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FIRE AND RESCUE SERVICE
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Scottish Fire and Rescue Service

Report to the Audit and Risk Assurance Committee, the Board and the Auditor General for Scotland on the 2021/22 audit

Issued on 26 January 2023

Contents

Introduction

The key messages in this report

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A robust challenge of the key judgements taken in the preparation of the financial statements.
- A strong understanding of your internal control environment.
- A well planned and delivered audit that raises findings early with those charged with governance.

I have pleasure in presenting our report to the Audit and Risk Assurance Committee ("the Committee") of Scottish Fire and Rescue ("the Service") for the year ending 31 March 2022 audit. The scope of our audit was set out within our planning report presented to the Committee in March 2022. This report summarises our findings and conclusions in relation to:

- The audit of the **Annual Report and Accounts**; and
- Consideration of the **four audit dimensions** that frame the wider scope of public sector audit requirements as illustrated in the following diagram. This includes our consideration of the Accountable Officers' duty to secure best value.

Introduction (continued)

The key messages in this report (continued)

I would like to draw your attention to the key messages of this paper:

Conclusions from our testing to date

In the current year, we changed the audit timetable to commence mid-October instead of start of September in response to staffing challenges within the audit team. This, in conjunction with delays to receipt of information particularly in respect of the significant risks, has resulted in the audit running behind schedule.

We have read the performance report and accountability report and provided comments to management which they have updated to ensure that they are consistent with the financial statements and our knowledge of the Service.

We have completed our work in respect of the auditable parts of the remuneration and staff report.

A summary of our work on the significant risks is provided in the dashboard on page 9.

Status of the financial statements audit

Our audit is complete.

Conclusions on audit dimensions

As set out on pages 22 to 29, our audit work covered the four audit dimensions. Our audit work was risk based and proportionate, covering each of the four dimensions. As discussed in our audit plan, the risk profile of public bodies for the 2021/22 audits is significant affected by the COVID-19 pandemic. Our audit work across each dimension has therefore been specifically focussed on how the Board has responded to these risks.

As part of our subsequent events review we were made aware of the cancellation of the command and control centres contract, which will result in an impairment in the 2022/23 Annual Report and Accounts. We have made enquiries of management surrounding the circumstances that led to this decision, however, have not formed a conclusion on this transaction and recommend that this should be considered by the new auditors.

Our overall conclusions on each dimension are summarised below, with full details provided in the main body of the report:

Financial Management

The Service continues to have strong financial management processes in place which it has strengthened in the year by more transparent reporting particularly around savings / asset backlogs.

Introduction (continued)

The key messages in this report (continued)

Conclusions on audit dimensions (continued)

Financial Sustainability

The Service has achieved short-term financial balance in 2021/22.

The Service is faced with significant legacy issues with regards to capital investment, which is reported throughout the Service and there is recognition of this fact. The Service has refreshed its Risk Based Capital Investment Strategy in the current period and recognises that this needs to be continually refreshed in line with its strategy and the future revision of its Medium Term Financial Plan and Long Term Financial Strategy.

Governance and transparency

The Service continues to have strong leadership in place. The Board has seen changes in the current year, which were predominantly in line with individuals terms and expected retirements. We are pleased to note that the Board no longer holds closed sessions and provides recording of meetings online for the public. We recommend that with the continued relaxation of restrictions that the Service reviews whether the meetings could become fully accessible in future.

Value for money

The Service continues to have a clear Performance Management Framework in place. We understand that the Service is refreshing its Performance Management Framework and considering the benchmarking and trend data that the Service will use for reporting as part of this refresh.

Best value

The Service has sufficient arrangements in place to secure Best Value with a focus on continuous improvement, although there is room for improvement in the Service's internal process for identifying areas for improvement and implementing the necessary changes.

Next steps

An agreed Action Plan is included in the Appendix on pages 37 to 55 of this report, including a follow-up of progress against prior year actions.

Added value

Our aim is to add value to the Service by providing insight into, and offering foresight on, financial sustainability, risk and performance by identifying areas for improvement and recommending and encouraging good practice. In so doing, we aim to help the Service promote improved standards of governance, better management and decision making, and more effective use of resources. This is provided throughout the report.

Pat Kenny
Audit Associate Partner

Annual Report and Accounts Audit

Quality Indicators

Impact on the execution of our audit

Management and those charged with governance are in a position to influence the effectiveness of our audit, through timely formulation of judgements, provision of accurate information, and responsiveness to issues identified in the course of the audit. This slide summarises some key metrics related to your control environment which can significantly impact the execution of the audit. We consider these metrics important in assessing the reliability of your financial reporting and provide context for other messages in this report.

Area	Grading			Reason
	FY22	FY21	FY20	
Timing of key accounting judgements	!			As set out in the control insights, not all key accounting judgements were supported by a management paper.
Adherence to deliverables timetable	!	!		68% of deliverables from management have been received on time based on the Deloitte Connect metrics.
Access to finance team and other key personnel				We have had good access to the finance team and other key personnel.
Quality and accuracy of management accounting papers	!		!	On the whole documentation provided has been a good standard. However, as in previous periods we have encountered some issues with the documentation and evidence provided for accruals and trade payables resulting in increased sample sizes. In the current period we have also encountered difficulties obtaining appropriate breakdowns to support the payroll balance.
Quality of draft financial statements	!	!		A draft of the annual report and accounts was received for audit on the 30 September 2022, with a further draft being provided on 14 October 2022. Whilst generally compliant with the reporting requirements, a number of amendments were required, including disclosures in respect of the Accountable Officer.
Response to control deficiencies identified	!			Our detailed audit work has identified an increase in control recommendations.
Volume and magnitude of identified errors	!	!		Our audit has identified additional errors than in previous years, both corrected and uncorrected and as a result of the errors identified the number of control recommendations has also increased.

! Lagging ! Developing Mature

Our Audit Explained

We tailor our audit to your business and your strategy

Identify changes in your business and environment

In our planning report we identified the key changes in your business and articulated how these impacted our audit approach.

Scoping

Our planning report set out the scoping of our audit in line with the Code of Audit Practice. We are completing our audit in line with our audit plan.

Other findings

As well as our conclusions on the significant risks we are required to report to you our observations on the internal control environment as well as any other findings from the audit.

Identify changes in your business and environment → Determine materiality → Scoping → Significant risk assessment → Conclude on significant risk areas → Other findings → Our audit report

Determine materiality

When planning our audit we set our materiality at £8.69m based on forecast gross expenditure. We have updated this to reflect final figures and completed our audit to materiality of £8.84m (2020/21: £8.21m), performance materiality of £6.19m (2020/21: £5.75m) and report to you in this paper all misstatements above £250,000 (2020/21: £250,000).

Significant risk assessment

In our planning report we explained our risk assessment process and detailed the significant risks we have identified on this engagement. We report our conclusions on these risks in this report.

Conclude on significant risk areas

We draw to the Committee's attention our progress on the significant audit risks. In particular the Committee must satisfy themselves that management's judgements are appropriate.

Our audit report

We have issued an unmodified audit opinion.

Significant Risks

Dashboard

Risk	Material	Fraud risk	Planned approach to controls testing	Controls testing conclusion	Consistency of judgements with Deloitte's expectations	Comments	Page no.
Operating within the expenditure resource limits			D+I	Effective		Errors identified and control insights raised	10
Management override of controls			D+I	Effective		Control insights raised	11

Overly prudent, likely to lead to future credit

Overly optimistic, likely to lead to future debit.

D+I: Testing of the design and implementation of key controls

Significant Risks (continued)

Operating within the expenditure resource limits

Risk identified and key judgements

Under Auditing Standards there is a rebuttable presumption that the fraud risk from revenue recognition is a significant risk. In line with previous years, we do not consider this to be a significant risk for SFRS as there is little incentive to manipulate revenue recognition with the majority of revenue being from the Scottish Government which can be agreed to confirmations supplied.

We therefore consider the fraud risk to be focused on how management operate within the expenditure resource limits set by the Scottish Government. The risk is that SFRS could materially misstate expenditure in relation to year end transactions, in an attempt to align with its tolerance target or achieve a breakeven position.

The significant risk is therefore pinpointed to the completeness of accruals made by management at the year end and invoices processed around the year end as this is the area where there is scope to manipulate the final results. Given the financial pressures across the whole of the public sector, there is an inherent fraud risk associated with the recording of accruals around year end.

Deloitte response and challenge

We have evaluated the results of our audit testing in the context of the achievement of the limits set by the Scottish Government. Our work in this area included the following:

- Evaluated the design and implementation of controls around monthly monitoring of financial performance;
- Obtained independent confirmation of the resource limits allocated to SFRS by the Scottish Government;
- Performed focused testing of accruals made at the year end; and
- Performed focused cut-off testing of invoices received and paid around the year end.

Significant Risks (continued)

Operating within the expenditure resource limits (continued)

Deloitte view

Our work in this area is complete. As part of our audit work we identified classification and valuation errors through our testing of both the cut off of invoices received and paid around the year-end and also our accruals testing.

