the following changes have been made to risks over the last quarter. The changes incorporate the realignment of risk to new Executive Boards and the changes made to the corporate structure:



3.1.9 Information on new risks added to the register is outlined below:

Risk ID	Risk Name	Changes Made
FSC018	Recruitment and Retention	There is a risk of continued challenges with recruiting and retaining staff with the necessary skills and experience required to support the move to a Cloud based environment as well as the availability of budget to upskill existing staff with the skills required.
PPP01	Trained, Skilled and Motivated Staff	There is a risk of ineffective levels of capacity and skilled resource due to challenges with recruitment, promotion, staff retention and training, resulting in the potential that the Directorate may not be able to deliver against its legislative and organisational responsibilities.
FCS019	Critical Service and System Failure	There is a risk that many of our critical services and systems, which support Operations Control team functions, could fail and be unrecoverable. This is because of the age of both the hardware and software elements involved, much of which is substantially beyond end of life.

3.1.10 One risk has been increased for Training, Safety and Assurance in relation to Training Facilities:

- There is a Directorate risk of an inability to maintain or improve our training delivery due to the limited finance/budget available for capital investment, condition and location of our Training Estate and therefore lack of access to appropriate facilities, which could result in current and future negative impact on currency in operational skills and capacity and associated legal, regulatory, compliance, financial and reputational cost. The increase relates to recent updates within the CA, highlighting continued fleet challenges within the training function. The probability was increased from 4 to 5.

3.2

Control Actions

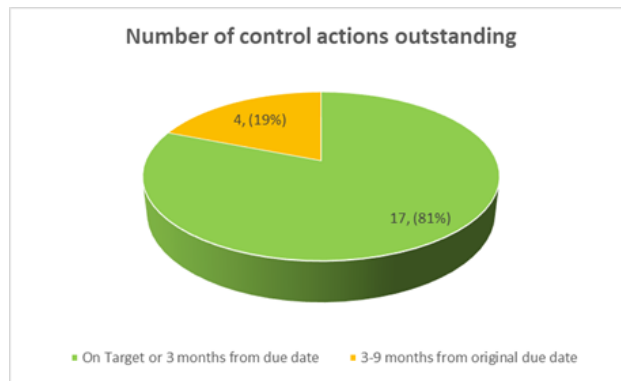
3.2.1

Without immediate action being taken on progressing identified controls, risks are likely to remain static. Discussions with Directorates will focus on identifying actions required within the current financial year with a RAG status incorporated within reports, aligned to the agreed process for Internal Audit, to identify progress made. This will focus scrutiny on priority areas, allowing responsible officers to provide assurance updates.

Green	On target or within 3 months of original due date
Amber	3-9 months delay from original due date
Red	Delay of over 9 months from original due date

3.2.2

In relation to risks rated 15 or above, Appendix A identifies the 4 control actions now 3 to 9 months past their original due date, with new completion dates identified. There are no actions currently 9 months past their original due date:



3.2.3

The table below identifies these 4 control areas. Discussions will be held with Directorates to ensure these control actions are completed as soon as is reasonable.

Risk ID	Control Action	Control Action Comment
POD015	Ensure regular participation in process planning, and ongoing dialogue is in place with Scottish Public Pensions Agency and Finance colleagues	Project Plan for implementation of 2nd Option exercise now in final stage of development. Plan for implementation of Booth Bradshaw under development. Delay in development of project plan for McCloud Sargant due to bugs in SPPA software package developed to carry out Remedy Calculations. Need for SFRS to identify Admin resources necessary to issue remedy letters and receive and collate responses.
SD001	Procurement and implementation of Vision 5 Disaster Recovery System (for EOC and DOC)	Training of DOC personnel in the Vision 5 DR system now complete. Some minor configuration amendments required. End user tests commencing 04/03/24. Service transition paper due to be signed off for DOC once testing is complete. Due to complexities of data transfer for EOC, Ops FMT have agreed the minimum requirements to be added to the system. Work is currently progressing and training for EOC personnel will follow.
SD001	Procurement and implementation of DS3000 ICCS (for DOC and JOC)	DS3000 - install of hardware commenced at DOC and JOC, not complete due to insufficient hardware delivered. Meeting weekly with SFRS PM, SFRS await a specification of DS3000, Training material and a final timeline. New PM has been appointed at Suppliers end. Meeting with ICT to confirm the functionality differences and to confirm ownership of these works.
SD001	Support the design, procurement, delivery and implementation of the New Mobilising System (NMS) - Phase 1	Work continuing in relation to the pathway for procurement. Feedback received from suppliers to allow progress to be made

