

SCOTTISH FIRE AND RESCUE SERVICE

Audit and Risk Assurance Committee



SCOTTISH
FIRE AND RESCUE SERVICE
Working together for a safer Scotland

EXECUTIVE COVER SHEET

Report No: C/ARAC/10-17

Agenda Item: 9a

Report to:	AUDIT AND RISK ASSURANCE COMMITTEE
Meeting Date:	29 MARCH 2017
Report Title:	ARRANGEMENTS FOR PREPARING 2016-17 ANNUAL GOVERNANCE STATEMENT
Report Classification:	FOR NOTING

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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
ARAC Meeting - Arrangements for Preparing 2016-17 Annual Governance Statement (AGS)	29 March 2017	For noting
ARAC Meeting - Outcome Assurance Mapping Exercise and Draft AGS 2016-17	15 June 2017	For noting

1	Purpose
1.1	The purpose of this report is to outline the arrangements that have been developed for providing sufficient assurance evidence to support and underpin the preparation of the 2016-17 AGS and its timely reporting.

2	Summary	Main Report Ref:
2.1	The Accountable Officer is required by the Scottish Public Finance Manual (SPFM) to produce an end of year AGS for inclusion in the annual report and annual accounts, which includes an outline of the Accountable Officer's opinion of the adequacy and effectiveness of the organisation's governance, risk and internal control arrangements.	
2.2	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 coordinated manner. The Scottish Fire and Rescue Service's (SFRS) assurance framework is outlined at Appendix 1, this will be followed to ensure continued compliance with the requirements of the SPFM.	
2.3	A report by Internal Audit has provided a review of the assurance mapping process. This is also scheduled to be presented at this meeting. The report has identified further improvements to strengthen this process and these will be incorporated in the assurance mapping exercise to produce the 2016-17 AGS.	
2.4	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 2016-17 AGS, the Assurance Plan at Appendix 2 has been prepared using a risk based approach in consultation with the Risk Manager. An assurance mapping exercise will be conducted to link the various sources of assurance evidence to the areas being examined within the Service.	
2.5	Administering the Assurance Framework and preparing the 2016-17 AGS within the prescribed timescales will require good engagement across the organisation and the Board Support Team and the Service's Risk Manager will have responsibility for administering the service's Assurance Framework. This will include co-ordinating the assurance mapping process and preparing the 2016-17 AGS for inclusion in the end of year annual report and annual accounts.	
2.6	Directorates will assist in the preparation of the AGS by providing evidence against the areas highlighted in the Assurance Plan. The assurance framework is owned by the Accountable Officer who will sign off the 2016-17 AGS and the Audit and Risk Assurance Committee will have oversight of the assurance framework and scrutinise the 2016-17 AGS at its public meeting planned for 15 June 2017.	

3	Recommendation	Main Report Ref:
3.1	<p>The Committee is requested to:</p> <ul style="list-style-type: none"> • Note the legislative background regarding the preparation of an AGS; • Note the assurance framework in place for preparing the Service's 2016-17 AGS, and • Note the Assurance Plan, outlining a plan of assurance activity to be carried out over the coming months to support the preparation of the 2016-17 AGS. 	4.1

4	Key Strategic Implications	Main Report Ref:
4.1 4.1.1	<p>Financial</p> <p>There are no key strategic financial implications arising from the recommendations set out in this paper.</p>	
4.2 4.2.1	<p>Legal</p> <p>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 2016-17 AGS in a structured and coordinated manner.</p>	2.1
4.3 4.3.1	<p>Performance</p> <p>Improvement actions identified from the assurance mapping process will be incorporated within the Annual Operating Plan or Business As Usual arrangements to ensure that these are monitored and reviewed thereby ensuring continuous improvement.</p>	2.4
4.4 4.4.1	<p>Environmental & Sustainability</p> <p>There are no key strategic environmental and sustainability implications arising from the recommendations set out in this paper.</p>	
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>Due to recent changes in the organisational structure, the process of preparing an AGS will be relatively new to some senior managers within the SFRS. Staff who are likely to be involved in providing evidence to support the 2016-17 AGS have been identified and will be given full support, training and guidance by the Board Support Team and Risk Manager.</p>	2.10
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>Engagement</p> <p>The arrangements for preparing the 2016-17 AGS will be presented at the Strategic Leadership Team (SLT) Performance Meeting on 24 April. A further presentation and workshop will be facilitated at the Senior Management Team (SMT) Meeting on 26 April 2017 to provide training and guidance to DACO's and Heads of Functions completing internal control checklists and assisting in the preparation of Directors Certificates of Assurance in support of the AGS.</p>	2.9
4.8 4.8.1	<p>Timing</p> <p>The assurance mapping exercise including support arrangements have been scheduled to ensure that expected timescales will be realised.</p>	

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4.9	Equalities	
4.9.1	There are no key strategic equalities implications arising from the recommendations set out in this paper.	
4.10	Risk	
4.10.1	In relation to the legal implications outlined at 4.2, the implementation of these arrangements for preparing the AGS is intended to assist the Committee to perform its scrutiny role and deliver its statutory duties effectively.	2.13

5	Core Brief
5.1	Non-applicable.

6	Appendices
6.1	Appendix A – SFRS Assurance Framework. Appendix B – Assurance Plan to support production of 2016-17 AGS.