In terms of our cut-off of invoices testing we identified the following errors:

- An extrapolated valuation error of £584,737 from a factual error of three sampled items totalling £479,594. The corrective double entries were Dr Accruals £584,737, Cr Prepayments £590,876 and Dr Expenditure £6,139. Management have corrected one of the factual errors identified totalling £484,629, leaving a residual extrapolated corrective error of Dr Accruals £100,108, Cr Prepayments £106,247 and Dr Expenditure £6,139.
- An extrapolated classification error is £583,804 and is as a result of two factual errors totalling £478,829 between Trade Creditors and Accruals. Management have corrected the factual element of this extrapolation leaving a residual extrapolated error of £104,975 with the corrective entry being Dr Accruals and Cr Trade Creditors.

In terms of our accruals testing we identified the following errors:

- An extrapolated valuation error of £636,512, resulting from twenty one individual factual errors totalling a net overstatement of accruals of £213,471. The corrective entries are therefore Dr Accruals Cr Expenditure.
- An extrapolated classification error of £4,286,291 from three individual factual errors totalling £1,437,522. The corrective double entries are therefore Dr Accruals Cr Provisions.

Significant Risks (continued)

Management override of controls

Risk identified

Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent Annual Report and Accounts by overriding controls that otherwise appear to be operating effectively.

Although management is responsible for safeguarding the assets of the entity, we planned our audit so that we had a reasonable expectation of detecting material misstatements to the Annual Report and Accounts and accounting records.

Deloitte response and challenge

In considering the risk of management override, we have performed the following audit procedures that directly address this risk:

Journals

We have tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the annual report and accounts. In designing and performing audit procedures for such tests, we have:

- Tested the design and implementation of controls over journal entry processing;
- Made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;
- Selected and tested journal entries and other adjustments made at the end of a reporting period; and
- Considered the need to test journal entries and other adjustments throughout the period.

Accounting estimates and judgements.

We have reviewed accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud. In performing this review, we:

- Evaluated whether the judgments and decisions made by management in making the accounting estimates included in the annual report and accounts, even if they are individually reasonable, indicate a possible bias on the part of the entity's management that may represent a risk of material misstatement due to fraud; and
- Performed a retrospective review of management judgements and assumptions related to significant accounting estimates reflected in the annual report and accounts of the prior year.

Significant and unusual transactions

We did not identify any significant transactions outside the normal course of business or any transactions where the business rationale was not clear.

Deloitte view

Our work in this area is complete. We have raised control findings in respect of preparation of management accounting papers to support key estimates and judgements within the accounts as set out on pages 14 to 17.

Other area of focus

Pension liability

Risk identified and key judgements

SFRS participates in nine defined benefits schemes:

- Local Government Pension Schemes (LGPS); and
- Firefighters Pension Schemes (FFPS).

The net pension liability increased by £345.177m in 2020/21 from the 2019/20 value. The increase is a combination of an increase in the fair value of the assets and an increase in the liabilities as a result of demographic changes and financial assumptions. The liability also continues to be affected by the McCloud and Goodwin legal cases.

SFRS uses a number of actuaries for the 8 LGPS (Hymans Robertson LLP, Barnett Waddingham LLP and Mercer) and the FFPS (the Government's Actuary Department ("GAD"). They all produce a detailed report outlining the estimated liability at the year-end along with the associated disclosure requirements.

The pension liability valuation is an area of audit focus due to the material value and significant assumptions used in the calculation of the liability. The valuations are prepared by reputable actuaries using standard methodologies which have been considered as appropriate in previous years and no significant changes in the membership of the scheme or accrued benefits are expected in the current year. As a result, we have not identified this as a significant risk.

Deloitte response and challenge

We will perform the following procedures to address the risk:

- Assessed the independence and expertise of the actuary supporting the basis of reliance upon their work;
- Reviewed and challenge the assumptions made by the actuaries;
- Obtained assurance from the auditor of the pension fund over the controls for providing accurate data to the actuary;
- Assessed the reasonableness of SFRS' share of the total assets of the scheme with the Pension Fund annual accounts;
- Considered the impact of the Quinquennial Review of the FFPS;
- Reviewed and challenge the calculation of the impact of the McCloud and Goodwin cases on pension liabilities; and
- Reviewed the disclosures within the accounts against the FReM.

Deloitte view

As part of our work we have identified one control insight as set out on pages 14 to 17, one disclosure error in respect of the FFPS as set out on pages 32 to 36, and two numeric errors as set out pages 32 to 36, relating to errors identified by the Pension Fund auditors for their work in respect of the LGPS and also for the LGPS the fact that the actuaries have not included estimates for McCloud or Goodwin and that there is an unexplained difference when recalculating the experience gain / (loss) for some schemes.

Other Significant Findings

Internal control

During the course of our audit to date, we have identified the following internal control findings, which we have included below and on the following pages for information.

Area	Observation	Priority
Property, Plant and Equipment	Management revalue 50% of their land and buildings annually as part of their revaluation of Property, Plant and Equipment. Accounting standards permit this so long as the valuation of assets not revalued in the year remains materially accurate at the year-end date. We have undertaken a review based on the Build Cost Indices (BCIS) for those assets not revalued in the year and have determined that the valuation is not materially misstated. Management did not perform this assessment themselves, and with the significant movement in the BCIS rates in the current period, driven by the current macroeconomic climate, we recommend that in future periods management perform an assessment of the movement in BCIS and the impact on the assets not valued in the period and provide this assessment to the auditors. **Management response:** The SFRS will seek early discussions with auditors to determine expectations relating to revaluation of properties.	Medium
Management paper	From our work in respect of IFRS 16, Leases, we identified that management do not routinely prepare management accounting papers. Whilst we understand that the Service estimates the impact of IFRS 16 to not be material, it is good practice that where there is a key judgement or new accounting standard, that a management paper is completed and provided to both audit and ARAC. **Management response:** We will review our approach to management papers and discuss with the new auditors.	Low
National Fraud Initiative	As part of our work in respect of the National Fraud Initiative (NFI) we identified that the self-appraisal checklist was not reviewed by ARAC. We recommend that the Key Contact and ARAC should review the self-appraisal checklist as a means of monitoring the body's planning and progress with the NFI exercise going forward. **Management response:** The NFI process is treated as business as usual and the outcomes are already reported to the Good Governance Board as well as the ARAC. The Service has the responsibility to ensure that the process is carried out while the ARAC has the role to scrutinise the outcomes of the exercise.	Low

The purpose of the audit was for us to express an opinion on the financial statements. The audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters being reported are limited to those deficiencies that we have identified during the audit and that we have concluded are of sufficient importance to merit being reported to you.

Low Priority

Medium Priority

High Priority

Other Significant Findings (continued)

Area	Observation	Priority
Prepayments	As part of our unrecorded liabilities work we identified that management have received an invoice which is for a future period and have recorded this within the ledger on receipt and recorded Dr Expenditure Cr Accruals. However, they identified that this is not a valid in year expenditure and so to ensure that expenditure is recorded in the correct period have posted Cr Expenditure Dr Prepayments. This results in the residual entries being Dr Prepayments Cr Accruals, which is grossing up the balance sheet. We recommend that management revise their processes to ensure that only items which have been paid and relate to future periods are included within prepayments and only those items which have not yet been paid and relate to the current period are included within accruals. **Management response:** Agree. We will review and update internal processes to ensure accuracy going forward.	Low
Classification within Trade Payables and Accruals	As part of our work in respect of liabilities we have identified classification errors between trade payables and accruals. We recommend that management refresh their processes in respect of the classification between liability categories to ensure that items are correctly classified. **Management response:** Agree. We commit to review our processes to provide required information.	Low
Provision and accrual classifications	As part of our accruals work we identified classification errors in respect of provisions and accruals. We recommend that management refresh their processes to ensure additional consideration, specifically utilising the definitions provided within IAS 37, is given as to whether the associated liability being recorded reflects an accrual / provision or contingent liability. **Management response:** Agree. We commit to reviewing categorisation annually based on up to date information.	Low
Purchase order recording	As part of our accruals work we identified that a purchase order (PO) was cancelled when work was no longer required, however, an associated accrual has been recorded incorrectly and this accrual was then not removed. We recommend that management review their processes for the recording of PO's and then the impact that this has on accruals to ensure that PO's are only recorded within expenditure when the work has been completed and that where a PO is cancelled that there is a check to ensure that if there is an associated accrual that this is also reversed. **Management response:** Agreed. We will review and update internal procedures to ensure accuracy going forward.	Low

Other Significant Findings (continued)