3.3	Risk Appetite																																													
3.3.1	Following discussions with the Audit and Risk Assurance Committee and SLT a report on risk appetite was discussed by SLT at their meeting of 15 May 2024. The report recommended a staged approach to the development of risk appetite within the Service, building knowledge and embedding the process within the established risk management framework.																																													
3.3.2	To inform the SFRS process a review was undertaken of other organisations approach to risk appetite, including meetings with Scottish Government and reviewing information on work undertaken by NFCC.																																													
3.3.3	Our appetite for risk will vary depending upon the category of risk being considered and the use of an agreed set of risk categories will provide a consistent basis from which to develop category specific appetite statements. In reviewing categories for Scottish Government and the NFCC (Board of Trustees), against those currently used by SFRS, there were a number of variations:																																													
<table border="1"> <thead> <tr> <th>SFRS</th> <th>Scot' Gov'</th> <th>NFCC</th> </tr> </thead> <tbody> <tr> <td>Categories used to identify risk rating</td> <td>Commercial</td> <td></td> </tr> <tr> <td></td> <td>Financial</td> <td></td> </tr> <tr> <td></td> <td>Governance</td> <td></td> </tr> <tr> <td></td> <td>Information</td> <td>Reputation</td> </tr> <tr> <td>Political</td> <td>Legal</td> <td>Financial</td> </tr> <tr> <td>Operational</td> <td>Operational</td> <td>Governance and management</td> </tr> <tr> <td>Financial</td> <td>People</td> <td>Compliance</td> </tr> <tr> <td>Legal/Regulatory</td> <td>Property</td> <td>Environmental and external</td> </tr> <tr> <td>Stakeholder Confidence/Reputational</td> <td>Reputational</td> <td>Technology</td> </tr> <tr> <td></td> <td>Security</td> <td>People</td> </tr> <tr> <td></td> <td>Stakeholder relationships</td> <td>Operational</td> </tr> <tr> <td></td> <td>Technology</td> <td></td> </tr> <tr> <td></td> <td>Project/Programme</td> <td></td> </tr> <tr> <td></td> <td>Strategic</td> <td></td> </tr> </tbody> </table>		SFRS	Scot' Gov'	NFCC	Categories used to identify risk rating	Commercial			Financial			Governance			Information	Reputation	Political	Legal	Financial	Operational	Operational	Governance and management	Financial	People	Compliance	Legal/Regulatory	Property	Environmental and external	Stakeholder Confidence/Reputational	Reputational	Technology		Security	People		Stakeholder relationships	Operational		Technology			Project/Programme			Strategic	
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	Technology																																													
	Project/Programme																																													
	Strategic																																													
3.3.4	Discussions were held with the Chief and the Director of Finance and Contractual Services and a revised list of risk categories was identified for use in developing risk appetite statements for SFRS:																																													
<table border="1"> <thead> <tr> <th colspan="2">Risk Categories</th> </tr> </thead> <tbody> <tr> <td>Political</td> <td>People</td> </tr> <tr> <td>Operational</td> <td>Security</td> </tr> <tr> <td>Stakeholder Relationships</td> <td>Environmental</td> </tr> <tr> <td>Financial</td> <td>Compliance</td> </tr> </tbody> </table>		Risk Categories		Political	People	Operational	Security	Stakeholder Relationships	Environmental	Financial	Compliance																																			
Risk Categories																																														
Political	People																																													
Operational	Security																																													
Stakeholder Relationships	Environmental																																													
Financial	Compliance																																													
3.3.5	Following discussion, SLT agreed to develop statements based upon these 8 categories, with a responsible Director identified for each. Appendix B, Table 1, provides a draft description for each risk category and Appendix B, Table 2, outlines a draft example statement completed for Financial risk. Responsible officers were asked to revise the draft descriptions and, aligned to Table 2, develop specific appetite statements for discussions at an SLT workshop in July. Further revision of Table 2 was requested by SLT which will be undertaken and discussed at the July workshop.																																													
3.3.6	These initial pieces of work will provide a list of agreed risk categories to measure our appetite against and draft risk appetite statements for each category. Each statement would then be assigned a risk appetite level.																																													

3.3.7	Following SLT discussion/agreement of risk appetite statements, it was proposed that the Chief and Director of Finance and Contractual Services meet with the Chair of ARAC to outline the approach taken and information developed. Following this a report would then be submitted to ARAC and the Board for discussion.
4	Recommendation
4.1	The Audit and Risk Assurance Committee is asked to scrutinise the information presented within the report.
5	Key Strategic Implications
5.1	Risk
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	Financial
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	Environmental & Sustainability
5.3.1	Any implications arising from the report will be managed by the relevant Directorate.
5.4	Workforce
5.4.1	Any implications arising from the report will be managed by the relevant Directorate.
5.5	Health & Safety
5.5.1	Any implications arising from the report will be managed by the relevant Directorate.
5.6	Health & Wellbeing
5.6.1	Any implications arising from the report will be managed by the relevant Directorate.
5.7	Training
5.7.1	Any implications arising from the report will be managed by the relevant Directorate.
5.8	Timing
5.8.1	The report is provided to the Audit and Risk Assurance Committee on a quarterly basis.
5.9	Performance
5.9.1	The risk report is used to ensure risks are identified and suitably managed by relevant Directorates.
5.10	Communications & Engagement
5.10.1	Any implications arising from the report will be managed by the relevant Directorate.
5.11	Legal
5.11.1	Any implications arising from the report will be managed by the relevant Directorate.
5.12	Information Governance
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	Equalities
5.13.1	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	Service Delivery Any implications arising from the report will be managed by the relevant Directorate.	
6	Core Brief	
6.1	Not applicable	
7	Assurance (SFRS Board/Committee Meetings ONLY)	
7.1	Director:	Sarah O'Donnell, Director of Finance and Contractual Services
7.2	Level of Assurance: (Mark as appropriate)	Substantial / Reasonable / Limited / Insufficient : There is room for improvement in the identification of the right risks, controls and the completion of mitigating actions within identified timescales.
7.2	Rationale:	The report is based upon risk information identified by each Directorate and I have confidence that the information is correctly reported based upon these returns.
8	Appendices/Further Reading	
8.1	Appendix A – Significant Risks – June 2024	
8.2	Appendix B – Risk Appetite Categories and Statement	
Prepared by:		David Johnston, Risk and Audit Manager
Sponsored by:		Sarah O'Donnell, Director of Finance and Contractual Services
Presented by:		Lynne McGeough, Head of Finance and Procurement
Links to Strategy and Corporate Values		
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:		
Outcome 5: We are a progressive organisation, use our resources responsibly and provide best value for money to the public.		
<ul style="list-style-type: none"> Objective 5.1: Remaining open and transparent in how we make decisions. Objective 5.6: Managing major change projects and organisational risks effectively and efficiently. 		
Governance Route for Report	Meeting Date	Report Classification/ Comments
<i>Audit and Risk Assurance Committee</i>	<i>25 June 2024</i>	<i>For Scrutiny</i>

