



SCOTTISH
FIRE AND RESCUE SERVICE

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PUBLIC MEETING - AUDIT AND RISK ASSURANCE COMMITTEE

WEDNESDAY 24 MARCH 2021 @ 1000 HRS

BY CONFERENCE FACILITIES

PRESENT:

Brian Baverstock, Chair (BB)	L Bloomer, Deputy Chair (LBI)
Bill McQueen (BMcQ)	Mhairi Wylie (MW)
Tim Wright (TW)	

IN ATTENDANCE:

Martin Blunden (MB)	Chief Officer
Sarah O'Donnell (SO'D)	Director of Finance and Contractual Services
Mark McAteer (MMcA)	Director of Strategic Planning, Performance and Communications
Paul Stewart (PS)	Assistant Chief Officer, Director of Service Development
John Thomson (JTh)	Head of Finance and Procurement
Marysia Waters (MWa)	Head of Communication and Engagement (Item 12.2)
Gary Devlin (GD)	Internal Audit (Azets)
Matthew Swann (MS)	Internal Audit (Azets)
Caroline Jamieson (CJ)	External Audit (Deloitte)
Simon Routh-Jones (SRJ)	HMFSI
Kirsty Darwent (KD)	Chair of SFRS Board
Alasdair Cameron (AC)	Group Commander Board Support
Heather Greig (HG)	Board Support Executive Officer
Debbie Haddow (DH)	Board Support/Minutes

OBSERVERS:

Alan Duncan, Finance Manager
Karen Horrocks, Assistant Verification and Risk Officer

1 CHAIR'S WELCOME

1.1 The Chair opened the meeting and welcomed those participating via conference facilities.

Due to scheduled maintenance of the SFRS Website, the papers were not publicly available prior to the meeting.

2 APOLOGIES

2.1 David Johnston, Risk and Audit Manager

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

3.1 The Committee discussed and agreed that Final Report – ICT and Data Security would be heard in private session due to matters considered of a confidential nature in line with Standing Orders (Item 9G).

3.2 No further items were identified.

4 DECLARATION OF INTERESTS

4.1 None.

5 MINUTES OF LAST PUBLIC MEETING: 21 JANUARY 2021

5.1 The minutes were agreed as an accurate record of the meeting.

5.2 Matters Arising

5.2.1 There were no matters arising.

5.3 **Subject to minor typographical errors, the minutes of the public meeting held on 21 January 2021 were approved as a true record of the meeting.**

6 ACTION LOG

6.1 The Committee considered the action log and noted the updates.

Item 11.3 – Gifts, Hospitality and Interests Policy (21/01/21) – It was noted that the Staff Governance Committee report was circulated, however, this only covered People policies and did not provide details of the level of governance for approval. It was noted that this work is being progressed and would be presented to Board Members as part of the new Board Members Induction.

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

7 INTERNAL AUDIT

7.1 SFRS Internal Audit Progress Report 2020/21

7.1.1 MS presented a report to the Committee which summarised the progress on the delivery of the 2020/21 Internal Audit Plan and the following key points were highlighted:

- Due to an oversight, details of changes to completion dates have not been included within the report. Future reports would include an Original Planned Audit column.
- Fieldwork for the Procurement and Tendering and Expenses audits had been completed.
- Engaged with HMFSI to identify any potential overlap in relation to the Estates Asset Management and Maintenance and Operational Equipment audits. Apologies were made as the Committee were not previously informed that this would impact on the time.

7.1.2 It was noted that 4 Internal Audit reports would be submitted at the next meeting (July 2021). The Committee requested that sufficient time be given, prior to and during the meeting, to fully review and scrutinise these reports.

7.1.3 In regard to KPI 5 (Percentage of follow up recommendations completed on time), MS noted that this was the joint responsibility of Internal Audit (setting realistic timescales for completion) and Management (reasonable actions/appropriate resources).