Area	Observation	Priority
Assets Held for Sale (AHFS)	As part of our work in respect of Property, Plant and Equipment we identified that the AHFS net book value was negative, which management have detailed is as a result of rounding of the years. Property, Plant and Equipment assets should not be reported at a negative net book value. We recommend that management implement a process which ensures that assets cannot be held at a negative net book value and that there is a system check that ensures that asset values cannot reduce below £0. **Management response:** Agreed. While the values are trivial, we will review and adjust.	Low
Loss on disposal of assets	As part of our work in respect of Property, Plant and Equipment disposals we identified that management have not disclosed the loss of disposal of assets where they have paid for the assets to be disposed of within note 26 and also the cash flow statement. We recommend that management implement a process and control in order to capture where there has been a disposal of Property, Plant and Equipment and the associated cost of this disposal, including where the Service pays for an asset to be removed in order to provide these disclosures in future reporting periods. **Management response:** Agreed. Procedures will be updated to ensure that disposal costs are included in the calculation of gain or loss on disposal of assets.	Low
Provisions disclosure	As part of our review of the financial statements we identified that management had not split their provisions disclosure between short term and long term. The initial disclosure, and review of historic trends suggested that on average circa 25% of the provision is short term and the remaining is long term. We recommend that management refresh their processes for determining the provisions split and should ensure that they are explicitly considering the likely timing of payment. **Management response:** Agreed.	Low
Provisions	Following challenge by audit, management have identified that the legacy service employee related liabilities provision included within the financial statements is not a valid provision. As this is clearly trivial, it is planned that this will be reversed in financial year 2022/23. We recommend that management ensure that they review their provisions balance and prepare a management paper to support the balances included within this note, with explicit reference to IAS37 when considering whether the previously recorded provisions continue to be appropriate to be recorded. **Management response:** Agreed. Reviews will be carried out and recorded to ensure provisions are valid.	Low

Other Significant Findings (continued)

Area	Observation	Priority
Trade Receivables	As part of our work in respect of Trade Receivables we have identified that management have incorrectly included within the year-end balance money which has been settled at the year-end date and is therefore not a valid year-end Trade Receivable. Management should review their processes for the recording of Trade Receivables balance to ensure that they are matching receipts to the Trade Receivables balance such that when the item is paid, the associated Trade Receivable is removed from the general ledger. **Management response:** Agreed. Procedures will be updated and reviews undertaken to ensure treatment is correct.	Low
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 Schemes (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. **Management response:** Agreed.	Low
Remuneration report	As part of our work on the remuneration report, we identified errors in respect of the pension related benefits, time apportioning of pension benefits and inconsistencies within the disclosure of the percentile pay ratio and the lowest paid range disclosure. We recommend that management refresh their review process for the current period, to ensure that all of these items are captured. **Management response:** Agreed. Amendments to be made.	Low

Other Significant Findings (continued)

Financial reporting findings

Below are the findings from our audit surrounding your financial reporting process.

Qualitative aspects of your accounting practices:

We have provided comments to management surrounding the Service's Annual Report and Accounts and the compliance with the FReM and have confirmed in the final Annual Report and Accounts that the disclosures were compliant with the exception of the disclosure deficiencies noted on page 35.

Significant matters discussed with management:

Significant matters discussed with management related primarily to the continued impact of COVID-19 on the organization and the assessment of significant judgements and estimates.

Regulatory change

IFRS 16, Leases, comes into effect on 1 April 2022, therefore will be first implemented in financial year 2022/23. This will require adjustments to recognise on balance sheet arrangements currently treated as operating leases. We asked management for a management paper setting out the work that they conducted in order to prepare the disclosure included in the 2021/22 Annual Report and Accounts and have raised a control insight around the preparation of management papers.

Other matters relevant to financial reporting:

We have not identified other matters arising from the audit that, in the auditor's professional judgement, are significant to the oversight of the financial reporting process.

We have obtained written representations from the Board on matters material to the financial statements when other sufficient appropriate audit evidence cannot reasonably be expected to exist.

Our Audit Report

Other matters relating to the form and content of our report

Here we discuss how the results of the audit impact on other significant sections of our audit report.

Our opinion on the financial statements

We have issued an unmodified audit opinion.

Material uncertainty related to going concern

We have not identified a material uncertainty related to going concern and will report by exception regarding the appropriateness of the use of the going concern basis of accounting.

Practice Note 10 provides guidance on applying ISA (UK) 570 Going Concern to the audit of public sector bodies. The anticipated continued provision of the service is more relevant to the assessment that the continued existence of a particular body.

Emphasis of matter and other matter paragraphs

There are no matters we judge to be of fundamental importance in the financial statements that we consider it necessary to draw attention to in an emphasis of matter paragraph.

There are no matters relevant to users' understanding of the audit that we consider necessary to communicate in an other matter paragraph.

Other reporting responsibilities

The Annual Report and Accounts are reviewed in its entirety for material consistency with the financial statements and the audit work performance and to ensure that they are fair, balanced and reasonable.

Opinion on regularity

We are required to consider whether in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Our opinion on matters prescribed by the Auditor General for Scotland is included throughout.

Your Annual Report

We are required to provide an opinion on the auditable parts of the Remuneration and Staff report, the Annual Governance Statement and whether the Performance Report is consistent with the disclosures in the accounts.

Requirement		Deloitte response
The Performance Report	The report outlines the Board's performance, both financial and non-financial. It also sets out the key risks and uncertainty as set out in the Annual Operating Plan.	We have assessed whether the Performance Report has been prepared in accordance with the Accounts Direction. We have also read the Performance Report and confirmed that the information contained within is materially correct and consistent with our knowledge acquired during the course of performing the audit, and is not otherwise misleading. We provided management with comments and suggested changes and these have been reflected in the final Annual Report and Accounts.
The Accountability Report	Management have ensured that the accountability report meets the requirements of the FReM, comprising the governance statement, remuneration and staff report and the parliamentary accountability report.	We have assessed whether the information given in the Annual Governance Statement is consistent with the Annual Report and Accounts and has been prepared in accordance with the accounts direction. We have also read the Accountability Report and confirmed that the information contained within is materially correct and consistent with our knowledge acquired during the course of performing the audit, and is not otherwise misleading. We provided management with comments and suggested changes and these changes have been reflected in the final Annual Report and Accounts. The updated Remuneration and Staff Report complies with the accounts direction.

Audit Dimensions

Financial management

Is financial management effective?

Are budget setting and monitoring processes operating effectively?

Is there sufficient financial capacity?

Financial Management

Significant risks identified in Audit Plan

In the prior year we reported that the Service has effective financial planning and management arrangements which are robust enough to manage financial activity and capture and address any challenges to the achievement of financial targets. The financial position and variances were transparently reported to the Board throughout the year. We therefore did not identify any significant risks in relation to financial management during our planning and our work instead focussed on reviewing the progress being made by the Service in refreshing its long term financial strategy during 2021/22, particularly in terms of reflecting the impact of COVID-19 and other demand pressures. We also have followed up on the recommendations that we made in the previous year.

Current year financial performance

The 2021/22 budget was approved by the Board in March 2021. The 'resource' budget was £284.7m (2020/21: £276m), with a 'capital' budget remaining static at £32.5m in both years. The budget outturn is reported to the Board throughout the year and from our review, variances are clearly reported and explained.

The COVID-19 pandemic has continued to have an impact on the financial position of the Service and the Service continues to be impacted by their backlog in respect of Property, Plant and Equipment (asset backlog). The Service in the current year, secured additional capital budget to fund the Firefighter's Uniform when purchased as opposed to when provided to Firefighter's in line with our recommendation from the previous year.

The Service has developed 10 year risk based approach to the Capital Programme for Property, Fleet and Equipment. The Service recognises that this will need to be revisited at a future date to align to any revised strategy.

The Service has refreshed its process around reporting and identification of savings in the year, to include identified savings and a RAG rating status in respect of the savings to facilitate greater scrutiny of the identified plans.

Financial management (continued)

Finance capacity

The finance team has remained consistent throughout the year, following the secondment of the Director of Finance and Contractual Services in early 2021/22 to the Scottish Government. As reported in our 2020/21 annual report, we would encourage the Service to reconsider its intention not to establish a committee for finance matters or allocate specific responsibility for finance to an existing committee.

Internal audit

We have assessed the internal audit function, including its nature, organisational status and activities performed. We have reviewed all internal audit reports published throughout 2021/22. The conclusions have helped inform our audit work, although no specific reliance has been placed on this work.

The 2021/22 Internal Audit Plan was approved by the ARAC in March 2021. The Internal Audit Annual Opinion for the year ended 31 March 2022 was approved by the ARAC in June 2022, giving an overall Annual Assurance Opinion as "reasonable assurance".

Standards of conduct for prevention and detection of fraud and error

We have assessed the Service's arrangements for the prevention and detection of fraud and irregularities. This has included specific considerations in response to the increased risk of fraud as a result of COVID-19. Overall, we found the arrangements to be to be designed and implemented appropriately.

National Fraud Initiative (NFI)

A number of public sector bodies, including the Service are participating in the most recent NFI exercise which commenced in 2020/21. We have continued to monitor the Service's participation and progress in the NFI during 2021/22 and submitted an assessment of the participation to Audit Scotland in February 2022. The information submitted was used by Audit Scotland the August 2022 national NFI report. We concluded that the Service was fully engaged in the exercise.