**Appendix A – Significant Risks and Related Control Actions
(Risks rated 15 or above)**

Risk ID	Strategic Outcome	Risk Description	Governance Alignment	SLT Risk Owner	Risk Rating	Target	Previous Risk Rating
FCS018	6	There is a risk of continued challenges with recruiting and retaining staff with the necessary skills and experience required to support the move to a Cloud based environment as well as the availability of budget to upskill existing staff with the skills required. This is because of a very buoyant ICT job market, pay grade challenges and the availability of budget to provide the necessary training. This can result in the inability to support our current systems and deliver innovation that new systems would bring.	PC (CB)	Director of Finance and Contractual Services	20	8	20
Controls Actions		Original Due Date	Est' Completion Date	Owner	Comment		Action Status
Implement ICT Restructure		31/12/2024	31/03/2024	Head of ICT	Staff engagements sessions held, job evaluation to be finalised and the final implementation of new ICT structure		On Target or 3 months from due date
Review current Market Allowance and propose new allowances for new roles		31/12/2024	31/03/2024	Head of ICT	Discussions are ongoing with exercise to be completed by end of December 2024		On Target or 3 months from due date

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Risk ID	Strategic Outcome	Risk Description	Committee Alignment	SLT Risk Owner	Risk Rating	Target	Previous Risk Rating	
POD015	2	There is a risk that the People and Finance teams are unable to effectively support the significant number of concurrent Pensions related exercises and associated implementations due to competing priorities and capacity constraints, and not receiving timely information and engagement from the Scottish Public Pensions Agency resulting in lack of clarity and discontent for employees, and potential legal challenge and / or employee relations issues resulting in delays, employee discontent , uncertainty over procedures and entitlements, and financial disadvantage.	PC (CB)	Director of People	16	4	16	
Controls Actions		Original Due Date	Est' Completion Date	Owner	Comment			Action Status
Continue to monitor the resource requirements related to each Pensions exercise and capacity within the People and Finance teams to support this as a result of reprioritising work activities or the need for business case for additional resource if appropriate.		31/03/2025	31/03/2025	Deputy Head of People	SLT approved a dedicated part-time resource to support this work for a 1 year period. This commences in June 2024. Admin resource requirements being assessed and consideration being given to how these can be met by Director of People.			On Target or 3 months from due date
Engage with Scottish Public Pensions Agency and stakeholders to develop appropriate employee communications on each Pension related exercise to ensure current and former employees are updated on the potential impacts and implementation arrangements timeously.		31/03/2025	31/03/2025	Deputy Head of People	The detailed project plans which are being developed will set out timescales/responsibilities for comms on each workstream and monthly meetings are in place to discuss comms on an ongoing basis. SPPA and SFRS have agreed a joint Communication Strategy to inform pension scheme members of implementation plans. Regular meetings with Trade Unions also taking place.			On Target or 3 months from due date
Ensure regular participation in process planning, and ongoing dialogue with the Scottish Public Pensions Agency and Finance colleagues through a number of forums. Provide regular progress updates to SFRS management teams and stakeholders to ensure appropriate oversight and escalation of potential challenges should these arise.		31/12/2023	31/03/2025	Deputy Head of People	Project Plan for implementation of 2nd Option exercise now in final stage of development. Plan for implementation of Booth Bradshaw under development. Delay in development of project plan for McCloud Sargant due to bugs in SPPA software package developed to carry out Remedy Calculations. Need for SFRS to identify Admin resources necessary to issue remedy letters and receive and collate responses.			3-9 months from original due date

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Risk ID	Strategic Outcome	Risk Description			Committee Alignment	SLT Risk Owner	Risk Rating	Target	Previous Risk Rating
TSA019	2	There is a Directorate risk, of an inability to maintain or improve our training delivery due to the limited finance/budget available for capital investment, condition and location of our Training Estate and therefore lack of access to appropriate facilities, which could result in current and future negative impact on currency in operational skills & capacity and associated legal, regulatory, compliance, financial and reputational cost.			PC (TSAB)	Director of Training, Safety and Assurance	20	8	16
Controls Actions		Original Due Date	Est' Completion Date	Owner	Comment				Action Status
Implementation of the recommendations from the draft contaminants POG with a timeline of Immediate, Medium and Long-term actions.		31/03/2025	31/03/2025	Head of Training	Discussions ongoing regarding removing Training from the SOP and a SSOW incorporated into the Training H&S Handbook.				On Target or 3 months from due date
Review the suitability of Dundee Airport site (course delivery and welfare facilities).		01/04/2024	30/06/2024	Head of Training	This collaborative work by HIAL and SFRS is now complete, and a welfare protocol is in place that allows SFRS Instructional personnel access to Dundee Airport FS shower / welfare facilities. SC / GC Perth TC continue to work with Instructional team and local SFRS Property Manager to find low cost, practical solutions within this site (dignified changing and wash hand basins / sinks etc)				On Target or 3 months from due date
Engagement with Asset Management and Fleet, Equipment & Workshop FEW regarding facilities and equipment.		31/03/2024	30/06/2024	Head of Training	Short term WG has been established to highlight possible course cancellations due to fleet / equipment shortages.				On Target or 3 months from due date
Scope out options to utilise temporary structures to increase venue capacity / improve welfare facilities.		31/03/2024	31/03/2025	Head of Training	Portlethen Management team working with Assets to attempt to utilise unused shower unit located at Hamilton to remedy Welfare / Shower shortages at Portlethen site. This work is progressing with Strategic support.				On Target or 3 months from due date
Analysis of USAR specialist skill delivery, including an options appraisal to identify short, medium and long term options to enhance capacity to optimise training delivery.		30/06/2024	30/06/2024	Head of Training	Business Case / Report (Collapsed Structure Simulator - CSS) was presented at FMT (February) for "progression". Paper and specifications have been submitted to Alex Laing (National Property Manager). Property have provided indicative costings for the 3 submitted specifications and this paper was progressed through DMT (March). Further meeting with Project Property Manager on the 24th April to progress tendering process for identified site.				On Target or 3 months from due date