7.1.4 **The Committee noted the progress report.**

7.2 Progress Update – Internal Audit Recommendations

7.2.1 MS presented

In relation to the Corporate Governance – External Engagement Recommendation No. 2, MMcA noted that the original timeline was committed to the updated guidance being available from the Scottish Public Services Ombudsman (SPSO) last year. Unfortunately, this has been delayed and had subsequently impacted on the conclusion of the action.

SO'D commented on the impact of the ongoing pandemic, however, reiterated the improvement in addressing these recommendations in recent years. She further noted the

7.2.2 importance of setting realistic timelines and taking full cognisance of all business as usual commitments.

Consideration to be given to expand or include a glossary of acronyms within future reports.

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

7.2.4

7.2.5

8 **INTERNAL AUDIT PLAN 2021/22**

8.1 GD presented the proposed Internal Audit Plan 2021/22 to the Committee for recommendation. He outlined on the process and engagement undertaken to identify areas for potential audits. The following key points were highlighted:

- Chart showing allocation of audit days, noting that the allocations for certain areas will change as time progresses.
- Seven potential assignments have been identified including learning and development, fire safety enforcement, programme office, environmental sustainability, workforce planning and remote working. Follow up work on ICT and data security.

8.2 As the Accountable Officer, MB supported the Internal Audit Plan 2021/22 noting that the proposed areas were appropriate and looked forward to working with Internal Audit in the coming year.

8.3 In relation to the remote working audit, the Committee queried whether the time commitment (25 days) was sufficient given the importance of security, procedures, etc. GD confirmed that this audit would be approached by different teams and specialists doing different aspects of remote working audit. At the appropriate time, further consideration would be given on how to coherently report on the outcomes of the audit and noted that that it may be necessary to split the report into 2 areas ie security and general aspects.

8.4 The Committee queried the process for agreeing the scoping and methodology on the above audit and the potential for a detailed scope to be brought back to the Committee before commencing the audit. GD stated that work was undertaken with Management to identify and confirm a detailed scope and objectives document to ensure the audit covered all the appropriate areas. Given the timings of the Committee, he highlighted the potential delays in the process if the scope was to be presented to the Committee before commencing the audit. He commented on the recent audit within Police Scotland relating to staff wellbeing and explained the areas focused on and how this was measured. Due to the Committee's interest in this audit, it was agreed that the detailed scope/terms of reference of the audit, once finalised, would be circulated to the Committee for information only.

ACTION: GD

8.5 In relation to the Environment Sustainability, GD stated that the audit would cover how management monitor progress on environmental sustainability, including the level of progress and implementation. The Committee suggested that the narrative on the Environmental Sustainability objectives to be expanded.

ACTION: GD

8.6 In relation to ICT and Data Security, the Committee queried whether other risks in the ICT area were considered. GD noted that the priority actions, at this time, were to address the issues raised in the previous audit.

8.7 The Committee commented on the reference to liaising with HMFSI and requested a brief update. GD explained that in conjunction with HMFSI, they reviewed the HMFSI's plan for the coming year to identify any potential overlap or duplication of review. One potential conflict was identified and through discussions with HMFSI and Management, it was agreed that the audit would be undertaken solely by HMFSI.

8.8 Within the Plan, the Committee noted that Internal Audit's methodology links internal audit activity to the organisation's risk management framework and requested whether this linkage could be more clearly shown. GD noted that background working documents which are used to help identify risks. The Committee requested that a summary/clarification of the linkage between risks and reviews be included when the Plan is presented to the Board for approval (April 2021).

ACTION: GD

8.9 **The Committee content to recommend the plan for approval to be Board.**

9 **EXTERNAL AUDIT – PLANNING REPORT 2020/21 AUDIT**

9.1 CJ represented the Committee with the report outlining the Audit Plan 2020/21 and highlighted the following key areas:

- Approach to Materiality, setting out the materiality calculated and the changes in controls.
- Brief explanation of performance materiality.
- Significant risk for current year including operating within the expenditure limit, management override of controls. Other areas of focus include pension liability.
- Covid-19 impact on audit and new auditing standards coming into effect.
- Wider Scope Audit to be brought to next meeting (July). This audit would cover financial sustainability and management, governance and transparency and value for money.
- Details for audit fee and reaffirmation of their independence.