In line with the Audit Scotland report published on the 2018/19 exercise, we would encourage the ARAC and staff leading the NFI work to review the NFI self appraisal checklist for future exercises.

Deloitte view – financial management

The Service continues to have strong financial management processes in place which it has strengthened in the year by more transparent reporting particularly around savings / asset backlogs.

Financial sustainability

Can short term (current and next year) financial balance be achieved?

Is there a long term (5 10 years) financial strategy?

Is investment effective?

Financial Sustainability

Significant risks identified in Audit Plan

The Service has historically achieved short-term financial balance, and has forecast a balanced budget for 2022/23. As part of our audit plan we did not identify a significant risk and so we have instead followed up on our previous year recommendations.

2022/23 budget setting

The Service approved its 'resource' budget for 2022/23 in March 2022 of £294.2m (2021/22: £284.7m) with the capital budget remaining static at £32.5m.

In response to the recommendations raised in the previous year, the Service has enhanced its reporting in relation to the budget setting, level of engagement and also identification to savings plans. As part of our follow up to the previous recommendations we have highlighted some further areas of improvement from our work.

Capital planning and asset management

The Service has a 3 year Capital Programme, which it refreshes every year, and the Capital Programme assumes that funding from the Scottish Government for capital projects remains flat at £32.5m for the foreseeable future. The Service has also refreshed its Risk Based Capital Investment Strategy which includes details of the wider capital need, including consideration on the asset management backlog and the longer term planning for asset replacement programme. Management acknowledge that this strategy will need to be continually refreshed, and updated in line with the Services mid term financial planning assumptions and any changes to capital funding provided by the Scottish Government.

Financial sustainability (continued)

Medium-to-long term financial planning

In our 2020/21 annual audit report we highlighted that the Service has a Long Term Financial Strategy (LTFS), a Mid Term Financial Plan (MTFP), and the annual budget, which includes scenario planning in line with good practice, and that the accuracy of the LTFS to date has been good. We highlighted that neither the LTFS or MTFP set out the outcomes expected to be achieved or how resources will be allocated over the longer term to deliver outcomes.

We note that the Service has not developed its budget to outcomes reporting. The Christie Commission review in 2011 highlighted the need for the public sector in Scotland to review its budget to outcome reporting. As set out in a further Audit Scotland document that reviewed the progress made against the Christie report 10 years on there has been limited progress across the public sector in Scotland, except for as a result of COVID-19. As such, we recommend that the Service reconsiders its processes for developing a reporting output that shows how the budget is being allocated in terms of the outcomes that the Service is wanting to achieve.

Workforce planning

In the previous year we reported that the Service used innovative methods to keep staff informed, including the use of Pulse surveys, live broadcasts by the Chief Officer and weekly briefings by the Communications Team.

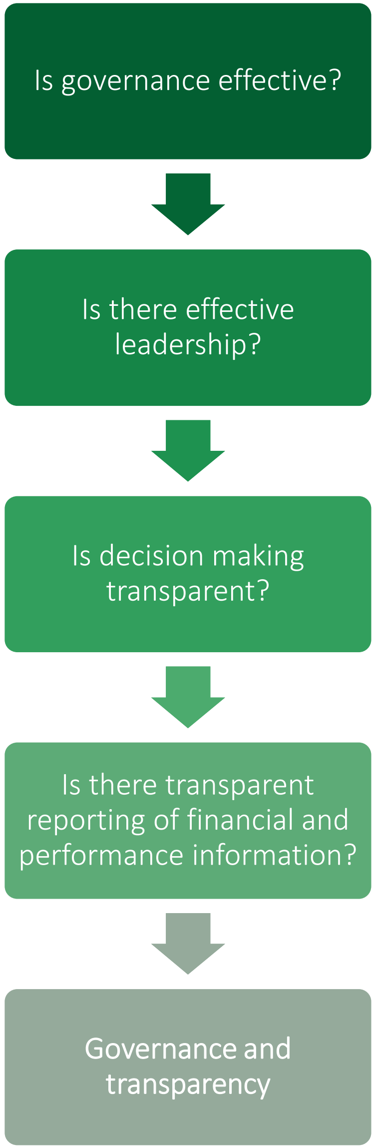
We identified that there were no targets included in the Training Strategy. The Service in the current period has commenced its refresh to Strategic Workforce Planning, and reports this to the People Board, People Committee, and Service Delivery Forums of Continuous Improvement Forum and Operational Availability Group. The Service recognises that it needs to finalise its documented approach to Strategic Workforce Planning and progress this through the Services established governance route.

Deloitte view – Financial sustainability

The Service has achieved short-term financial balance in 2021/22.

The Service is faced with significant legacy issues with regards to capital investment, which is reported throughout the Service and there is recognition of this fact. The Service has refreshed its Risk Based Capital Investment Strategy in the current period and recognises that this needs to be continually refreshed in line with its strategy and the future revision of its MTFP and LTFS.

Governance and transparency



Significant risks identified in Audit Plan

In previous years we have concluded that the Service continues to have effective governance and scrutiny arrangements in place, although we have reported improvements with regards to the implementation of these arrangements. As reported in our audit plan, we have not identified any significant risks and our work instead has focused on follow up of previous recommendations.

Leadership

The Service has had a fairly stable Board in 2021/22 with some changes as a result of retirement and the end of Board member terms. There was also changes to the Board member structure in 2021/22 as a result of the fact that some members stayed on past their agreed term in order to help the Services response to the COVID-19 pandemic. There was a change in Accountable Officer during the current period, and we have understood the Service's response to this and note that throughout this period, the Service continued to have strong leadership.

The Service had a change in Finance and Procurement as a result of a secondment to the Scottish Government which has resulted in temporary arrangements being put in place, and we understand being extended through 2022/23 as well. Apart from this, the finance team has remained consistent throughout.

Governance and transparency (continued)

Governance and scrutiny arrangements

We have reviewed meetings attendance from the past year and confirm that there has been adequate attendance at Board and Committee meetings. In addition, from attendance at meetings we can confirm that there is sufficient scrutiny and challenge exercised by Board members during the meetings.

The ARAC continues to be a key element of the governance arrangements in place. It has continued to provide oversight of the risk management activity during the year,

Openness and transparency

In our 2020/21 report we highlighted that the Service was open and transparent and that decision making is clear in reporting, and there is effective engagement with wider stakeholders. We highlighted that the Service should review its decision making around public access to Board and Committee meetings. In line with our recommendation, further consideration has been given to this by the Service, and its position remains unchanged from March 2021 whereby public access is granted via the publication of the recorded meeting. We recommend that with the continued relaxation of restrictions in respect of COVID-19 that this position is regularly reviewed.

Deloitte view – Governance and transparency

The Service continues to have strong leadership in place. The Board has seen changes in the current year, which were predominantly in line with individuals terms and expected retirements. We are pleased to note that the Board no longer holds closed sessions and provides recording of meetings online for the public. We recommend that with the continued relaxation of restrictions that the Service reviews whether the meetings could become fully accessible in future.

Value for money

Are resources being used effectively?

Are services improving?

Is Best Value demonstrated?

Value for money

Significant risks identified in Audit Plan

Performance management framework

The Service has a clear and robust Performance Management Framework in place and in line with best practice, its performance measures align to the National Performance Framework. The evidence map in the Performance Management Framework, is clear and sets out in an understandable manner how the actions of the Service will be captured in performance measures, how these measures will achieve the objectives of the Service and how these objectives will deliver desired outcomes as set out in the Strategic Plan.

The Service is refreshing its Performance Management Framework and therefore we understand that our recommendations raised in the previous period around benchmarking and trend data have not been implemented yet. We consider this reasonable given that the trends and benchmarking is driven by the Performance Management Framework.

Deloitte view – Value for money

The Service continues to have a clear Performance Management Framework in place. We understand that the Service is refreshing its Performance Management Framework and considering the benchmarking and trend data that the Service will use for reporting as part of this refresh.

Best value

The Scottish Public Finance Manual ('SPFM') explains that accountable officers have a specific responsibility to ensure that arrangements have been made to secure Best Value.

The duty of Best Value, as set out in the SPFM

- To make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost; and in making those arrangements and securing that balance.

- To have regard to economy, efficiency, effectiveness, the equal opportunities requirement and to contribute to the achievement of sustainable development.

The SPFM sets out nine characteristics of Best Value which public bodies are expected to demonstrate. The refreshed guidance issued by the Scottish Government in 2011 focused on 5 generic themes and 2 cross-cutting themes, which now define the expectations placed on Accountable Officers by the duty of Best Value.

Five themes:
1. Vision and Leadership
2. Effective Partnerships
3. Governance and Accountability
4. Use of Resources
5. Performance Management

Cross-cutting themes:
1. Equality
2. Sustainability

The Service has a number of arrangements in place to secure Best Value. This is evidenced through the Strategic Plan and performance reporting.

As noted elsewhere within this report, the Service has an established governance framework and strong leadership. There is a culture of continuous improvement, evidenced by the strategic review of change and the Service Delivery and Service Development Directorate.