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Risk ID	Strategic Outcome	Risk Description	Committee Alignment	SLT Risk Owner	Risk Rating	Target	Previous Risk Rating
SD001	2	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 (SDB)	Director of Operational Delivery	15	10	15
Controls Actions		Original Due Date	Est' Completion Date	Owner	Comment		Action Status
Procurement and implementation of Vision 5 Disaster Recovery System (for EOC and DOC)		31/12/2023	31/12/2024	Head of Function	Training of DOC personnel in the Vision 5 DR system now complete. Some minor configuration amendments required. End user tests commencing 04/03/24. Service transition paper due to be signed off for DOC once testing is complete. Due to complexities of data transfer for EOC, Ops FMT have agreed the minimum requirements to be added to the system. Work is currently progressing and training for EOC personnel will follow.		3-9 months from original due date
Procurement and implementation of DS300 ICCS (for DOC and JOC)		31/03/2023	30/11/2024	Head of Function	DS3000 - install of hardware commenced at DOC and JOC, not complete due to insufficient hardware delivered. Meeting weekly with SFRS PM, SFRS await a specification of DS3000, Training material and a final timeline. New PM has been appointed at Suppliers end. Meeting with ICT to confirm the functionality differences and to confirm ownership of these works.		3-9 months from original due date
Support the design, procurement, delivery and implementation of the New Mobilising System (NMS) - Phase 1		31/12/2023	31/12/2024	Head of Function	Work continuing on reviewing pathway for procurement. Feedback received from suppliers to allow progress to be made		3-9 months from original due date

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Risk ID	Strategic Outcome	Risk Description			Committee Alignment	SLT Risk Owner	Risk Rating	Target	Previous Risk Rating
SDD007	5	There is a risk of SFRS being unable to maintain adequate levels of Cyber Security to avoid any breach. This may result because of a lack of staff awareness, education and adherence to the policies and processes in place. This may result in the failure of access to or stability of systems, affecting SFRS activity			ARAC (CB)	Director of Finance and Contractual Services	20	12	20
Controls Actions		Original Due Date	Est' Completion Date	Owner	Comment			Action Status	
Staff Engagement and Education (Cybsafe Training)		31/03/2025	31/03/2025	Head of ICT	Monitoring reports being sent to Functions will 1100 staff still to complete			On Target or 3 months from due date	
Complete Desktop Cyber Security Exercise (i.e. Phishing Exercise)		31/03/2025	31/03/2025	Acting Head of ICT	Planning arrangements being made for 2 exercises to be undertaken during 2024/25			On Target or 3 months from due date	

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Risk ID	Strategic Outcome	Risk Description	Committee Alignment	SLT Risk Owner	Risk Rating	Target	Previous Risk Rating
FCS005	5	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 (CB)	Director of Finance and Contractual Services	16	8	16
Controls Actions		Original Due Date	Est' Completion Date	Owner	Comment		Action Status
Implementation of medium term financial plan		31/03/2025	31/03/2025	Head of Finance and Procurement	Discussions are being held with SLT and Members.		On Target or 3 months from due date
Support Business Case process in relation to Community Resilience Hub Business Case		31/03/2025	31/03/2025	Head of Finance and Procurement	Ongoing discussions regarding business case being held with Asset Management		On Target or 3 months from due date

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Risk ID	Strategic Outcome	Risk Description			Committee Alignment	SLT Risk Owner	Risk Rating	Target	Previous Risk Rating
FCS019	2	There is a risk that many of our critical services and systems, which support Operations Control team functions, could fail and be unrecoverable. This is because of the age of both the hardware and software elements involved, much of which is substantially beyond end of life. Vendor or SME support contracts are largely on a best endeavours basis resulting in, for example, the potential of Operations Control being unable to mobilise resources to an incident			SDC (SDB)	Director of Finance and Contractual Services	16	12	16
Controls Actions		Original Due Date	Est' Completion Date	Owner	Comment			Action Status	
Ensure key support contracts are managed in line with contract management arrangements		31/03/2025	31/03/2025	Head of ICT	Engagement with staff to ensure awareness of contract management requirements.			On Target or 3 months from due date	
Proactive support and maintenance of systems by ICT staff		31/03/2025	31/03/2025	Head of ICT	Ongoing software and security patching to systems being undertaken.			On Target or 3 months from due date	

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Risk ID	Strategic Outcome	Risk Description			Committee Alignment	SLT Risk Owner	Risk Rating	Target	Previous Risk Rating
PPP001	1	There is a risk of ineffective levels of capacity and skilled resource due to challenges with recruitment, promotion, staff retention and training, resulting in the potential that the Directorate may not be able to deliver against its legislative and organisational responsibilities.			SDC (SDB)	Director of Prevention, Protection and Preparedness	16	4	16
Controls Actions		Original Due Date	Est' Completion Date	Owner	Comment			Action Status	
Create bespoke development pathway suitable of PPP to attract and retain personnel.		31/03/2025	31/03/2025	Heads of Function	Discussions with People Directorate and Trade Unions is required which will include interim options for Fire-Engineering through sub-contracting			On Target or 3 months from due date	
Implement temporary support for East SDA FI team, utilising North and West Teams for an 18 month period		01/10/2025	01/10/2025	Heads of Function	During the 18 month period there will be a rigorous training program for new members of staff. Regular evaluations, knowledge transfer sessions, and effective communication and engagement will be established to ensure training is coordinated and staff progress is tracked			On Target or 3 months from due date	