9.2 In regard to the valuation of property and the impact of covid, CJ noted the potential risk of having to undertake a re-evaluation of all property assets due to changes in external benchmarks. However, the risk is lower an anticipated.

9.3 In regard to leases, CJ noted that the lease balance continued to be immaterial and therefore there was no impact due to covid.

9.4 **The Committee noted the update.**

10 **INDEPENDENT AUDIT/INSPECTION ACTION PLAN UPDATE**

10.1 MMcA presented a report to the Committee outlining the arrangements for managing audits/inspections reports and associated action plans and provided an update on the progress relating to the Audit Scotland report. The following key points were highlighted:

- Audit Scotland Action Plan contains 36 actions of which 27 are now complete.
- Proposed changes within the action plan including revised timelines and refining wide ranging actions.
- On schedule for completion, with the exception of 2 actions, by the end March 2021.

10.2 The Committee noted the good progress being made against the recommendations within the Audit Scotland report. MMcA noted that he had received no indication whether Audit Scotland would revisit the Service. MB noted that Deloitte had been appointed by Audit Scotland and was scheduled to meet with him in the near future. Further information would be provided at the next meeting.

10.3 In relation to progressing and identifying suitable Local Senior Officer's KPIs, MMcA confirmed that the review of local plan had been completed, however, due to Covid further

work with Local Scrutiny Groups had to be paused. This has since restarted and progress was now being made.

10.4 **The Committee noted the report.**

11 PROCUREMENT STRATEGY

11.1 JT presented the Committee with the proposed Procurement Strategy 2021 – 2024 for scrutiny and recommendations for onwards submission to the Board for approval. The following key points were highlighted:

- Legislative requirement to produce a procurement strategy in line with the Procurement Reform (Scotland) Action 2014.
- Significant changes in SFRS' operating environment due to ongoing global pandemic, exiting the European Union, focus on response to climate change and potential future political changes following the May elections.
- Third iteration of the strategy, reflecting the maturity within the procurement elements.
- Five key themes: Sustainability, Value for Money, Enhancing Capacity, Transparency, and Governance and Risk
- Greater emphasis and focus on sustainability and outcomes.
- Commitment to increase transparency and improve accountability.

11.2 In relation to sustainability, the Committee noted that it was not clear from the KPIs how the Service would be able to measure reductions in carbon emissions. JT noted that the strategy reflected what activities the Service would undertake and the outcomes, ie carbon emissions reduction, would be reported in the Annual Procurement Report. This would be considered as part of the final review of the strategy prior to its submission to the Board

11.3 In relation to the Supplier Development Programme, JT noted that this was a Scottish Government initiative which helps encourage participation, provides support to SMEs and was economically beneficial for all those involved.

11.4 JT noted the Service's Procurement Commercial Improvement Programme (PCIP) scoring was 81%, which was an indication of maturity and good processes.

11.5 JT clarified that the procurement of a new safe and well system related to an ICT solution.

11.6 In relation to reducing energy consumption, JT briefed the Committee on other options being explored ie ground source heat pumps, water to water exchanges, etc.

11.7 In relation to potential future innovations, the Committee discussed how innovations were/should be defined, and how best to reflect the Service being proactive/leaders in this area. Consideration to be given to redefine "innovation" within the final review of the strategy prior to its submission to the Board.

11.8 **The Committee noted and recommended the report for approval to the Board.**

(Meeting broke at 1134 hrs and returned at 1140 hrs)

(M Waters joined the meeting at 1140 hrs)

12.1 INTERNAL CONTROLS UPDATE

12.1.1 a) Strategic Risk Register

SO'D presented the revised Strategic Risk Register (SRR) along with the aligned Directorate Risks to the Committee. The following key points were highlighted:

- Ongoing review and InPhase reporting.
- Risk report contains the Strategic Risk Summary, Aligned Directorate Risk Summary and Committee Aligned Directorate Risk Actions.
- Format of register well received within Directorates and Strategic Leadership Team.
- Linked into the Annual Operating Plan.

