



SCOTTISH
FIRE AND RESCUE SERVICE
Working together for a safer Scotland

PUBLIC MEETING - AUDIT AND RISK ASSURANCE COMMITTEE

THURSDAY 21 JANUARY 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:

Ross Haggart (RH)	Deputy Chief Officer
Sarah O'Donnell (SO'D)	Director of Finance and Contractual Services
Mark McAteer (MMcA)	Director of Strategic Planning, Performance and Communications
Stuart Stevens (SS)	Assistant Chief Officer, Director of Service Delivery (Item 7.2 only)
John Thomson (JTh)	Head of Finance and Procurement
David Johnston (DJ)	Risk and Audit Manager
Gary Devlin (GD)	Internal Audit (Azets)
Matthew Swann (MS)	Internal Audit (Azets)
Mitchell Collins (MC)	Internal Audit (Azets)
Caroline Jamieson (CJ)	External Audit (Deloitte)
Simon Routh-Jones (SRJ)	HMFSI
Gregor Welsh (GW)	Data Team Leader (Item 12.2 only)
Hilary Sangster (HS)	Group Commander Business Support
Alasdair Cameron (AC)	Group Commander Board Support
Debbie Haddow (DH)	Board Support/Minutes

OBSERVERS:

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.

2 APOLOGIES

2.1 Martin Blunden, Chief Officer
Richard Whetton, Head of Governance, Strategy and Performance
Pat Kenny, External Audit (Deloitte)

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: 8 OCTOBER 2020

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 The minutes of the public meeting held on 8 October 2020 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 10.1.4 – Strategic Risk Register (08/10/20) – DJ noted that the gathering of additional commentary for inclusion on the risk register was still being progressed. Further details would be provided under agenda item 12.1.

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:

- Inclusion of the new KPI status and any feedback would be welcomed.
- Progress for completion is on target.

7.1.2 In relation to the KPIs, the Committee noted that KPIs 1 to 4 were Azets measurement and KPI 5 was a joint measurement of Management in collaboration with Azets. MS confirmed that consideration would be given to review and include other meaningful KPIs.

7.1.3 In relation to the Expenses Policy audit report, MS noted that the review would take consideration of the policy design ie encourage active environmental/carbon reduction manner and whether this was being practically applied. JTh informed the Committee that the new policy, which was currently out for consultation, would direct staff towards reduced carbon emissions options and to consider more effective/efficient business travel.

7.1.4 The Committee commented on lack of narrative highlighting the changes within the Audit Plan since the previous meeting (October). MS briefly explained the changes and confirmed that this information would be included in future iterations of the report. MS to provide clarification on the allocated days for Audits C1 Estates Asset Management and C2 Operational Equipment.

ACTION: MS

7.1.5 SRJ informed the Committee that he was scheduled to meet with Azets regarding their audit of Operational Equipment and the upcoming HMFSI thematic review, in an effort to avoid any duplication/conflicting efforts.

7.1.6 Final Report – Financial Controls

MS advised the Committee of the background and scope of the audit and reported that the financial systems procedures reflected good practice and were well designed. In relation to the periodic review on payroll processes and procedures, the outcomes of these reviews required to be recorded and fully documented to ensure the correct versions were being used. JTh confirmed that periodic reviews of payroll procedures

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were undertaken and measures would be introduced to incorporate version control/revision dates on documentation.

7.1.7 The Committee asked why HR payroll team procedures were not reviewed as part of the audit. MS noted that the narrative within the report could be misleading. He clarified that the HR payroll team procedures were not part of the periodic review process undertaken by management and this was highlighted and supported by the recommendation and management action.

7.1.8 Final Report – Corporate Governance

GD advised the Committee that the current corporate governance arrangements were working well, however, it was considered appropriate that the Service should reflect on whether the existing governance arrangements continued to be optimal or whether previously identified priorities were now deemed business as usual.

7.1.9 In relation to the recommendation to review the committee structure and remits, the Committee asked whether this was due to the tendency for the Committee's focus to become too operational or whether the current Committee structure was deemed inappropriate. GD noted that overall the current systems of governance worked well, however, due to the development of the Service's long term strategic vision, it would be appropriate for the Service to revisit the governance arrangements. The Committee discussed whether there were any gaps identified in the current governance arrangements, the options to review other blue light services governance arrangements, and the continuing increasing focus on financial issues in the public sector.