Appendix B – Risk Appetite Categories and Statements

Table 1 - Revised Risk Categories – draft descriptions

Risk Category	Category Description
Political	Risks stemming from external factors beyond the organisation's control. This includes changes in both local and national political landscapes, risks arising from unclear plans, priorities, authorities and accountabilities, and/or ineffective or disproportionate oversight of decision-making and/or performance.
Operational	Risk arising from not ensuring that suitable operational assurance processes are in place, failing to review performance following incident to learn lessons and not delivering a safe, effective and efficient operational response.
Financial	Risks arising from not managing finances in accordance with requirements and financial constraints, ensuring long terms financial sustainability, failure to manage assets/liabilities or to obtain value for money from the resources deployed, and/or non-compliant financial reporting, weaknesses in supply chains and contractual requirements, resulting in poor performance, fraud, failure to meet business requirements/objectives and failure to demonstrate the effectiveness of internal controls.
Stakeholder Relationships	Risks arising from ineffective relationships with internal and/or external stakeholders, conflicting stakeholder requirements, poor communications, lack of engagement and/or support, ineffective collaboration, management of interdependencies.
People	Risks arising from ineffective leadership and engagement, poor culture, inappropriate behaviours, the unavailability of sufficient capacity and capability, industrial action and/or non-compliance with relevant employment legislation/HR policies resulting in negative impact on performance.
Security	Risks arising from a failure to prevent unauthorised and/or inappropriate access to the estate and information, including cyber security, risks associated with the use, adoption or reliance upon technology and non-compliance with General Data Protection Regulation requirements.
Compliance	Risks stemming from legislation, regulations, or industry standards. Internally, it would relate to compliance with policies and procedures, our systems of control and assurance framework. In relation to external influences this would include legal liabilities, penalties and reputational damage due to non-compliance with applicable laws and regulations, potentially arising from a failure of internal controls.
Environmental	Risks arising from a failure to reduce our CO2 emissions; for example, not preparing communities for climate change, reducing and optimising energy consumption, engaging and raising awareness within the workforce of environmental impacts or not incorporating energy efficiency within design planning.

Table 2 - Draft Risk Appetite Statement for Financial

Category	Risk Appetite Statement	Definitions	Control Activity	Risk Appetite
Summary Descriptions	<p>These should be high-level statements that help guide behaviours. A risk statement can help teams take an appropriate level of risk and should focus on the key areas for consideration, drawing out the reasons why a particular risk appetite level is appropriate and highlighting any nuances. (this element will be added when a RA level is identified)</p>	<p>Definitions allow you to expand on your statement and to clarify meaning for use of the appetite during day-to-day activity. Definitions can help guide and advise staff on what is expected of them as part of how they operate. For example, you may wish to highlight actions that people should avoid, where they might take less risk or where they can take more risk.</p>	<p>Risk and performance indicators can be used to benchmark appetite against the agreed levels and definitions as well as the overall statements. The measures may be drawn from available data and systems such as financial information, people information etc. All forms of measurement need to be appropriate to the relevant environment and where possible define the appetite level in the form of an indicator or trend.</p>	
Financial	<p>Risks arising from not managing finances in accordance with requirements and financial constraints, ensuring long terms financial sustainability, failure to manage assets/liabilities or to obtain value for money from the resources deployed, and/or non-compliant financial reporting, weaknesses in supply chains and contractual requirements, resulting in poor performance, fraud, failure to meet business requirements/objectives and failure to demonstrate the effectiveness of internal controls.</p>	<p>Develop, maintain, and communicate medium/long term financial scenarios and plans, including asset management plans, linked to service planning.</p> <p>Set realistic budgets in conjunction with budget holders and strategic decision makers to ensure both alignment to strategic direction and credibility.</p> <p>Maintain robust system of financial and procurement delegation and accountability.</p> <p>Maintain sound and proportionate contract management arrangements.</p> <p>Ensure sound and proportionate governance around new spending priorities e.g. business case process.</p> <p>Ensure regular reporting on spend against forecasts to facilitate effective management of the budget in year and early identification of under/overspend.</p> <p>Avoid in-year unfunded spending decisions and ensure sound and proportionate governance for changes to spending priorities.</p> <p>Ensure that there is appropriate separation of duties in relation of inputting and approval of spend and that appropriate due diligence is carried out on any spending decisions.</p> <p>Ensure all key spend activity is run past either procurement or financial business partners as appropriate for advice to minimise potential for challenge.</p>	<p>Possible activity areas</p> <p>Monthly budget monitoring and reporting</p> <p>Annual Report and Accounts</p> <p>Certificate of Assurance returns for financial and fraud questions.</p> <p>Internal Audit reporting.</p> <p>External Audit reporting</p>	

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/32-24

Agenda Item: 14.2

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE							
Meeting Date:	25 JUNE 2024							
Report Title:	NATIONAL FRAUD INITIATIVE EXERCISE 2022-23 (INFORMATON AS AT 31 MARCH 2024)							
Report Classification:	For Scrutiny	SFRS Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u>						
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>
1	Purpose							
1.1	The purpose of this report is to provide the Audit and Risk Assurance Committee with an update on the outcome of the National Fraud Initiative (NFI) Exercise 2022/23.							
2	Background							
2.1	The NFI in Scotland is a counter fraud exercise carried out every 2 years. Audit Scotland lead the exercise in Scotland with oversight by the Cabinet Office. The NFI helps detect fraud, overpayments and error and helps external auditors assess the arrangements that public bodies have put in place to deal with error or fraud.							
2.2	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	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 a fraud or error, and investigations are required to enable the correct conclusion to be drawn for each match. Participating bodies investigate these matches and record the appropriate outcomes on a secure web application based on their investigations.							
2.4	Data is uploaded by 1,200 participating organisations 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.							
2.5	The Senior Responsible Officer for the exercise is the Director of Finance and Contractual Services, with the Assistant Verification & Risk Officer acting as the Key Contact. The match investigations are carried out by nominated personnel from the Verification Team, with the Assistant Verification & Risk Officer managing access to the NFI system, monitoring progress and escalating any match required for further investigation.							

