

SCOTTISH FIRE AND RESCUE SERVICE

Audit and Risk Assurance Committee



Report No: C/ARAC/05-18

Agenda Item: 8a

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE
Meeting Date:	28 MARCH 2018
Report Title:	ARRANGEMENTS FOR PREPARING 2017-18 ANNUAL GOVERNANCE STATEMENT
Report Classification:	FOR NOTING

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Sponsored by:	Alasdair Hay, Chief Officer, SFRS Accountable Officer
Presented by:	Alasdair Hay, Chief Officer, SFRS Accountable Officer

Links to Strategy

This links to SFRS Strategic Plan 2016-19 through our priorities of Governance and Social Responsibility, incorporating the following associated key strategic objectives:

- We will continue to ensure that our decision making processes are transparent and evidence led.
- We will develop a performance framework that enables the effective management of risk and supports effective scrutiny, challenge and improvement.
- We will embed effective communication and engagement in all that we do.

Governance Route for Report	Meeting Date	Comment
Audit and Risk Assurance	28 March 2018	For Noting
Senior Management Team	28 March 2018	For Noting
Strategic Leadership Team	23 April 2018	For Noting
Audit and Risk Assurance Committee	14 June 2018	For Noting

1	Purpose
1.1	The purpose of this report is to outline the preparatory arrangements that have been developed for providing sufficient levels of assurance in support of the 2017-18 Annual Governance Statement (AGS) and its timely reporting.

2	Background
2.1	The Scottish Public Finance Manual (SPFM) requires the Accountable Officer to produce an AGS for inclusion within the accountability section of the Annual Report and Accounts. The AGS outlines the arrangements that are in place for internal control, risk management and corporate governance, and how effective these arrangements have been during the period under review.

3	Main Report and Discussion
3.1	At its meeting on 28 March 2018, Audit and Risk Assurance Committee (ARAC) will consider the Scottish Fire and Rescue Services' (SFRS) approach for preparing the AGS for the year ended March 2018. This approach includes the SFRS's Assurance Framework Appendix A , SFRS Assurance Plan Appendix B and the Timeline for Preparing Certificates of Assurance Appendix C that will enable the organisation to co-ordinate, manage and assess the evidence in a structured and consistent way across the SFRS.
3.2	To ensure compliance with the requirements of the SPFM, it is good practice to have in place an Assurance Framework that enables the organisation to manage sources of assurance in a structured and co-ordinated manner. The SFRS Assurance Framework as outlined within Appendix A , will be followed to ensure continued compliance with the requirements of the SPFM.
3.3	The content, layout and style of the AGS will be prepared to take into account: <ul style="list-style-type: none"> • The essential features outlined in the SPFM; • The best practice of other public bodies; • Changes to the structure of the Annual Report and Accounts, and • A greater focus on highlighting achievements and outcomes during the period under review.
3.4	A report by Internal Audit was provided for 2016/17. The report identified further improvements to strengthen the AGS process and these have all now been incorporated into the SFRS Assurance Plan Appendix B in support of the preparation and completion of the 2017-18 AGS. Internal Audit may draw from the evidence in the 2017/18 AGS when developing future internal audit plans to ensure continuous improvement.
3.5	Administering the SFRS Assurance Framework and preparing the 2017-18 AGS within the prescribed timescales will require good engagement across the organisation and the SFRS Board Support Team and Risk and Audit Manager will have responsibility for administering the Framework. This will include preparing the 2017-18 AGS for inclusion in the end of year annual report and annual accounts.
3.6	The assurance mapping exercise conducted in previous years has evolved and matured in order to ensure robust Governance and Internal Control Measures are in place. Duplication has been reduced wherever possible and the overall framework has been strengthened through the preparation of formal guidance and training. Improvement Action Plans (IPA's) have been introduced with additional scrutiny and monitoring through the new Corporate Assurance Board (CAB).
3.7	In consultation with the Accountable Officer, Chair of ARAC, the Director of Strategic Planning, Performance and Communications (SPPC) and the Director Finance and Contractual Service (FCS), a policy for preparing the AGS has now been developed. It should however be noted that this is still in draft format and requires to go through due process. Although in draft format this now gives further guidance and clarity to Deputy