ARRANGEMENTS FOR PREPARING 2016-17 ANNUAL GOVERNANCE STATEMENT

1	PURPOSE
1.1	The purpose of this report is to outline the arrangements that have been developed for providing sufficient assurance evidence to support and underpin the preparation of the 2016-17 AGS and its timely reporting.
2	BACKGROUND
2.1	As a relevant body, the Accountable Officer has overall responsibility for maintaining sound systems of internal control that supports the achievement of the organisation's policies, aims and objectives. The Accountable Officer is required by the SPFM to produce an end of year AGS for inclusion in the annual report and annual accounts, which includes an outline of the Accountable Officer's opinion of the adequacy and effectiveness of the organisation's governance, risk and internal control arrangements.
2.2	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 coordinated manner.
2.3	The SFRS assurance framework is outlined at Appendix 1. External Audit's Annual Report of the SFRS for 2015-16 concluded that the arrangements comprising the SFRS assurance framework were well structured and evidenced. In support of the preparation of the 2016-17 AGS, the SFRS Assurance Framework will therefore be followed to ensure continued compliance with the requirements of the SPFM.
2.4	A report by Internal Audit which has provided a review of the assurance mapping process is also scheduled to be presented at this meeting. This report has identified further improvements to strengthen this process and the recommendations contained within it will be incorporated in the assurance mapping exercise to produce the 2016-17 AGS.
2.5	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 2016-17 AGS and that assurance work focuses on the appropriate areas of the Service, the Assurance Plan at Appendix 2 has been prepared using a risk based approach in consultation with the Risk Manager. This Assurance Plan outlines the specific areas to be examined within the Service, against indicative timescales for timely completion of the AGS, it's scrutiny by the Audit and Risk Assurance Committee (ARAC) and subsequent review by External Audit.
2.6	An assurance mapping exercise will be conducted to link the various sources of assurance evidence to the areas being examined within the Service and by plotting this onto an assurance map. This will provide a holistic view and overall assessment of the assurance coverage across the service's governance, risk and control environment.
2.7	The 2016-17 AGS will draw evidence from the outcomes of the assurance mapping exercise to provide an overall opinion of the adequacy and effectiveness of the service's governance, risk and internal control arrangements, and outline any areas for development.