7.1.10 MMcA reminded the Committee that the Board regularly discussed committee structures and remits as well as the appropriateness of the scrutiny undertaken. He commented that this was an overall good report and noted that the issues raised would be addressed appropriately.

7.1.11 In relation to Committee's focus becoming too operational, which could be attributed to behaviour/culture from both the Executive and Non-Executive, it was noted that this was regularly discussed and would continue to be monitored or challenged as necessary.

7.1.12 Whilst the Committee welcomed the report, they commented on the potential additional benefits which could have been gained through engaging with the Chair of the Board and Chair of ARAC during the audit.

7.1.13 **The Committee noted the progress report and the final reports on Financial Controls and Corporate Governance.**

7.2 **Progress Update – Internal Audit Recommendations**

7.2.1 MS presented a report to the Committee outlining the current status of the recommendations raised by Internal Audit noting the inclusion of a comments section from Azets on previous outstanding recommendations. The following key areas were highlighted:

- Good progress on the implementation of recommendations.
- Majority of recommendations were made within the current or previous year.
- Due to the different grading system used by Scottish Government, these recommendations have been shown separately within the report.
- Details of individual updates relating to outstanding actions to close recommendations.
- Update on Recommendation 5B (Service Improvement Strategy) – Further evidence had now been received to allow the recommendation to be closed.

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7.2.2 The Committee were provided with clarification on the Azets comments “*Update noted and agreed*” and the process/evidence provided to support completion of the recommendations.

7.2.3 Update on Progress with Service Level Agreement (SLA) with Scottish Water
SS updated the Committee on the progress being made against the 4 recommendations within the action plan. He noted that 2 recommendations were reliant on ICT solutions which had been delayed by COVID. The 3rd recommendation relates to performance management arrangements which are reliant on ICT support. The 4th recommendation relates to the development of the SLA which had been impacted by numerous issues however, significant progress had been made in recent months. As of January 2021, SFRS and Scottish Water have reached an agreement relating to costs. It has been agreed that a state of the nation would be presented to both Executive groups in mid-February and thereafter the SLA would be developed.

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

(S Stevens left at 1055 hrs)

8 EXTERNAL AUDIT

8.1 Annual Report to the Members and Auditor General for Scotland

8.1.1 CJ presented the updated report following conclusion of areas previously outstanding and noted that their opinion was unmodified. The report would be published by Audit Scotland in due course.

8.1.2 JTh confirmed that this report had been laid before parliament.

8.1.3 **The Committee noted the update.**

8.2 Update on 2020/21 Planning

8.2.1 CJ informed the Committee the 2020/21 planning had commenced and the audit plan would be submitted to the next meeting (24 March 2021).

8.2.2 CJ updated the Committee on the change of approach relating to the wider scope work and noted the intention would be to bring the full conclusion on the wider scope to the June meeting, ahead of year end. Arrangements to ensure a standardised approach were being finalised and meetings would be scheduled with management and Board Members.

8.2.3 **The Committee noted the report.**

9 AUDIT SCOTLAND/HMFSI INSPECTION ACTION PLAN UPDATE

9.1 MMcA presented a report to the Committee outlining the arrangements for managing audits/inspection reports and associated action plans and provided an update on the progress relating to the Audit Scotland report.

9.2 MMcA confirmed that 27 actions, out of a total of 36 actions, have been completed. It was anticipated that all remaining actions, with one exception, would be completed by the end of March 2021.

9.3 In relation to Action 2.3, MMcA updated the Committee on the progress in developing local performance indicators to support local scrutiny and performance management.

9.4 In relation to Action 2.5, the development of training materials had been affected due to resourcing issues and may not be finalised within the original timescale.

