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CORPORATE GOVERNANCE

POLICY FOR PREPARING THE ANNUAL GOVERNANCE STATEMENT FOR THE ACCOUNTABLE OFFICER

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1. INTRODUCTION

- 1.1 Under the [Police and Fire Reform \(Scotland\) Act 2012](#), the Scottish Fire and Rescue Service (SFRS) is required to prepare financial statements for each financial period and on the basis determined by the Scottish Ministers. This policy provides the relevant SFRS Directorate Management Teams detail of the process and requirements for preparing their Certificates of Assurance to support the Chief Officer's Annual Governance Statement (AGS), as set out in the [Public Finance and Accountability \(PFA\) \(Scotland\) Act 2000](#).

2. PURPOSE

- 2.1 The Chief Officer, as the Accountable Officer, has overall responsibility for maintaining sound systems of internal control, risk management and corporate governance that supports the achievement of the organisation's policies, aims and objectives, as set out in the PFA Act.
- 2.2 To demonstrate that these arrangements are adequate and effective, the Accountable Officer is required, as set out within the [Scottish Public Finance Manual \(SPFM\)](#), to produce an AGS for inclusion in the organisation's annual report and accounts. The AGS incorporates an evaluation of how well the organisation's internal control, risk management and corporate governance arrangements have operated in practice, based upon robust internal assessment processes.

3. SCOPE

- 3.1 This policy primarily applies to Directors and DACOs/Heads of Function (also classified as Deputy Directors for the purposes of SPFM), who are required to

assist in the preparation of the AGS, by providing Certificates of Assurance to the Chief Officer. These provide assurances to the Chief Officer, in his role as Accountable Officer, the adequacy and effectiveness of the internal control systems operating within each Directorate of the SFRS. Taken together, the Certificates of Assurance form a key part of the Service's Assurance Framework and Assurance Plan ([Section 7](#)), therefore being critical pieces of evidence in support of the AGS.

4. RESPONSIBILITIES

- 4.1 The SPFM sets out guidance on the use of Certificates of Assurance as key pieces of evidence to support the signing of the AGS provided by the Chief Officer. Certificates of Assurance must be completed with due diligence and, as such, the process outlined and illustrated in the SFRS Assurance Plan ([Section 7](#)) will be followed to complete the certificates and meet the requirements of the SPFM.
- 4.2 On behalf of the Chief Officer, the Chief Officer's Business Support Manager will initiate and co-ordinate the process for the preparation of the AGS ensuring completion of all the relevant documents ([Section 7](#)) by both Directors and DACOs/Heads of Function.
- 4.3 Relevant DACOs/Heads of Function must complete the Internal Control Checklist documents ([Section 7](#)). To assist with completion of the checklist, explanatory notes and guidance are detailed within the final column, titled 'Guidance Note'. For all responses, details of controls/evidence are mandatory. On the covering page of the Internal Control Checklist, the overall levels of assurance must be completed using the rating guidance against the evidence held for each of the sections detailed; where Improvement Actions have been identified, this must also be noted. The checklist will be used to support the

completion of the Deputy Directors Certificate of Assurance. This should provide Directors with an overview of the steps they have taken to maintain effective internal control arrangements and mitigate any risks associated with the delivery of their priorities and objectives. Where Improvement Areas are identified, relevant action plans must be produced to address these Areas and these should be outlined in the Deputy Directors Certificate of Assurance.