NOT PROTECTIVELY MARKED

	Assistant Chief Officer's (DACO) / Heads of Function and Directors when completing their Certificates of Assurance and Internal Control Checklists for the AGS 2017/18.
3.8	External Audit's annual programme of work for auditing the SFRS requires the AGS to be completed for audit by the end of June each year. To ensure this deadline is met for the 2017-18 AGS, the SFRS Timeline for Preparing Certificates of Assurance Appendix C has been developed using a risk based approach in consultation with the SFRS Risk and Audit Manager.
3.9	The assurance framework is owned by the Accountable Officer who will sign off the 2017-18 AGS as a statement of the adequacy and effectiveness of the SFRS's governance, risk and internal control arrangements. Directorates will assist in the preparation of the AGS by confirming the evidence against the areas highlighted in the SFRS Internal Control Checklist is in place.
3.10	It will continue to be the responsibility of the DACO's/Heads of Functions to ensure the evidence in support of their Certificates of Assurance is readily available should this be required for any further Internal or External Audit purposes or further scrutiny by CAB/ARAC. Throughout this time there may also be a direct request for the responsible managers to attend the ARAC to answer any questions the Committee may wish to ask on progress being made.
3.11	The Audit and Risk Assurance Committee have complete oversight of the SFRS Assurance Framework and will scrutinise the 2017-18 AGS at its public meeting planned for 14 June 2018.

4	Key Strategic Implications
4.1	Financial
4.1.1	There are no key strategic financial implications arising from the recommendations set out in this paper.
4.2	Legal
4.2.1	The AGS is a requirement of the SPFM and is a key feature of the service's annual report and annual accounts, both of which are published to meet statutory and parliamentary compliance. The SFRS Assurance Framework will therefore enable the Service to manage the evidence required to prepare the 2017-18 AGS in a structured and coordinated manner.
4.3	Performance
4.3.1	Improvement actions identified through our Internal Audit with recommendations have been fully incorporated in preparation for the 2017/18 AGS. Further scrutiny in relation to the Internal Control Checklists and Improvement Actions Plans will be conducted by CAB and ARAC. The Annual Operating Plan or Business As Usual arrangements remain in place to ensure that these are monitored and reviewed thereby ensuring continuous improvement.
4.4	Environmental & Sustainability
4.4.1	There are no key strategic environmental and sustainability implications arising from the recommendations set out in this paper.