The Service recognises that it must deliver services within the financial resources available and, as noted in our previous reports and our follow up on actions, further work is required to achieve medium to longer term financial sustainability.

Deloitte view – Best Value

The Service has sufficient arrangements in place to secure Best Value with a focus on continuous improvement, although there is room for improvement in the Service's internal process for identifying areas for improvement and implementing the necessary changes.

Purpose of our Report and Responsibility Statement
Our report is designed to help you meet your governance duties

What we report

Our report is designed to help the Committee and the Board discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA (UK) 260 to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- Results of our work on key audit judgements and our observations on the quality of your Annual Report and Accounts;
- Our internal control observations; and
- Other insights we have identified from our audit.

The scope of our work

Our observations are developed in the context of our audit of the financial statements.

We described the scope of our work in our audit plan.

Use of this report

This report has been prepared for the Board, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to the Board.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the procedures performed in fulfilling our audit plan.

We welcome the opportunity to discuss our report with you and receive your feedback.

P. Kenny

Pat Kenny, CPFA

For and on behalf of Deloitte LLP

Glasgow | 26 January 2023

Appendices

Audit adjustments

Unadjusted misstatements

The following uncorrected misstatements have been identified, which we request that you ask management to correct as required by ISAs (UK).

		Debit/(Credit) Statement of Comprehensive Net Expenditure £m	Debit/(Credit) in Net Assets £m	Debit/(Credit) prior year Taxpayer's Equity £m	Debit/(Credit) in Income £m	If applicable, control deficiency identified
Misstatements identified in current year						
Unrecorded liabilities valuation error	[1]	0.006	0.100 (0.106)	-	-	Yes
Unrecorded liabilities classification error	[2]	-	0.105 (0.105)	-	-	Yes
Accruals valuation error	[3]	(0.637)	0.637	-	-	N/A
Accruals classification error	[4]	-	4.286 (4.286)	-	-	Yes
Pension Fund Auditor errors	[5]	(0.839)	0.839	-	-	N/A
Pension Scheme errors	[6]	0.699	(0.699)	-	-	N/A
Overtime error	[7]	(0.661)	0.661	-	-	N/A
Total		**(1.432)**	**1.432**	**-**	**-**	

Audit adjustments (continued)

Unadjusted misstatements (continued)

The following uncorrected misstatements have been identified, which we request that you ask management to correct as required by ISAs (UK).

(1) As set out on page 11, this is the residual extrapolated valuation error identified in respect of our unrecorded liabilities testing.

(2) As set out on page 11, this is the residual extrapolated classification error identified in respect of our unrecorded liabilities testing.

(3) As set out on page 11, this is the extrapolated valuation error identified in respect of our accruals testing.

(4) As set out on page 11, this is the extrapolated classification error identified in respect of our accruals testing.

(5) As part of work in respect of the LGPS' that the Service is a member of, we request assurance letters from the Pension Fund auditors. This is the Service's share (based on the asset share of each fund) of the errors reported under this protocol.

(6) As part of work in respect of the LGPS' we identified that, in keeping with previous years, the actuaries had not included the consideration of McCloud or Goodwin and that there is an unexplained difference when recalculating the experience gain / (loss) for some schemes. This error is the summation of the differences identified through our actuaries work.

(7) As part of our payroll work and our detailed testing of the overtime balance, we have identified that some overtime in respect of April 2022 had been incorrectly included within the in year expenditure. This is the extrapolated error of this impact.

Audit adjustments (continued)

Adjusted misstatements

The following corrected misstatements have been identified as part of our audit.

		Debit/(Credit) Statement of Comprehensive Net Expenditure £m	Debit/(Credit) in Net Assets £m	Debit/(Credit) prior year Taxpayer's Equity £m	Debit/(Credit) in Income £m	If applicable, control deficiency identified
Misstatements identified in current year						
Unrecorded liabilities valuation error	[1]	-	0.485 (0.485)	-	-	Yes
Unrecorded liabilities classification error	[2]	-	0.479 (0.479)	-	-	Yes
Total		-	-	-	-	

(1) As set out on page 11, management have corrected for the valuation error identified in our unrecorded liabilities testing.

(2) As set out on page 11, management have corrected for the classification error identified in our unrecorded liabilities testing.

Audit adjustments (continued)

Disclosures

Uncorrected disclosure misstatements

We have provided management with some required disclosure adjustments, below, are the remaining uncorrected disclosure misstatements. We communicate to you the corrected and uncorrected disclosure misstatements to assist you in fulfilling your governance responsibilities, including reviewing the effectiveness of the system of internal control.

Disclosure
Capital Commitments Through our testing of the capital commitments note we identified an extrapolated error of £1,629,303. This is as a result of commitments being disclosed which are not contracted whereas the requirement under the FReM is that this disclosure reflects contracted amounts.
Loss on disposal Through our testing of Property, Plant and Equipment disposals, we identified that management have not disclosed the loss on disposal within note 26 or the cash flow statement. The expenditure has been correctly recorded within the financial statements, however, the associated disclosure has been omitted.
Interest on the service cost The interest on the service cost of £0.8m within the FFPS has been included within the pension financing cost, however, should have been included within the current service cost.

Audit adjustments (continued)

Disclosures (continued)

Corrected disclosure misstatements

We have provided management with some required disclosure adjustments, below are the corrected disclosure misstatements. We communicate to you the corrected and uncorrected disclosure misstatements to assist you in fulfilling your governance responsibilities, including reviewing the effectiveness of the system of internal control. We have confirmed that all required changes have been made.

Disclosure
Payroll classification Through our testing of the payroll balance we identified that there was a classification error within note 4 between wages and salaries and the social security costs of £0.147m.
Provisions Through our review of the financial statements we identified that management had not split the provisions balance between short term and long term and therefore the disclosure did not reflect the likely timing of the payments to be made based on historical outturn.
Pension benefits Through our remuneration report testing we identified that management had incorrectly included decreases in pension benefits as negatives rather than reporting them as £nil.
Range of remuneration Through our remuneration report testing we identified that management had incorrectly excluded Retained Firefighters from the new range disclosures required in both the current and previous year.

Action Plan

Follow-up 2020/21 financial statements action plan

We have followed up the recommendations made in our 2020/21 annual report and provide updates for the 2021/22 as set out below. We have split this between financial statements and wider scope.

Area	Recommendation	Management Response	2021/22 Update
Management Review	We have identified a number of required adjustments to the disclosures included within the Annual Report and Accounts during our audit. In future years, we would encourage the Service to further enhance their existing processes in reviewing the Annual Report and Accounts before submitting the draft Annual Report and Accounts for audit, to minimise the number of required changes.	SFRS will enhance the peer review process to include the disclosure checklist and improve the overall quality of the Annual Report and Accounts.	During 2021/22 we have identified some required changes as part of the initial draft that was provided to audit, however, these were not of the same scale as in prior year. We consider this action still open.
Cash and Banking Process	During our discussions in respect of the Cash and Banking process, we understand that there is a “cash banking daily log” spreadsheet completed. This is updated by the cashiers department, however, for the spreadsheet we reviewed, the “Prepared by” and “Reviewed by” boxes were not completed. Whilst, we note there is a mitigating control, being the “Cash flow monitoring” document, we would recommend that the Service reviews its processes to ensure appropriate segregation of duties by evidencing the “Prepared by” and “Reviewed by” element of the “cash banking daily log”.	Noted. This process has now been amended and the relevant boxes are being completed by the Preparer and Reviewer and checked by an Accountant.	We have not identified this in the current period, and consider this closed.

Action Plan (continued)

Follow-up 2020/21 financial statements action plan (continued)

Area	Recommendation	Management Response	2021/22 Update
Fixed Asset Register	From our detailed Property, Plant and Equipment testing, it was noted that there was no review of the capital accounting entries into the Fixed Asset Register module of Technology One. The Service should implement a review control and segregation of duties such that one person calculates and prepares all of the year-end fixed asset accounting entries, and another person reviews these to ensure that they are accurate.	A review process will be implemented to demonstrate that transactions are reviewed. Due to technical constraints, this will not be held within the financial system.	We note that management have completed this action and we consider this closed.
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.	The SFRS will carry out an annual review for different categories of assets to take into account potential changes in value.	From our work, we have identified that management have not completed this action and we consider it open in the current period.
Depreciation calculation	SFRS' depreciation policy is not to depreciate assets in the year of addition to the Fixed Asset Register and to charge a full years depreciation in the year of disposal. Given that the Service currently has a significant balance of assets included within Assets Under Construction, the Service should review it's depreciation policy to ensure that it remains fit for purpose and does not distort the Service's in year expenditure.	The Depreciation Policy will be reviewed to ensure continued relevance. The SFRS will undertake a review of Assets Under Construction to determine if deprecation would be materially different should the policy change.	We note that management have completed this action and we consider this closed.