3	Main Report/Detail
3.1	The latest exercise commenced in September 2022 with SFRS providing datasets for payroll and trade creditors as per the prescribed timetable and guidance issued by Audit Scotland. These datasets were then matched between the participating bodies.
3.2	Audit Scotland released 670 matches in January 2023, this is a reduction of 385 from the previous exercise. SFRS's good practice is to open and investigate all matches. No instances of fraud have been identified through investigations undertaken.
3.3	At the date of this report, 655 (98%) matches have been investigated and closed. The Cabinet Office closed the 2022/23 exercise on 31 st March 2024 to allow time for them to prepare their 2024 National Report.
3.4	The information outlined below provides further information on the match investigations undertaken by SFRS.
3.5	A total of 568 matches were identified in relation to trade creditors. Work carried out by the Verification Team identified 2 errors in relation to duplicate invoices being paid to a value of £3,668.18. To date £1,546.58 has been recovered, with the recovery of the remaining £2,121.60 in progress.
3.6	To identify potential undeclared interests, the NFI exercise highlights any employees who appear to be registered directors of companies that trade with SFRS and where an employee's address appears to have links to the company directors of a company with which SFRS trades. This circumstance could impact upon an individual's ability to apply judgement in one role whilst being influenced by a secondary interest.
3.7	From the investigation work undertaken into the 13 matches identified, no actual risk was found which could impact the decision making of any individual. 4 matches did identify an interest not previously reported and further work was undertaken by the Compliance Team to enhance awareness of the requirement to report any potential interests. The Gifts, Hospitality and Interests register was updated to reflect these Interests.
3.8	For matches undertaken in relation to Payroll, a total of 89 matches were identified. These matches relate to employees identified within the payroll of two or more participating organisations. Investigation checks are done including sickness absences and contracted hours of work.
3.9	To date 74 matches have been completed with only 1 error being identified and £179.00 recovered for sickness pay. This was caused by a date error following the manual input of a form (not by the individual) and resulted in an incorrect sickness payment being paid.
3.10	Investigations in relation to the remaining 15 matches are still in progress, with 6 being progressed by the People Directorate and 9 awaiting investigation from other matching government bodies, external to SFRS.
3.11	Relevant external organisations have been contacted but no information has yet been received. Discussions have been held with Audit Scotland's NFI point of contact to identify if they are able to assist in contacting these bodies for information. Any remaining open matches will be incorporated within future NFI exercises where no information is received.
4	Recommendation
4.1	The report is provided to the Audit and Risk Assurance Committee for scrutiny.

5	Key Strategic Implications
5.1 5.1.1	<p>Risk</p> <p>The impact of any fraud or perceived fraud presents a reputational risk to the organisation and the NFI exercise and resulting control actions will ensure the risk is minimised as far as it practicable.</p>
5.2 5.2.1 5.2.2	<p>Financial</p> <p>The costs of participating in the two yearly NFI exercise are met through annual funding to Audit Scotland from the Scottish Parliament.</p> <p>The NFI exercise highlighted overpayments amounting to £3,847.18, of which £1,725.58 has been fully recovered by SFRS with action taken to recover the remaining amount.</p>
5.3 5.3.1	<p>Environmental & Sustainability</p> <p>There are no direct Workforce issues associated with this report.</p>
5.4 5.4.1	<p>Workforce</p> <p>Where implications are identified through the exercise these will be managed in line with existing SFRS policies and procedures.</p>
5.5 5.5.1	<p>Health & Safety</p> <p>There are no direct Health & Safety implications associated with this report.</p>
5.6 5.6.1	<p>Health & Wellbeing</p> <p>There are no direct Health & Safety implications associated with this report.</p>
5.7 5.7.1	<p>Training</p> <p>There are no direct Training issues associated with this report.</p>
5.8 5.8.1	<p>Timing</p> <p>This report has been provided to update on the outcomes of the NFI exercise prior to publication of the Cabinet Office and Audit Scotland's report.</p>
5.9 5.9.1	<p>Performance</p> <p>The report provides assurance on the adequacy and effectiveness of management responses to internal audit activity.</p>
5.10 5.10.1	<p>Communications & Engagement</p> <p>Communications regarding this exercise was communicated through iHub, SFRS News and on payslips.</p>
5.11 5.11.1	<p>Legal</p> <p>There are no direct legal implications arising from this report.</p>
5.12 5.12.1	<p>Information Governance</p> <p>DPIA completed Yes/No. If not applicable state reasons. The processing of data by the Cabinet Office in a data matching exercise is carried out with statutory authority under its powers in Part 6 of the Local Audit and Accountability Act 2014. No DPIA is required.</p>
5.13 5.13.1	<p>Equalities</p> <p>EHRIA completed Yes/No. If not applicable state reasons. The NFI exercise is carried out with statutory authority under its powers in Part 6 of the Local Audit and Accountability Act 2014. No EIA is required.</p>