9.5 Minor typographical error within the covering report was noted and corrected.

9.6 **The Committee noted the report.**

10 HMICFRS: STATE OF FIRE AND RESCUES: THE ANNUAL ASSESSMENT OF FIRE AND RESCUE SERVICES IN ENGLAND 2019

10.1 MMcA presented an overview to the Committee of Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) State of Fire and Rescue: Annual Assessment of Fire and Rescue Services in England (2019) report. The HMICFRS report was reviewed to identify any recommendations/issues that were relevant for SFRS and these had been shared with Scottish Government. It was noted that SFRS had already identified some of the issues and had made progress to address them.

10.2 In regard to an Ethics Framework within fire services, MMcA advised that work has begun in this area with an Ethic and Human Rights Group being convened, circa April 2021, and would report into the Good Governance Group. It was also noted that the ethic element within the HMICFRS report focused on both internal and external.

10.3 The Committee commented on the good progressive work being undertaken by the Service. MMcA reminded the Committee that the Service continued to attend NFCC working group and have extended offers to share any learning and experience with other fire and rescue services.

10.4 MMcA advised the Committee that the report provided an overview and summarised actions that were being scrutinised through existing forums.

10.5 SRJ provided the Committee with his assurance that the criticisms raised within the HMICFRS report did not apply to SFRS.

10.6 **The Committee noted the report.**

11 GIFTS, HOSPITALITY AND INTERESTS POLICY REVIEW

11.1 DJ presented the Committee with the revised Gifts, Hospitality and Interests (GHI) Policy noting that the general principles within the policy were still relevant and appropriate. The revised policy would provide further opportunity to enhance the awareness amongst staff of the policy and their individual responsibilities.

11.2 The Committee discussed the governance route noting that it was being presented for scrutiny following approval at Executive level. The Committee were informed of an annual report presented to the Staff Governance Committee confirming the governance routes of new/revised policies and the potential for a similar approach to be adopted by this forum. MMcA reminded the Committee of the current consultation on the Code of Conduct and noted the opportunity to communicate both the revised Code of Conduct and GHI Policy to raise awareness and individual's responsibilities.

11.3 The Committee requested that clarity be provided on general policy governance routes and the relationship to the Scheme of Delegations and for consideration to be provided at other Committees/Board.

ACTION: MMcA/RW

11.4 The Committee commented on the potential to extend the scope on declaring all interests, not just contracts/procurement, for all staff and suggested that comparisons with other organisation's policies be undertaken. BB undertook to provide some examples of policies from other organisations. DJ noted the comment stating other emergency services policies had been reviewed and that further consideration would be given to Section 5.6 Declaration of Interests (All Staff) within the revised policy. It was noted that the main issue remains that the level of awareness needs to be raised within the Service.

11.5

The Committee noted the report.

(Meeting broke at 1137 hrs and returned at 1145 hrs)

12.2 INTERNAL CONTROLS UPDATE

12.1.1 a) Strategic Risk Register

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

- Total number of Strategic Risks and Directorate Aligned Risks.
- Directorate Aligned Risk - work continues to incorporate comments on action and completion percentage.
- Details of changes including new risks, removed risks and changes to risk rating.
- Examples of how the risk registers were being used across directorates to align and address risks.

12.1.2 In relation to the SPPC8, the Committee were informed that the Sustainable Development Framework has been postponed due to COVID and resourcing issues, however, this continues to form part of the forward plan.

12.1.2 In relation to risk arising from resourcing (staff) issues, the Committee were informed that the Strategic Leadership Team were alive to this issue which was constantly monitored and managed as best of possible.

12.1.3 The Committee noted the report.

12.2 InPhase Risk Update

12.2.1 DJ updated the Committee on the initial consultation work undertaken to develop a risk module within InPhase which was impacted by COVID and the subsequent progress in developing a separate in-house system. Initial data input, testing and interrogation of the system had been carried out. Next stage would be to progress the output data to ensure accuracy and consistency. It was still the intention that the data would be analysed by individuals through InPhase.

12.2.2 The Committee Chair noted the reasons for the delay in the risk module and, having been given a demonstration of the InPhase module, assured the Committee of the good progress being made. Once the system is fully populated, the next key stage for Committees was to consider the reporting format and content which can be applied across the whole organisation.

12.2.3

The Committed noted the verbal update.