Action Plan (continued)

Follow-up 2020/21 financial statements action plan (continued)

Area	Recommendation	Management Response	2021/22 Update
Firefighter's Uniforms	As part of our audit procedures, we have identified that management account for the purchase of Firefighter's Uniforms initially within inventory, before reclassifying them to Property, Plant and Equipment when the uniform is provided to the Firefighter for usage. This accounting treatment is non-compliant with the FReM, and an error has been raised on page 26 and also included within the management representation letter. The impact of this incorrect treatment is that the budgetary impact is currently recorded within the wrong financial period, being the year of distribution rather than the year of purchase. We understand that management have held initial discussions with the Sponsor department regarding realigning the capital budget, however, it is recommended that the Service finalise these discussions as soon as possible and for the 2021/22 Annual Report and Accounts.	A business case for an increase of £3.7 million in CDEL funding was submitted to Scottish Government in November 2021. Approval for the increase has still to be confirmed.	Management obtained additional CDEL funding for this in the current period, and we have identified that the transactions to move the Firefighter's Uniforms from inventory to Property, Plant and Equipment have been completed. We therefore consider this action closed.
Holiday Pay accrual calculation	From our work in respect of the holiday pay accrual, we understand that one individual is responsible for the preparation of the holiday pay accrual. Management should look to plan for the future and ensure that within the wider team there are people who are able to cover this role to add greater resilience to the preparation of key working papers.	The long term aim is to automate this process within our HR/Finance systems. The Decision Support Manager will work with the Finance Business Partner to increase resilience for this task going forward.	We have identified similar issues in the current period and consider this action to remain open.

Action Plan (continued)

Follow-up 2020/21 financial statements action plan (continued)

Area	Recommendation	Management Response	2021/22 Update
Related Party transactions	From our related party work, we identified that management had not identified all related parties (such as SFRS Family Support Trust) which has subsequently been updated within the Annual Report and Accounts. Management should refresh their processes for identifying related parties to ensure that they adequately capture all bodies.	This has been noted and processes refreshed. Amendments have been made to the Register of Interests.	We have not identified any additional bodies requiring disclosure as part of our related party work in the current period and therefore consider this action complete.

Action plan (continued)

Recommendations for improvement – wider scope follow up

Recommendation	Management Response	2021/22 Update
1.1 Financial Management The annual budget should be able to serve as a stand-alone item, capable of scrutiny and challenge on its own merits rather than by reliance on previous reporting and assumed knowledge. This should include clearly setting out the assumptions underpinning the budget.	Agreed. SFRS have provided information to the Board on the annual budget as part of Board development/information sessions and then this is consolidated at the Board meeting where the budget reports are approved. In our opinion cumulatively, this gives the Board sufficient information to scrutinise the annual budget. SFRS however accepts the recommendation and will reference outputs from the information sessions to improve transparency and provide a standalone report for the Capital and Resource budgets for Board approval.	We understand that there was a budget strategy session with the Board where assumptions were provided in respect of the pay and inflation and how this linked to the LTFS. Management assert that the purpose of the budget strategy session was to inform the Board and seek their views on assumptions and what the Board would want to be considered as part of the budget setting process. Management held a second budget strategy day to provide feedback on the budget. Management did not include the detail of the work completed with the Board, or the detail of changes made to the strategy in the public papers. Management should reassess their reporting provided to the Board and also ensure that the purpose of the budget strategy days are to provide additional information / opportunity to challenge aspects that the Board do not wish to be in the public domain to ensure that they are being as transparent as possible in respect of the reporting.
1.2 Financial Management The annual budget should be explicitly referenced to the Service's key strategic documents, for example the Strategic Plan, Workforce and Strategic Resourcing Plan and LTFS, to demonstrate how the Service is allocating its resources on a short-term basis to drive the long-term change it recognises is needed in these strategic documents.	The annual budget supports the achievement of the outcomes and objectives set out in our strategic plan. The recommendation is accepted and moving forward the annual budget will allocate resources with reference to other strategic documents including the Workforce and Strategic Resourcing Plan and the Long Term Financial Strategy.	Based on the evidence provided we are satisfied that this action is fully implemented.

Action plan (continued)

Recommendations for improvement – wider scope follow up (continued)

Recommendation	Management Response	2021/22 Update
1.3 Financial Management 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.	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. Responsible person: Acting Director of Finance & Procurement Target date: 31/3/2023	The Christie Commission review in 2011 highlighted the need for the public sector in Scotland to review its budget to outcome reporting. As set out in a further Audit Scotland document that reviewed the progress made against the Christie report 10 years on there has been limited progress across the public sector in Scotland, except for as a result of COVID-19. As such, we still recommend that the Service develops a reporting output that shows how the budget is being allocated in terms of the outcomes that the Service is wanting to achieve.
1.4 Financial Management The budget should clearly set out how the savings target included within it links in with the savings requirements identified in the MTFM and the LTFS.	Agreed. SFRS will be explicit about the targeted budgeted savings anticipated as part of the budget setting process. The Medium Term Financial Model (previously validated by Deloitte) is updated on an annual basis to include the latest assumptions such as inflation or pay awards used in the annual budget setting process. The model is then used to run various financial scenarios and support strategic decision making and where appropriate identify potential funding gaps that require efficiencies to be achieved. The Long Term Financial Strategy will be updated to reflect the latest position on savings.	As the Service is reporting a 30% outturn against the target date and has also suggested a revised target date of 31 March 2023 Deloitte have not performed any follow up against this action.

Action plan (continued)

Recommendations for improvement – wider scope follow up (continued)

Recommendation	Management Response	2021/22 Update
1.5 Financial Management Resource Monitoring Reports should include clear, summary information on the total amount of efficiency savings achieved in the year. This should set out whether savings are recurring or non-recurring. Cost delays should be clearly differentiated. This should include reporting on the specific targets identified in the budget and provide an update on those savings not identified in the budget but subsequently identified by the Service.	Agreed. The finance team as part of monthly monitoring activity track cashable efficiency savings (recurring and non- recurring) for the resource budget during the year with budget holders as well as identifying cost pressures. This information will be summarised and referenced back to the targeted efficiencies as set by the budget setting process. Our financial reporting will be developed to summarise progress and included in our financial monitoring reports to SLT and Board. Where possible information on whether savings for example COVID-19 savings (already reported) are delayed costs will be identified.	Based on the evidence provided we are satisfied that this action is fully implemented.
1.6 Financial Management The annual budget should clearly set out efficiency savings targets, including where these are expected to be achieved. The budget should identify which savings have already been identified and can be specifically reported against in the year, with a 'RAG' risk rating for those savings yet to be identified in terms of the risk of the Service being able to deliver them.	Agreed. All targeted savings are identified and included in the budget setting process. Moving forward budgeted savings will be tracked and the associated RAG status will be provided and reported against. The reporting of progress against budgeted efficiencies will be reported to the Board as part of the resource monitoring report.	We note that the reporting during 22/23 on budgeted savings does not align to the budgeted efficiencies paper provided as evidence for the budget. As such we recommend that where management make changes to the amounts included in the budget that this is clearly demarked.

Action plan (continued)

Recommendations for improvement – wider scope follow up (continued)

Recommendation	Management Response	2021/22 Update
1.7 Financial Management The relevant committee or Board should ensure that it considers whether the process by which management have determined the structure of the finance function is sufficiently robust to enable the Service to make full and effective use of the finance function to drive improvements in the use of resources, as recommended throughout our work.	Disagree. As highlighted in the commentary of the report the structure of finance is an operational matter designed to meet the needs of the Service. The process for agreement on structural changes for Finance and Procurement is consistent with the Service's governance process on people changes with restructure requests requiring approval by the Director of People and Organisational Development and the Director of Finance and Contractual Services (now the Acting Director of Finance and Procurement). If additional budget is required the Senior Leadership Team approve any change. The restructures supported the improvement in our strategic procurement capability and in finance reallocating resources from transactional processing to the added value areas of decision support, accounting, risk and audit, and finance systems based on continuous improvement activities. The Chief Officer as the accountable officer discussed the secondment of the Director of Finance and Contractual Services with the Board and the subsequent temporary appointments of the Acting Director of Finance and Procurement and Acting Director of Asset Management.	Management did not accept this recommendation in the prior year and therefore no follow up work has been completed.
1.8 Financial Management Given the various changes recommended to financial planning and reporting as identified in our work, management should perform a review of the required skills and competencies to embed these within the Service and ensure that the finance function has these either currently, through planned training or through acquiring external expertise.	Agreed. The Acting Director of Finance and Procurement is confident that the various improvements recommended by Deloitte can be delivered through existing finance resources but will seek external support should this be required. The Acting Head of Finance and Procurement will complete a training needs analysis (skills and competencies) to determine gaps in training across Finance with initial emphasis on Decision Support. The acting Head of Finance and Procurement will use a relevant finance maturity model to determine future training needs.	Based on the evidence provided we are satisfied that this action is fully implemented.