5.14	Service Delivery	
5.14.1	There are no direct implications arising from this report on Service Delivery	
6	Core Brief	
6.1	Not applicable	
7	Assurance (SFRS Board/Committee Meetings ONLY)	
7.1	Director:	Sarah O'Donnell, Director of Finance and Contractual Services
7.2	Level of Assurance: (Mark as appropriate)	Substantial/Reasonable/Limited/Insufficient
7.3	Rationale:	The report identifies the ongoing and substantial work undertaken in relation to the National Fraud Initiative.
8	Appendices/Further Reading	
8.1	Not Applicable.	
Prepared by:	Karen Horrocks, Assistant Verification & Risk Officer	
Sponsored by:	Sarah O'Donnell, Director of Finance and Contractual Services	
Presented by:	David Johnston, Risk and Audit Manager	
Links to Strategy and Corporate Values		
<p>The NFI exercise 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>Outcome 5: We are a progressive organisation, use our resources responsibly and provide best value for money to the public.</p> <ul style="list-style-type: none"> Objective 5.1: Remaining open and transparent in how we make decisions. Objective 5.6: Managing major change projects and organisational risks effectively and efficiently. 		
Governance Route for Report	Meeting Date	Report Classification/ Comments
<i>Audit and Risk Assurance Committee</i>	<i>25 June 2024</i>	<i>For Scrutiny</i>



HM Fire Service Inspectorate

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

Date: 25 June 2024

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 2023-24. The report will also provide an update regarding inspection work underway or planned for 2024-25.

2. RECOMMENDATIONS

That the Committee notes the update from HMFSI.

3. ACTIVITY AND PROGRESS 2023-24

During 2023-24 HMFSI concluded two Thematic Reviews.

In addition, during the reporting period 2023-24, one additional Inspection has been undertaken and concluded. These are detailed further within the Report.

3.1 Service Delivery Area Inspection

The first report of this type, for the East Service Delivery Area (ESDA) was published in October 2023.

The West Service Delivery Area (WSDA) has concluded, and the report is expected to be laid in the Scottish Parliament in June 2024.

3.2 Thematic Inspection Work

During 2023-24 HMFSI completed the following Thematic Inspections.

The Inspection of 'Mental Health and Wellbeing Support in the Scottish Fire and Rescue Service' was laid in Parliament in December 2023. The report concluded that the SFRS has achieved many notable successes relating to its Mental Health Strategy, these and areas of good practice are highlighted in the report. The Report contained 20 Recommendations for SFRS to consider.

The Inspection of Climate Change: managing the operational impact on fires and other weather-related emergencies' was laid in Parliament in September 2023. The report contained 8 recommendations and described four areas of good practice. The recommendations cover water procedures and planning, risk information, records, internal engagement, the Community Asset Register and collection of statistics.

3.3 Chief Inspector's Update 2021-2024

The Chief Inspector decided it was appropriate to reflect on the work of the Inspectorate, to look back at inspection activity, consider the activity, work and organisation of the Inspectorate during the three-year tenure of the current Chief Inspector and report on some of the changes in practice that have been introduced. The report was laid in the Scottish Parliament on 6 March 2024

4. PLANNED ACTIVITY 2024-25

4.1 The following SDA Inspection is currently underway:

4.2 North Service Delivery Area (NSDA)

The inspection of the North Service Delivery Area (NSDA) has begun with visits to ACAM stations currently underway. Running concurrently with the station visits, there are a number of key personnel, and external stakeholder interviews that have begun and these will continue over the next two months. Planning for the PKAD phase of the inspection is also now underway, with site visits due to start in August 2024. There are a number of planning challenges relating to the geography and accessibility of areas of the NSDA which are being considered in conjunction with SFRS colleagues as the inspection plan is produced. It is envisaged that the inspection will run for up to eighteen months and the final report will be published in the Summer of 2025.

4.3 The following Thematic Inspections are currently underway.

4.4 Organisational Culture

HMFSI are currently preparing to carry out an inspection of organisational culture within the SFRS.

The original consultation period for this inspection outline closed on 1 November 2023, and following comments from SFRS, a HMFSI/SLT Workshop took place on 10 January 2024 to further discuss the draft outline. The Chief Inspector then met with members of the representative bodies under the auspices of the 'Employee Partnership Forum' to assist in the development of our inspection approach and initial terms of reference.

A Single Point of Contact (SPoC) has been identified from within the SFRS and arrangements are now in place to afford us access to all data and written evidence requested.

We have also secured some external support from a range of partners to add to the transparency and credibility of the inspection process and final report. We anticipate this inspection will take around 8-12 months to complete.

4.5 Operational Assurance

HMFSI are currently preparing to carry out an inspection of Operational Assurance within the SFRS. The consultation period for this inspection outline closed on 3 May 2024 with subsequent agreed terms of reference and data request. Fieldwork and data analysis will continue throughout 2024 with the final report due to be published in Spring 2025.

4.6 Additional Inspection Activity

Independent Inspection of Northern Ireland Fire and Rescue Service

The Chief Inspector conducted an inspection of the Northern Ireland Fire and Rescue Service (NIFRS). The report was published on our website on 7 September 2023. The Chief Inspector continues to support improvement in the NIFRS and has met with the newly appointed Chief Fire and Rescue Officer and Chair of the Board to consider Action Plans relative to recommendations

contained within the HMFSI Inspection report. The Chief Inspector continues to act as an adviser to the Department of Health in NI.

5. Additional Update Information

Appointments into HMFSI

The Chief Inspector is delighted to advise the Committee that GC Lynne Gow and Ms Shirley Hartridge have been seconded from SFRS to HMFSI. Lynne took up post on 12 February 2024 and Shirley, who joined us from SFRS's ICT team, on 15 April 2024. HMFSI are grateful to the Service for their ongoing support in relation to such secondments.

The Chief Inspector is also pleased to advise that, following a comprehensive recruitment process, Calum Bruce has been appointed to the position of Inspection Support Officer. Calum took up post on 8 May 2024.