- 4.4 Where Improvement Actions have been identified, the responsible manager must create an Improvement Action Plan ([Section 7](#)), highlighting any link to the Strategic Risk Register, Internal/External Audit recommendations or other relevant documents, where applicable. All improvement areas, together with any revised levels that give greater assurance and change the overall level within that section, can then be managed by exception report to the Corporate Assurance Board (CAB) on a quarterly basis. CAB will thereafter notify the Audit and Risk Assurance Committee (ARAC) on the progress made against these Improvement Action Plan(s). 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 against the Improvement Actions.
- 4.5 DACOs/Heads of Function will ensure the completed Deputy Director Certificate of Assurance, Internal Control Checklist and Fraud Risk Assessment ([Section 7](#)) are completed on the Chief Officer Business Support Team SharePoint site, where all documents will be centrally and securely stored. This will 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.
- 4.6 Directors will use the completed Internal Control Checklist, the associated Deputy Director Certificates of Assurance and their own knowledge and understanding of the internal control arrangements in place within their area of responsibility to provide further assurances to the Accountable Officer.

Assurances will be provided to the Accountable Officer in the form of a Directors Certificate of Assurance ([Section 7](#)). Directors will ensure the Certificates of Assurance are completed online to allow inclusion within the AGS.

- 4.7 The Accountable Officer will submit a draft AGS to the Senior Leadership Team (SLT) and the Corporate Assurance Board (CAB) where meetings align with ARAC and ARAC for scrutiny ([Section 7](#)). The CAB and ARAC may then request access to the evidence used to prepare the AGS, including the completed Certificates of Assurance, should they wish to scrutinise this evidence in more detail, prior to submission to the Board for Approval.
- 4.8 Internal Audit may conduct a review and report on the AGS as part of our internal processes, notifying responsible managers if there is a requirement for them to attend the ARAC to give updates on progress being made. Where evidence of controls exists within the Internal Control Checklist, this may also be requested.
- 4.9 External Audit will review and report on the AGS as part of their requirement for giving independent opinion on the accounts, performance and governance of the Service. The findings of the review of the AGS will be reported to the ARAC. During the review, External Audit will have access to the assurance evidence used to prepare the AGS, including the Certificates of Assurance and associated Internal Control Checklists. Where evidence of controls exists within the Internal Control Checklist, this may also be requested.
- 4.10 The signed AGS will form a key part of the Annual Report and Audited Accounts of the SFRS and will be presented to the Board. The Annual Report and Audited Accounts will also be submitted in draft to the Scottish Government for comment before being published on the SFRS Website.

- 4.11 The timeline ([Section 7](#)) sets out the key milestones for preparing the Certificates of Assurance in support of the AGS.

5. ADDITIONAL SUPPORT

- 5.1 To provide additional support and guidance to responsible managers, the Internal Governance Support Team (consisting of the Chief Officer Business Support Manager, Corporate Administration Manager and Risk & Audit Manager), where required, will run a workshop around March in the lead up to the AGS.

- 5.2 In further support of this, a 'Programme of Learning' is available within LCMS. This will be assigned to responsible managers and further requests for additional access to Directorate teams can be made at any time through the: sfrs.learningandedevelopment@firescotland.gov.uk.

6. COMPLIANCE

- 6.1 The timeline to ensure completion of the AGS must be strictly followed to ensure the Service meets its SPFM requirements. This also ensures the AGS can be presented to the relevant Committee and Board prior to being signed off by the Accountable Officer ([Section 7](#)) and before being passed to Internal and External Audit.

7. ASSOCIATED DOCUMENTS / REFERENCES

[Police and Fire Reform \(Scotland\) Act 2012](#)

[Public Finance and Accountability \(Scotland\) Act 2000](#)

[Scottish Public Finance Manual](#)

[SFRS Assurance Framework](#)

[SFRS Assurance Plan](#)

[Internal Control Checklist](#)

[Improvement Action Plan](#)

[Fraud Risk Assessment Checklist](#)

[Staff Required to Prepare Certificates of Assurance](#)

[Deputy Directors Certificate of Assurance Template](#)

[Directors Certificate of Assurance Template](#)

[Accountable Officer Certificate of Assurance Template](#)

[Timeline for Preparing Certificates of Assurance](#)

If you require any assistance with this policy, please do not hesitate to contact the Chief Officer Business Support Team at

SFRS.ChiefOfficersBusinessSupport@firescotland.gov.uk