Action plan (continued)

Recommendations for improvement – wider scope follow up (continued)

Recommendation	Management Response	Update 2021/22
1.9 Financial Management In assessing the findings and recommendations of internal and external audit and management's response to those, the relevant committee or Board should ensure that it is satisfied that management have both the capacity and are sufficiently focussed to deliver the recommendations.	The Service's progress on completion of audit actions is reported via Azets (our internal auditors) to the Audit and Risk Assurance Committee on a quarterly basis and there has been a focus on improving the closure of audit actions of earlier years. On appointment, Azets reviewed the approach and suggested that management were too optimistic in setting completion dates and that this should include completion of governance processes, evidence gathering to close the action and take account of business as usual activities. Progress has been made and management believe sufficient focus is being maintained on audit actions with regular follow up meetings with those responsible for audit actions to make satisfactory progress. In some occasions the Service is dependent on external input to close an action and this takes additional time. The chair of ARAC supported by Azets to consider whether ARAC are of the opinion that management are making sufficient progress on audit actions based on Deloitte's recommendation.	Based on the evidence provided we are satisfied that this action is fully implemented.
2.1 Financial Sustainability Following completion of work with the Scottish Government in assessing the capital investment needs of the Service, the AMS should be reviewed to ensure that it aligns with this need, the Strategic Plan and the Change Programme.	The AMS is part of a suite of strategy documents (Fleet, Property and Equipment) to be undertaken by the newly recruited Asset Governance & Performance Manager. The priority is to work on the SFRS Board request for a new Fleet Strategy. The intention is for the new AMS to be aligned to the outcomes of the SDMP, Standard Station Design and the Service Review as well as the Strategic Aims and Objectives of the Service.	As the Service has only made 30% progress against this action, no follow up has been performed by Deloitte.

Action plan (continued)

Recommendations for improvement – wider scope follow up (continued)

Recommendation	Management Response	2021/22 Update
2.2 Financial Sustainability 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.	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.	The reports provided to the Public Board meetings provide reporting against an approved budgeted spend but do not then differentiate between required capital investment / maintenance / impact of the delayed capital investment. The Service has a Risk Based Capital Investment Strategy which has been provided to the Private Board meetings and sets out the Services strategy however, the Service recognises that a formal document will need to be submitted to the Scottish Government and will need revisiting at a future date. We consider this action to remain open as the reporting in the current format does not clearly differentiate between required capital investment / maintenance and impact of delayed capital investment and should then be linked to a wider capital investment strategy to determine what appliances / stations will still be required in future and also consider the wider impact of future workforce plans.
2.3 Financial Sustainability 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.	Agreed. As indicated at 1.3 the Service will review the LTFS and will include how the service applies budget resources to outcomes.	The Christie Commission review in 2011 highlighted the need for the public sector in Scotland to review its budget to outcome reporting. As set out in a further Audit Scotland document that reviewed the progress made against the Christie report 10 years on there has been limited progress across the public sector in Scotland, except for as a result of COVID-19. As such, we still recommend that the Service develops a reporting output that shows how the budget is being allocated in terms of the outcomes that the Service is wanting to achieve.

Action plan (continued)

Recommendations for improvement – wider scope follow up (continued)

Recommendation	Management Response	2021/22 Update
2.4 Financial Sustainability Going forward, key documents which are expected to have longer-term financial implications – such as the Workforce and Strategic Resourcing Plan, Capital Programme and Resource Budget – should include clear, quantitative links to the LTFS, setting out how the decisions taken in the short-term impact the position in the long-term.	Agreed. As indicated in 1.2 the Service will ensure documents that have an impact on the LTFS will be linked to it.	Based on the evidence provided we are satisfied that this action is fully implemented.
2.5 Financial Sustainability Subject to ongoing work on the vision for the future, the Workforce and Strategic Resourcing Plan needs to be reviewed to clearly set out how it is aligned to the Strategic Plan, LTFS, and other key strategic documents – including any successor to the Transformation Programme.	Agreed. The Service will ensure that this is achieved via the Strategic Workforce & Resourcing Plan (WFP) which is already commissioned by the POD Workforce Planning and Resourcing Team with an expected publish date of Q4 2021/22. This document is developed in line with the aims of the SFRS Strategic Plan, the Future Vision, AOP, and any other relevant future plans via focus groups which assess the key data and ensure it is integrated into the WFP The plan is organic in nature and is adjusted in accordance with any change factors identified via the aforementioned Forums and will align in the same way with any future strategic plans. These are scrutinised and approved via through a chain of governance from POD DMT through to the SFRS Board and any challenges, risks and mitigations are identified in the relevant Risk Registers.	As the target date is not yet due and the Service has only made 35% progress against the action, Deloitte have not performed any follow up.

Action plan (continued)

Recommendations for improvement – wider scope follow up (continued)

Recommendation	Management Response	2021/22 Update
2.6 Financial Sustainability The budget report to the Board should set out the process through which the budget was developed, the extent to which there has been consultation and how this consultation was reflected in the budget, so as to enable the Board to satisfy themselves as to the robustness of that process in approving the budget.	Agreed, the budget setting process for 22/23 will include the consultation completed with budget holders, SLT and the Board.	We understand that the Service presented the approach for setting the budget in a presentation to the Board, however, this is not part of a formal document and is in the form of a powerpoint presentation. The final budget report presented to the Board did not set out the process through which the budget was developed, the level of consultation undertaken and how this was then reflected in the budget. Further, there is no information on how any challenges through the consultation then resulted in any changes (or equally recorded if there were no changes).
2.7 Financial Sustainability Given the recommendations made through our work, the Service should holistically review its budget setting process and reporting style to ensure that the process and reporting are designed to reflect best practice and address these recommendations, rather than making further ad-hoc changes.	The Service will review the budget setting process taking account of good practice. Where appropriate changes will be made to the financial reporting during this financial year based on both Deloitte's recommendations and the needs of the Board. Any improvements identified in the budget setting process will be included as part of the budget setting for 22/23.	Based on the evidence provided we are satisfied that this action is fully implemented.

Action plan (continued)

Recommendations for improvement – wider scope follow up (continued)

Recommendation	Management Response	2021/22 Update
2.8 Financial Sustainability The Service should ensure that the Capital Programme is linked to the LTFS, AMS and Resource Budget, setting out how the Capital Programme progresses these and the anticipated consequences of the capital investment decisions on the resource budget over the period.	Agreed. The Service recognises that capital funding received is less than required to fully address the asset backlog from legacy services. SFRS has worked with Scottish Government to secure additional funding where possible and has agreed to share premises at 51 stations with other public sector organisations including police and ambulance service. SFRS has applied for funding to support decarbonisation of its activities and this includes fleet and property which will partially support addressing our asset backlog. SFRS will continue to work with Scottish Government to seek additional funding where this is available. Within this context, the Service will update the LTFS, based on the revised AMS and highlight the impacts on the resource budget.	As the Service has revised the target date for this action to 30 June 2023 no follow up has been performed.
2.9 Financial Sustainability Monitoring of performance against the Capital Programme should include summary information on the number of projects expected to be (or which have been) delivered in line with the original timescales and original budgets.	Agreed. The Service already provides information on all major projects to the change portfolio committee and this provides information on time, cost and quality. The recommendation is to expand this to cover the timeline around all capital projects and to report at a summary level to the Board. In reality, the capital programme is delivered throughout the year to maximise the funding available which requires many projects to be delivered within the financial year. In line with the recommendation the Service will provide additional summary information on the delivery of projects against original timelines recognising the many detailed projects involved in the programme.	In response to the recommendations raised in the previous year management have included RAG rating status on the capital monitoring and forecasting reports. The reports do not includes keys on them however, Deloitte have enquired with management as to what the RAG status means. They have noted that the milestone RAG status column indicates whether the project is in a red / amber / green status depending on whether the projects are meeting original milestones / timescales set or not and whether the projects will be complete by 31/3/23. The budget RAG status column indicates whether the project is in a Red, Amber or Green status, depending on the percentage the project is under/(over) budget. The RAG status tolerances were shared with capital budget holders to help them determine the RAG status for each of the projects and the status of these are updated each month by budget holders and then reported at the monthly capital monitoring meetings. Given that this is not reported on the final report we recommend that the reports should include keys such that this can be easily identified.