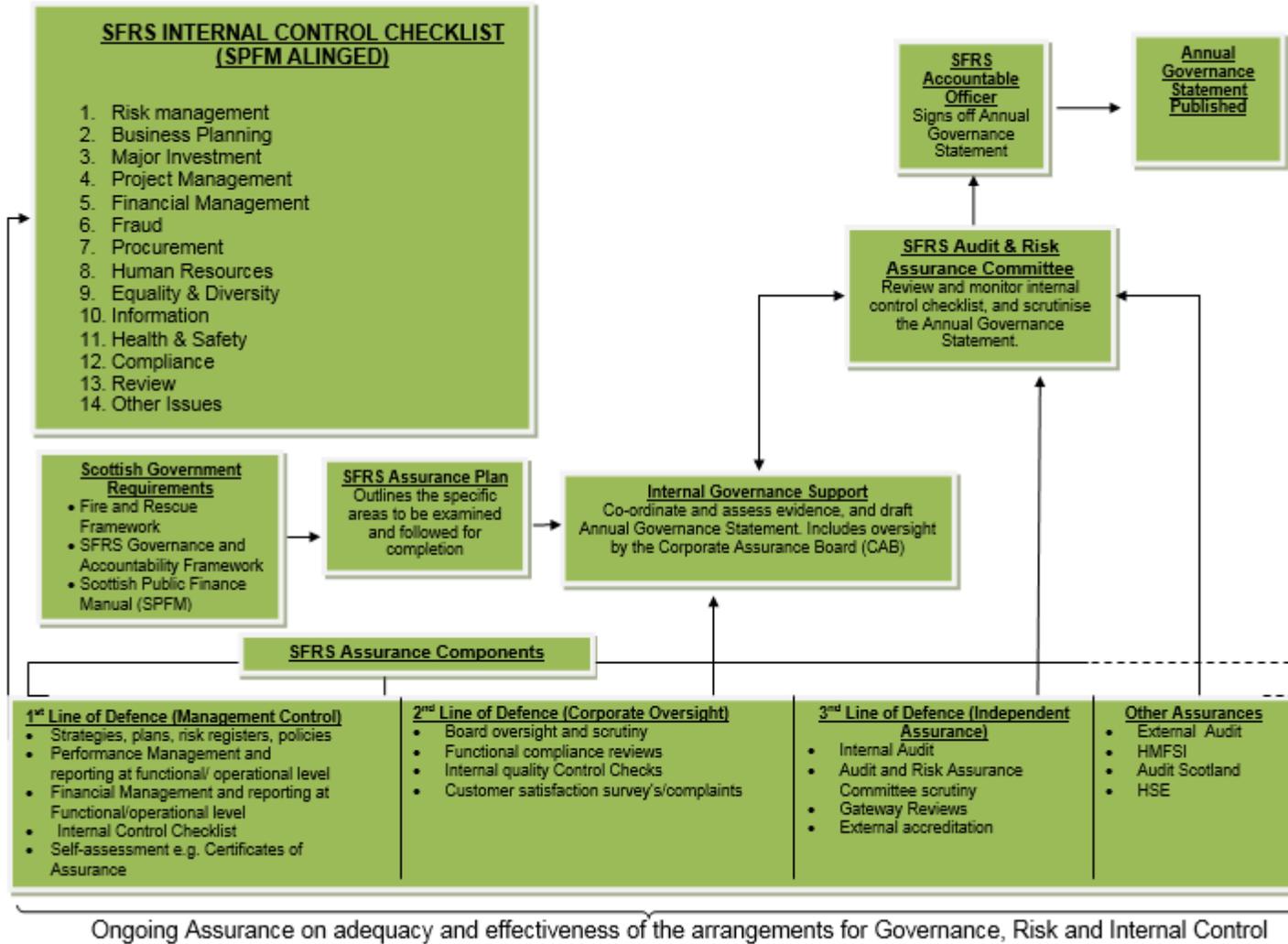
4.5 4.5.1	<p>Workforce</p> <p>As this is a significant piece of work, which has to be completed within relatively short timescales, resourcing will be reviewed by the Board Support Team and Risk Manager on a regular basis.</p> <p>DACO's/Head of Function who are responsible for providing evidence to support the 2017-18 AGS have been identified and will be given support and guidance by the Internal Governance Support Team (consisting of the SFRS Board Support Team and Risk and Audit Manager).</p>
4.6 4.6.1	<p>Health & Safety</p> <p>There are no key strategic health and safety implications arising from the recommendations set out in this paper.</p>
4.7 4.7.1	<p>Timing</p> <p>The support arrangements have been scheduled to ensure that expected timescales will be realised following the 'Timeline for Preparing Certificates of Assurance' Appendix C.</p>
4.8 4.8.1	<p>Equalities</p> <p>There are no key strategic equalities implications arising from the recommendations set out in this paper.</p>
4.9 4.9.1	<p>Risk</p> <p>In relation to the legal implications outlined at 4.2, the implementation of these arrangements for preparing the AGS is intended to assist the ARAC to perform its scrutiny role and deliver its statutory duties effectively.</p>
4.10 4.10.1	<p>Communications & Engagement</p> <p>The arrangements for preparing the 2017/18 AGS are to be presented to ARAC on 28 March 2018. As the majority of the evidence gathering in support of the AGS is coordinated by DACO's/Heads of Function (Deputy Directors), the process for producing this year's AGS including key changes will also be detailed to the Senior Management Team during a workshop presentation on 28 March 2018. Follow-up support sessions will be made available from the Internal Governance Support Team (SFRS Board Support Team and Risk and Audit Manager). Further to this it will be presented For Noting at the Strategic Leadership Team Performance meeting on 23 April 2018.</p>
4.11 4.11.1	<p>Training</p> <p>There are no key training implications arising from the recommendations set out in this paper.</p>

5	Recommendation
5.1	<p>The Audit and Risk Assurance Committee are invited to consider whether the arrangements for preparing the 2017/18 AGS are suitable and sufficient providing feedback as necessary, while noting:</p> <ul style="list-style-type: none"> • The legislative background regarding the preparation of an AGS; • The SFRS Assurance Framework Appendix A in place for preparing the Service's 2017-18 AGS. • The SFRS Assurance Plan Appendix B, outlining a plan of assurance activity to be carried out over the coming months to support the preparation of the 2017-18 AGS. • The Timeline for Preparing the Certificates of Assurance as set out within Appendix C.