12.3 Spotlight Risk Report SPPC11 Reform Collaboration Group (RCG)

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

- RCG was one of several arenas for partnership working and was established post reform, initially as an informal setting for sharing of experience and learning.
- Recent years have seen formal arrangements established to minimise risks of failure in partnership work.
- Structure and frequency of meetings with Chairs, Chief Officers and Senior Responsible Officers. Rotation of Chair's role every 2 years (currently Police Scotland).
- Programme management arrangements developed to help monitor and provide progress updates to Chair/Chief Officer.
- Currently reviewing and refreshing the partnership strategy to identify the main opportunities of collaborations to ensure that it remains relevant and forward looking.

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- 12.3.2 The Committee asked whether the Service was pursuing as much as possible from their collaboration work. MMcA confirmed that the Service actively pursued opportunities for collaborative partnership working. He informed the Committee that the Evaluation Framework was being revisited to develop a corporate evaluation approach. This would enable evidence to be captured on the various partnership working activities and help to identify the impact on communities and how it supports the Service deliver against strategic objectives.
- 12.3.3 RH informed the Committee that the mid-year review report (which was previously circulated to the Board) contained a specific section on partnership working and provided tangible evidence and examples of same.
- 12.3.4 The Committee commented on the value and importance of partnership working going forward and the continuing essential role of the Service in delivering a wide range of public services.
- 12.3.5 **The Committee noted the report.**

12.4 b) Anti-fraud

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

13 QUARTERLY UPDATE OF GIFTS, HOSPITALITY AND INTEREST REGISTER

- 13.1 DJ presented the report to the Committee providing an update on the Gifts, Hospitality and Interests Register for Quarter 3 2020/21.
- 13.1.1
- 13.1.2 The Committee asked for clarification on how the Service addressed any potential matches which were identified by the National Fraud Initiative. DJ confirmed that the appropriate Senior Officer would be contacted, who then engaged with the individual to raise awareness of the policy and their responsibility to declare any interests.
- 13.1.3 **The Committee noted the report.**

14 HMFSI ROUTINE ANNUAL REPORT

- 14.1 SRJ presented his report to the Committee and the following key areas were noted:
- Local Area Inspection (LAI) for Midlothian was nearing completion. Interim report for Argyle & Bute LAI to be finalised and when restrictions allow, visits would be arranged.
 - Follow up LAI Reviews – Good progress was being made on the actions arising from the Dumfries & Galloway and Edinburgh City LAIs.
 - Thematic review on Health, Safety and Welfare (Operational Focus) – Inspection outline developed and would be issued imminently for final agreements.
 - Thematic review on Assessing the Effectiveness of Inspection Activity – Fieldwork completed and draft report was being developed.
 - Thematic Review on Management of Operational and Protective Equipment – Inspection outline approved. Meeting to be arranged with Azets, Internal Audit, to identify any potential cross over with their audit.
 - Discussion with Chief Officer on how to progress inspection without overburdening areas/staff including increased initial research and data collection prior to practical elements.
 - Additional Fact Finding Inspection Activities – Preparedness for Existing the European Union final report presented to Scottish Government on 15 December 2020.
 - Review and refresh of the 3-year plan.
 - Recruitment ongoing for the post of HM Chief Inspector.
- 14.2 **The Committee noted the report.**

15 REVIEW OF ACTIONS

- 15.1 AC confirmed the 3 actions arising during the meeting.

16 FORWARD PLANNING

16.1 a) Committee Forward Plan Review

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

- Wider Scope Work (External Audit) – July 2021
- Gifts, Hospitality and Interests Policy (TBC)
- Clarification on Policy Governance Route (TBC)

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

No items were noted.

17 DATE OF NEXT MEETING

17.1 The next meeting is scheduled to take place on Thursday 24 March 2021 at 1000 hrs.

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

PRIVATE SESSION

18 MINUTES OF LAST PRIVATE MEETING: 8 OCTOBER 2020

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

19 ACTION LOG

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

7 INTERNAL AUDIT

Final Report – SFRS ICT & Data Security

7.1.15 The Committee were presented with the Final Report on SFRS ICT and Data Security and discussed the recommendations made by Azets. It was agreed that a full written update would be brought back to the next Committee meeting (March 2021).