Action plan (continued)

Recommendations for improvement – wider scope follow up (continued)

Recommendation	Management Response	2021/22 Update
2.10 Financial Sustainability The Training Strategy should be clearly linked to the Strategic Plan and the Workforce and Strategic Resourcing Plan, including measurable actions and targets.	The foreword of the Training Strategy specifically mentions the following "The Training Strategy supports the intended outcomes of the SFRS Strategic Plan 2019-22, the findings of the Training and Employee Development (TED) Review and compliments the People and Organisational Development (POD) Directorate plans". With regards measurable actions and targets, 7 priorities (Actions) are identified with dates identified as quarters across a number of years. Recovery plans are now in place and they also support the delivery of the strategy with dates and targets. Within the Training Function the Continuous Improvement Plan Actions and Targets are set with dates and support the delivery of the Strategy. In recognising the comments made, the strategy will be reviewed to strengthen the link to the POD Resourcing Plans.	We note that the Training Continuous Improvement Plan reported to the People Committee in March 2022 on the progress against recruitment and how this linked to the workforce and strategic resourcing aspect. The Service has been refreshing its Strategic Plan which covers the period 2022-2025, which in turn will trigger a review of the Training Strategy 2020-2025 in order to ensure that the two align. The Service has stated that they anticipate this work commencing around October 2022 following the consultation and subsequent approval / launch of the Strategic Plan. As the strategic refresh is in progress we consider this action to remain open.
2.11 Financial Sustainability Progress on implementing the Workforce and Strategic Resourcing Plan should be considered on a periodic basis the relevant committee or the Board, to ensure that there are effective targets in place and to assess performance against them.	Agreed. This will be done via the People Board and People Committee which will agree targets and monitor progress against them.	The Service is currently revising its Strategic Workforce Planning and therefore as this is currently being refreshed no follow up has been performed against this action.
2.12 Financial Sustainability The Workforce and Strategic Resourcing Plan should be reviewed to clearly set out the Target Operating Model for the entire workforce, and what actions it plans to take to transition from the current workforce to the workforce required in the future.	Agreed. This will continue to be implemented via the Strategic Workforce and Resourcing Plan and will be monitored via the People Board and agreed with SLT, People Board and SFRS Board as appropriate.	The Service has not yet finalised its approach Strategic Workforce Planning and therefore no follow up on this action has been completed.

Action plan (continued)

Recommendations for improvement – wider scope follow up (continued)

Recommendation	Management Response	2021/22 Update
3.1 Governance and Transparency The Board should consider where external findings have been made on key governance documents – such as the Anti-Fraud Policy. Risk Registers, compliance with Standing Orders, review of effectiveness of Code of Corporate Governance – why the Board's internal processes were insufficient to prevent, or detect and correct, the identified issues. The Board should update its processes to ensure that they are effectively designed and implemented to reduce the reliance on external bodies to identify areas for improvement.	Agreed. The Board remain committed to improving its decision-making processes and will review them in line with identified good practices across the public sector. A revised Governance Framework for the Service will be presented to the Board during 2021/22. The framework will continue to ensure relevant internal audit or improvement initiative findings on policy issues and governance processes are fully reported to the Board. Service policies will continue to be reviewed in line with the published timeframe and the policy review process will be monitored by the Good Governance Board with the Director of SPPC reporting any issues to the Board as appropriate. The Fraud Policy has been revised and is currently out for consultation. Once comments have been received, the policy will be reviewed and reported to the Audit & Risk Assurance Committee in October 2021. The creation of an LCMS training package will assist in developing awareness of fraud as a risk to the Service, developing additional awareness and ownership throughout the Service. The Risk Management Policy will be revised and reported to the Audit & Risk Assurance Committee in October 2021. The revision will align the policy with the current risk management framework which has undergone significant change in the last few years. The review already undertaken of the Service's risk register will provide SMART actions, additional assurance on progress made against control actions and will assist Board Members in their scrutiny of the framework.	Based on the evidence provided we are satisfied that this action is fully implemented.

Action plan (continued)

Recommendations for improvement – wider scope follow up (continued)

Recommendation	Management Response	2021/22 Update
3.2 Governance and Transparency The Service should reconsider its approach to allowing public access to Board meetings, to ensure that Board members are being as accountable and transparent as reasonably practicable, as required under the Fire (Scotland) Act 2005.	Agreed. Throughout 2020 the Board reviewed its ability to continue to ensure its commitment to full public access to its meetings, papers and decisions. Following Scottish Government guidance in person attendance at meetings was suspended and meetings moved online. ICT system issues prevented public access to online meetings until the introduction of Microsoft Teams in early 2021. Since August 2021 stakeholders are able to view the proceedings live by joining via Microsoft Teams. Prior to August 2021 recordings of Board meetings have been posted online to ensure members of the public who cannot view the meeting live can view Board meetings. The Board will return to full in person meetings, including by members of the public, when Government guidance deems that appropriate.	Based on the evidence provided we are satisfied that this action is fully implemented.

Action plan (continued)

Recommendations for improvement – wider scope follow up (continued)

Recommendation	Management Response	2021/22 Update
4.1 Value for Money 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.	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.	The Service has revised its target implementation date for this action twice and the latest revised target date is 31 January 2023. The Service has not yet refreshed its Performance Management Framework and therefore this action remains open and no follow up has been performed by Deloitte.
4.2 Value for Money Performance reports should include targets and trend data to enable a meaningful assessment of performance.	Agreed. As part of the annual review of the Performance Management Framework all performance reports are reviewed. Existing reporting against targets and trend data, for example Health and Safety Reporting, Quarterly Performance, will continue. The PMF includes targets and key performance indicators. Progress against these will continue to be reported to the SFRS Board. This will include trend data. Targets contained within directorate or service areas and trends will also be reported on.	The Service has revised its implementation date from 31/3/22 to 31/3/23. The Service is redesigning its Performance Management Framework to then include targets against agreed benchmarks.

Action plan (continued)

Recommendations for improvement – wider scope follow up (continued)

Recommendation	Management Response	2021/22 Update
4.3 Value for Money Consideration should be given to the development of a systematic programme of operational self-assessment to demonstrate the Service's commitment to continuous improvement.	Agreed. SFRS does not have at this time a specific forward looking plan for service improvement. The service improvement team work proactively with Directorates to support Service Improvement across the Service to ensure appropriate methodologies are being used and good practice applied. A Service Improvement Framework to ensure the systematic approach to continuous improvement will be developed to demonstrate the commitment to continuous improvement across the service. That is to say, we do not have a defined framework in place today that has a specific and structured approach to Self-Assessment required to assess SFRS wide performance and for the identification of service wide improvements. The Deloitte finding is specific to operational self-assessment. SFRS do align to and train our internal employees on the use of the Public Service Improvement Framework (PSIF) designed by NHS National Education for Scotland (NES) for continuous improvement and are currently going through a 2nd 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.	The Service has revised its implementation date to be 31/3/23 from 31/3/22, as such we have not performed any follow up in respect of this.

Action plan (continued)

Recommendations for improvement – wider scope follow up (continued)

Recommendation	Management Response	2021/22 Update
4.4 Value for Money Consideration should be given to how to improve performance reporting – either the quarterly progress reports or a consolidated report – to consolidate performance indicators associated with each outcome and set out how that performance and those indicators demonstrate an impact on the outcome being sought. This should also include reference to external information that demonstrates an impact on the outcome.	Agreed. As part of the implementation of the Business Intelligence Strategy regular progress reports are presented to the Good Governance Board which considers how the Service seeks to improve performance reporting. The SFRS Board will receive a consolidated performance report against the PMF, including trend information, which will be published formally in 2022/23. Further work will be undertaken to review reporting against outcomes.	Based on the evidence provided we are satisfied that this action is fully implemented.
4.5 Value for Money 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.	Agreed. This will be collated throughout the year and summarised for the Annual Report.	We have been provided with the SFRS Mainstreaming and Equality Outcomes Report which was published in July 2021. This included case studies which demonstrated how the Service was reducing its inequalities. Additional reporting has been provided to the Senior Leadership Team post year-end. The reporting currently does not include trend data, which we recognise is as a result of not all individuals providing data on their protected characteristics, to demonstrate where inequalities are being reduced and where further work is required. The Service should consider what reporting could be provided in this area.

Our Other Responsibilities Explained

Fraud responsibilities and representations

Responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.

Required representations:

We have asked the Board to confirm in writing that you have disclosed to us the results of your own assessment of the risk that the financial statements may be materially misstated as a result of fraud and that you have disclosed to us all information in relation to fraud or suspected fraud that you are aware of and that affects the entity.

We have also asked the Board to confirm in writing their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

Audit work performed:

In our planning we identified the risk of fraud in relation to operating within the expenditure resource limit and management override of controls as a key audit risk for your organisation.

During course of our audit, we have had discussions with management and those charged with governance.

In addition, we have reviewed management's own documented procedures regarding fraud and error in the financial statements

We have reviewed the paper prepared by management for the audit committee on the process for identifying, evaluating and managing the system of internal financial control.

Independence and Fees

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

Independence confirmation	We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of the Board and our objectivity is not compromised.
Fees	The audit fee for 2021/22, in line with the expected fee range provided by Audit Scotland, is £108,110, as analysed below:

	£
Auditor remuneration	84,550
Audit Scotland fixed charges:	
Pooled costs	19,550
Audit support costs	4,010
Total fee	**108,110**

No non-audit services fees have been charged for the period.

As a result of the additional procedures required in respect of accruals, trade payables, payroll and journals, there will be additional fees for the 2021/22 audit, which we will seek to agree with management on conclusion of the audit.

Non-audit services	In our opinion there are no inconsistencies between the FRC's Ethical Standard and the company's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.
Relationships	We are required to provide written details of all relationships (including the provision of non-audit services) between us and the organisation, its board and senior management and its affiliates, including all services provided by us and the DTTL network to the audited entity, its board and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our objectivity and independence. We are not aware of any relationships which are required to be disclosed.