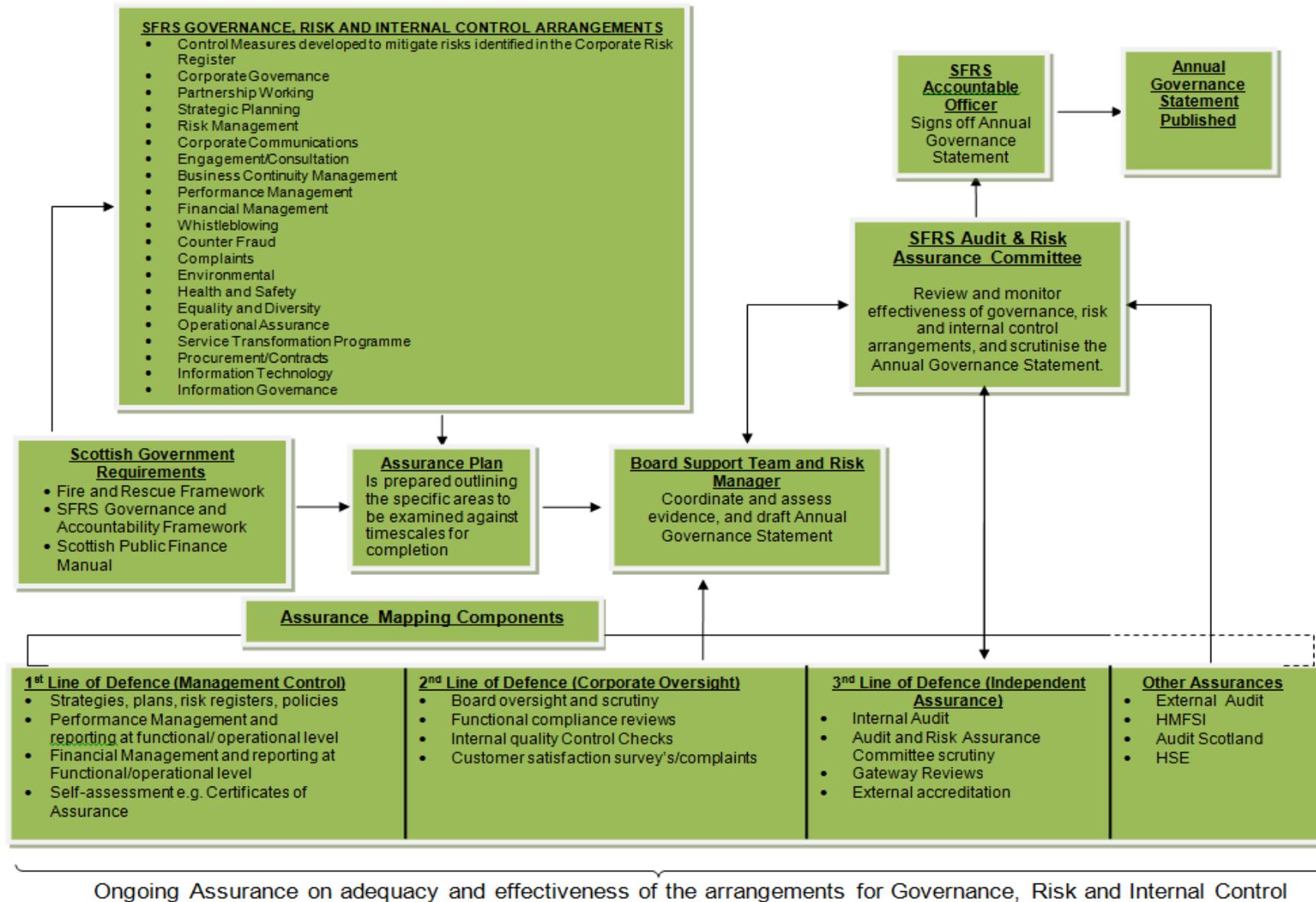
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2.8	Internal Audit may draw evidence from the outcomes of the exercise when developing future internal audit plans.
2.9	Administering the Assurance Framework and preparing the 2016-17 AGS within the prescribed timescales will require good engagement across the organisation, including engagement with Internal Audit, the ARAC, the SLT and Heads of Function/Service Delivery Areas.
2.10	The Board Support Team and the Service's Risk Manager will have responsibility for administering the service's Assurance Framework. This will include co-ordinating the assurance mapping process, assessing evidence, giving advice on sources of assurance as deemed necessary and preparing the 2016-17 AGS for inclusion in the end of year annual report and annual accounts.
2.11	Directorates will assist in the preparation of the 2016-17 AGS by providing evidence against the areas highlighted in the Assurance Plan.
2.12	The assurance framework is owned by the Accountable Officer who will sign off the 2016-17 AGS as a statement of the adequacy and effectiveness of the service's governance, risk and internal control arrangements.
2.13	The Audit and Risk Assurance Committee have oversight of the assurance framework and will scrutinise the 2016-17 AGS at its public meeting planned for 15 June 2017.

3	DISCUSSION
3.1	Due to the scrutiny oversight role of the Committee, members should consider whether the arrangements for the preparation of the 2016-17 AGS are suitable and sufficient, providing feedback as necessary.

4	RECOMMENDATION
4.1	The Committee is requested to: <ul style="list-style-type: none">• Note the legislative background regarding the preparation of an AGS;• Note the assurance framework in place for preparing the Service's 2016-17 AGS, and• Note the Assurance Plan, outlining a plan of assurance activity to be carried out over the coming months to support the preparation of the 2016-17 AGS.

SCOTTISH FIRE AND RESCUE SERVICE ASSURANCE FRAMEWORK



ASSURANCE PLAN TO SUPPORT PRODUCTION OF 2016-17 AGS

	Proposed Assurance Review	Indicative Timescales	Comments
1	<p>Gather and assess assurance evidence around the adequacy and effectiveness of the service's Key Functions and Processes, namely:</p> <ul style="list-style-type: none"> • Corporate Governance • Strategic Planning • Risk Management • Corporate Communications • Engagement/Consultation • Business Continuity Management • Performance Management • Financial Management • Whistleblowing • Counter Fraud • Complaints • Environmental • Health and Safety • Equality and Diversity • Operational Assurance • Service Transformation Programme • Procurement/Contracts • Information Technology • Information Governance • Partnership Working 	29 March – 17 May 2017	These have been chosen based on their strategic relevance, in consultation with the Risk Manager.
2	Gather and assess assurance evidence around the control measures mitigating risks associated with achievement of the Service's Strategic Aims and Objectives.	29 March – 17 May 2017	As per risks and control measures identified in the Corporate Risk Register.
3	Coordinate Directors and Heads of Functions/Service Delivery Areas Certificates of Assurance.	10 April - 17 May 2017	A total of 20 Certificates of Assurance will be completed.
4	Agree outcome of overall assessment of the Assurance Mapping Exercise and consolidate into draft 2016/17 Annual Governance Statement.	17 May – 1 June 2017	Timescales have been set to ensure draft Annual Governance Statement is prepared for Audit and Risk Assurance Committee Public Meeting on 15 June 2017.