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- Automated process to remove actions once complete to allow scrutiny to be focused on actions still being progressed. All closed action information would remain accessible via InPhase.
- Changes identified for Strategic Risk 1, which has been increased due to high risk elements involved, and TSA6 (EU Exit) has been removed.

12.1.2 In relation to Risk SPPC008 (Corporate Social Responsibility), the Committee noted that the status was Red (0%) and MMcA indicated that due to resourcing issues this has not been progressed. MMcA confirmed that this had been carried over into next years Directorate Plan.

12.1.2 The Committee commented on the risk actions deferred to next year and requested that the due dates be updated. However, SO'D advised that this was the responsibility of the relevant risk owners to identify new due dates. These would be updated in due course.

12.1.3 The Committee welcomed the new format, which has improved the readability of the information being provided. It was noted that going forward the link between the target risk rating and actions would be further developed and strengthened to provide clearer information on progress towards achieving the target risk rating. At the next meeting, the risk register update would include discussions on how the new process was embedding and how it is being received across the Service considering the numerous changes.

12.1.4 In relation to Strategic Risk 9 (Covid), a brief discussion on the impact of Covid on risk/assurance and the rationale of presenting the risk in this way. It was noted that the risks may align with the other strategic risks and some areas of assurance would be provided through external and internal auditors.

12.1.5 **The Committee noted the report.**

12.2 **Spotlight Risk Report SPPC6 Failure to Ensure Consultation and Engagement Processes supporting effective decision making**

12.2.1

MWa presented a risk spotlight report to the Committee, noting the following key points:

- Previous Strategy Day session with Davy Jones, Consultation Institute.
- Legal duty to consult both statutory and under common law.
- Adherence to Gunning principles for formal public consultations ie consult at the formative stage, provide sufficient information, allow sufficient time to respond and ensure that the product of consultation is consciously considered when finalising the decision.
- Importance on the processes for the pre-consultation phase and development of pre-expectation of consultation.
- SFRS is a Member of Consultation Institute which is a source of information and support.
- National Standards of Community Engagement have been adopted.
- Outlined processes and phrases for any consultation ie options development and appraisal and public consultation.
- Certified consultation and engagement training provided to 35 individuals within Service Delivery, Service Development and Communications Directorates.
- Developing and refreshing the Communication and Engagement Strategy including an Engagement Framework which would ensure engagement in built into business as usual.
- Proposed development of a Stakeholder Reference Group and Stakeholder Database.
- Creation of a Public Insight Involvements Team within the Service Development Directorate, who would be responsible for managing and advising on the processes to be followed for change projects.

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- Any change project has a dedicated Communication business partner assigned to it to ensure the proper communication plan to support the change project, noting the Business Partner communicates the process but do not design it.
- Acknowledgement that consultation and engagement processes are resource intensive and constantly evolving.

- 12.2.2 In relation to the Stakeholder Reference Group (SRG), MWa outlined the role of the SRG would be to identify how to improve engagement with communities, sense check processes, and ensure appropriate group/people are included. The membership of the SRG was still to be identified and a stakeholder mapping exercise would need to be conducted.
- 12.2.3 The Committee commented on the potential difficulties in managing individual consultation processes within the overall change programme and the potential risk due to individuals involved in the process being based within different Directorates.
- 12.2.4 PS informed the Committee of a scheduled meeting between Communication and Service Development to discuss the need to ensure the connectivity between the Communications and Engagement Team and the consultation process of the Service Delivery Model Programme (SDMP). He commented on the need to fully understand the local and national consultation requirements, need to identify a team who would be able to advise and guide the organisation and the future recruitment of 3 individuals. MMcA noted that Communications would develop the Engagement Framework within the Consultation Strategies and Service Development would manage the specifics in terms of SDMP Programme.
- 12.2.5 MWa confirmed the importance of Local Senior Officer's role in terms of the assessing local needs and local intelligence to inform the design process prior to commencing public consultation.
- 12.2.6 MWA confirmed that it was essential for the Service to ensure the correct process from the outset but need to be aware and build in contingencies for unforeseen issues. The Service need to be able to stop, review and restart to ensure the appropriate management of the process.
- 12.2.7 **The Committee noted the report.**
- (MWa left the meeting at 1222 hrs)*