HM Chief Inspector Robert Scott QFSM

Date: 25 June 2024

AUDIT AND RISK ASSURANCE COMMITTEE – ROLLING FORWARD PLAN

Agenda Item 17.1

	STANDING ITEMS	FOR INFORMATION ONLY	FOR SCRUTINY	FOR RECOMMENDATION	FOR DECISION
29 OCTOBER 2024 (Org 17)	<p>ANNUAL PRIVATE MEETING WITH EXTERNAL AUDIT</p> <ul style="list-style-type: none"> Chair's Welcome Apologies Consideration of and Decision of any items to be taken in Private Declaration of Interests Minutes of Previous Meeting Action Log Review of Actions Forward Planning: Committee Forward Plan and Items to be considered at future IGF, Board and Strategy Days Date of Next Meeting 	<p><u>Standing/Regular Reports</u></p> <ul style="list-style-type: none"> HMFSI Quarterly Report <p><u>New Business</u></p> <ul style="list-style-type: none"> 	<p><u>Standing/Regular Reports</u></p> <p>Internal Audit</p> <ul style="list-style-type: none"> Internal Audit Progress Report 2024/25 Progress Update – Internal Audit Recommendations <p>External Audit</p> <ul style="list-style-type: none"> External Audit – 2024/25 Audit Plan Progress Report Wider Scope and Other External Audit Actions (JT) HMFSI Independent Audit/ Inspection Action Plan Update Internal Controls Updates - Strategic Risk Register - Anti Fraud/Whistleblowing Gifts and Hospitality – Quarterly Update Quarterly Performance report <p><u>New Business</u></p> <ul style="list-style-type: none"> 	<p><u>Standing/Regular Reports</u></p> <ul style="list-style-type: none"> SFRS Draft Annual Report and Accounts 2023/24 (Private) <p>External Audit</p> <ul style="list-style-type: none"> Private Session – Annual Report to Members and Auditor General for Scotland <p><u>New Business</u></p> <ul style="list-style-type: none"> 	<p><u>Standing/Regular Reports</u></p> <ul style="list-style-type: none"> <p><u>New Business</u></p> <ul style="list-style-type: none">
23 JANUARY 2025	<ul style="list-style-type: none"> Chair's Welcome Apologies Consideration of and Decision of any items to be taken in Private Declaration of Interests Minutes of Previous Meeting Action Log Review of Actions Forward Planning: Committee Forward Plan and Items to be considered at future IGF, Board and 	<p><u>Standing/Regular Reports</u></p> <ul style="list-style-type: none"> HMFSI Quarterly Report 	<p><u>Standing/Regular Reports</u></p> <p>Internal Audit</p> <ul style="list-style-type: none"> Internal Audit Progress Report 2024/25 Progress Update – Internal Audit Recommendations <p>External Audit</p> <ul style="list-style-type: none"> Wider Scope and Other External Audit Actions (JT) HMFSI Independent Audit/ Inspection Action Plan Update 	<p><u>Standing/Regular Reports</u></p> <p>Internal Audit</p> <ul style="list-style-type: none"> Draft Internal Audit Plan 2025/26 <p>External Audit</p> <ul style="list-style-type: none"> 	<p><u>Standing/Regular Reports</u></p>

AUDIT AND RISK ASSURANCE COMMITTEE – ROLLING FORWARD PLAN

	STANDING ITEMS	FOR INFORMATION ONLY	FOR SCRUTINY	FOR RECOMMENDATION	FOR DECISION
	<ul style="list-style-type: none"> Strategy Days Date of Next Meeting 	<p><u>New Business</u></p> <ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Internal Controls Updates <ul style="list-style-type: none"> - Strategic Risk Register - Anti Fraud/Whistleblowing Gifts and Hospitality – Quarterly Update Quarterly Performance report <p><u>New Business</u></p> <ul style="list-style-type: none"> 	<p><u>New Business</u></p> <ul style="list-style-type: none"> 	<p><u>New Business</u></p> <ul style="list-style-type: none">
25 MARCH 2025	<ul style="list-style-type: none"> Chair’s Welcome Apologies Consideration of and Decision of any items to be taken in Private Declaration of Interests Minutes of Previous Meeting Action Log Review of Actions Forward Planning: Committee Forward Plan and Items to be considered at future IGF, Board and Strategy Days Date of Next Meeting 	<p><u>Standing/Regular Reports</u></p> <ul style="list-style-type: none"> HMFSI Quarterly Report <p><u>New Business</u></p> <ul style="list-style-type: none"> 	<p><u>Standing/Regular Reports</u></p> <p>Internal Audit</p> <ul style="list-style-type: none"> Internal Audit Progress Report 2024/25 Progress Update – Internal Audit Recommendations <p>External Audit</p> <ul style="list-style-type: none"> Wider Scope and Other External Audit Actions (JT) HMFSI Independent Audit/ Inspection Action Plan Update Internal Controls Updates <ul style="list-style-type: none"> - Strategic Risk Register - Anti Fraud/Whistleblowing Arrangements for Preparing the AGS 2024/25 (Annual) Gifts and Hospitality – Quarterly Update Quarterly Performance report <p><u>New Business</u></p> <ul style="list-style-type: none"> 	<p><u>Standing/Regular Reports</u></p> <p>Internal Audit</p> <ul style="list-style-type: none"> Draft Internal Audit Plan 2025/26 <p>External Audit</p> <ul style="list-style-type: none"> External Audit – The Audit Plan 2024/25 <p><u>New Business</u></p> <ul style="list-style-type: none"> 	<p><u>Standing/Regular Reports</u></p> <ul style="list-style-type: none"> Accounting Policies <p><u>New Business</u></p> <ul style="list-style-type: none">