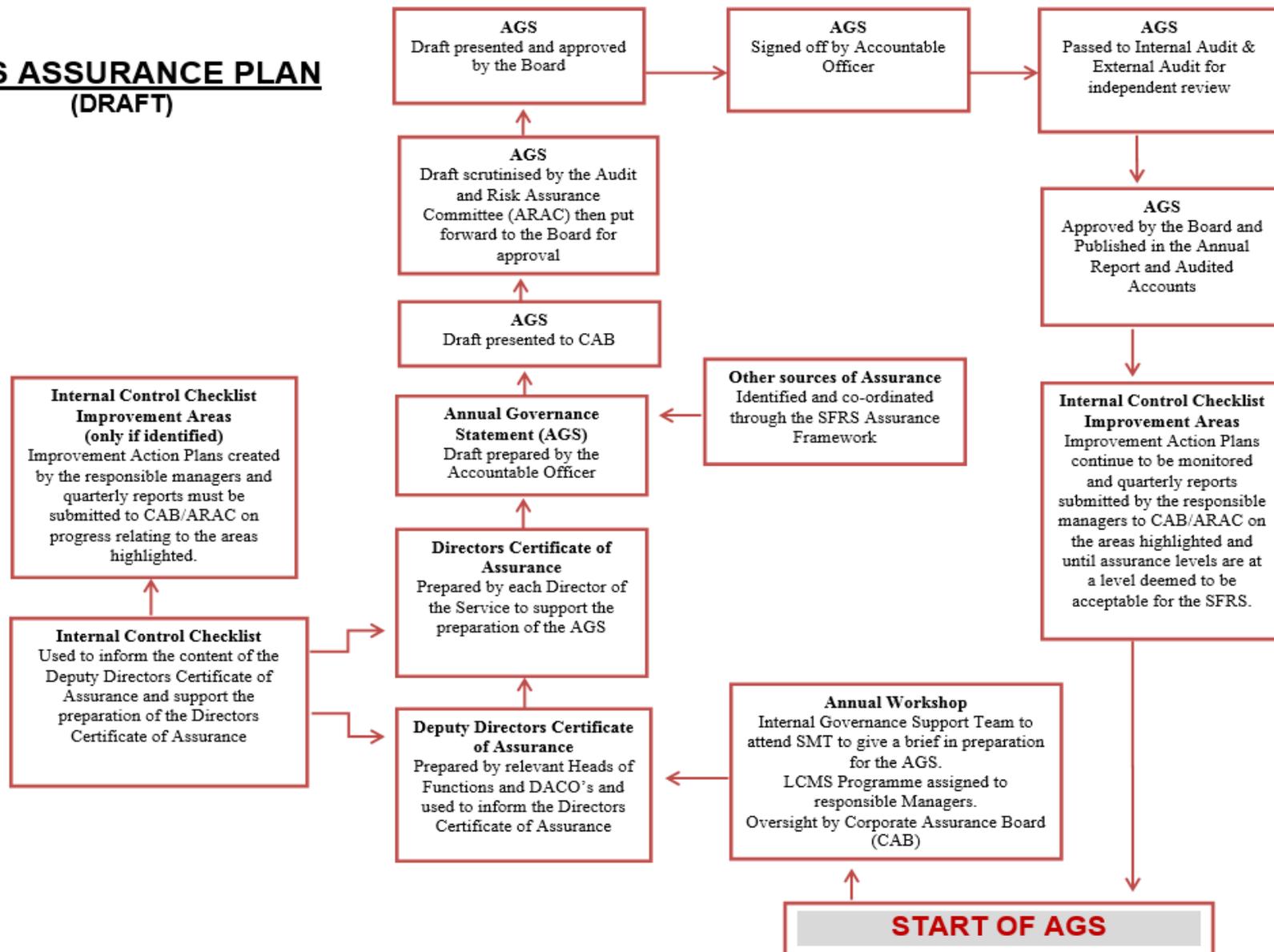
6	Core Brief
6.1	Not applicable.

7	Appendices/Further Reading
7.1	Appendix A - SFRS Assurance Framework
7.2	Appendix B - SFRS Assurance Plan (Draft)
7.3	Appendix C - Timeline for Preparing Certificates of Assurance

SCOTTISH FIRE AND RESCUE SERVICE ASSURANCE FRAMEWORK (DRAFT)



**SFRS ASSURANCE PLAN
(DRAFT)**



Timeline for Preparing Certificates of Assurance