12.3 b) Anti-fraud/Whistleblowing Update

- 12.3.1 SO'D noted that there were no issues to report.

13 ARRANGEMENTS FOR PREPARING THE 2020-21 ANNUAL GOVERNANCE STATEMENT

- 13.1 MB presented the report to the Committee outlining the preparatory arrangements and reporting methods that have been developed for providing sufficient levels of assurance in support of the 2020/21 Annual Governance Statement (AGS).
- 13.2 In relation to the Assurance Framework (Appendix A), BB and MB to discuss further outwith the meeting.
- ACTION: BB/MB**
- 13.3 In relation to the Assurance Mapping process, it was noted that work was still being progressed to introduce RAG ratings to provide a high level strategic view of the quality of assurance against each element.
- 13.4 The Committee complimented the Service on the thoroughness applied to this process.

13.5 **The Committee noted the report.**

14 ACCOUNTING POLICIES 2020-21

14.1 JT presented the report informing the Committee of regulatory changes in relation to the preparation of the Annual Report and Accounts for financial year 2020-21 and presented the Accounting Policies being adopted.

14.2 **The Committee noted the report.**

15 HMFSI ROUTINE ANNUAL REPORT

15.1 SRJ presented the report to the Committee to provide a progress update on HMFSI's inspection and reporting activity and the following key areas were noted:

- Midlothian Local Area Inspection complete and draft report was being finalised.
- Argyll & Bute Local Area Inspection undertaken remotely, due to restrictions, and interim report would be prepared.
- Thematic review on Health, Safety and Welfare was progressing well.
- Thematic review on Assessing the Effectiveness of Inspection Activity has been laid before Parliament. Outcome highlighted that some recommendations were observations and therefore difficult to action.
- Thematic review on Operational and Protective Equipment, preliminary work has commenced.
- Thematic inspection follow up review has commenced on the Management of Fleet and Equipment.
- HMFSI 3-Year Plan has been developed and noted the potential review areas identified, ie climate change, specialist resources, operational learning, etc.
- Both the 3-Year Plan and 2020/21 Annual Report would be published on the website at the end of March 2021.
- Appointment of new HM Chief Inspector – Robert Scott would take up post on 1 April 2021.

15.2 The Committee welcomed the acknowledgment that some previous recommendations were observations rather than recommendations. The Committee commented on the enhanced collaborative approach with Internal Audit.

15.3 On behalf of the Committee, BB thanked SRJ for this attendance and contribution at these meetings and wished him well in his retirement.

15.4 **The Committee noted the report.**

16 REVIEW OF ACTIONS

16.1 AC confirmed the 3 actions arising during the meeting.

17 FORWARD PLANNING

17.1 a) Committee Forward Plan Review

The Committee considered and noted the Forward Plan. The following items were noted:

- Penetration Testing (April 2021)– Result, Outcomes and Actions

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

No items were noted.

18 DATE OF NEXT MEETING

18.1 The next meeting is scheduled to take place on Thursday 8 July 2021 at 1000 hrs.

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

PRIVATE SESSION

19 MINUTES OF LAST PRIVATE MEETING: 21 JANUARY 2021

19.1 The minutes were agreed as an accurate record of the meeting.

20 ACTION LOG

20.1 The Committee considered the action log and noted the updates.

21 SFRS ICT & DATA SECURITY

21.1 PS presented the report the Committee outlining the progress made on the ICT and Data Security audit action.

21.2 The Committee commended the progress made against the recommendations since the last meeting.