PUBLIC MEETING - AUDIT & RISK ASSURANCE COMMITTEE

THURSDAY 8 OCTOBER 2020 @ 1000 HRS

BY CONFERENCE FACILITIES

PRESENT:

Brian Baverstock (BB), (Chair)	L Bloomer (LBl) (Deputy Chair)
Sid Patten (SP)	Mhairi Wylie (MW)
Tim Wright (TW)	

IN ATTENDANCE:

Martin Blunden (MB)	Chief Officer
Ross Haggart (RH)	Deputy Chief Officer
Sarah O'Donnell (SO'D)	Director of Finance and Contractual Services
Kirsty Darwent (KD)	Chair of SFRS Board
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)
Caroline Jamieson (CJ)	External Audit (Deloitte)
Pat Kenny (PK)	External Audit (Deloitte)
Simon Routh-Jones (SRJ)	HMFSI (Item 11 Only)
Richard Whetton (RW)	Head of Governance, Strategy & Performance
Marion Lang (ML)	Corporate Business and Administration Manager
Debbie Haddow (DH)	Board Support/Minutes

OBSERVERS:

Asha Narsapur, Legal Services
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   Mark McAteer, Director of Strategic Planning, Performance and Communications
Alasdair Cameron, Group Commander Board Support
Hilary Sangster, Group Commander Business Support

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

3.1   The Committee discussed and agreed that Item 15 (External Audit – Annual Report to Members and Auditor General for Scotland), Item 16 (SFRS Draft Annual Report and Accounts 2019/20), Item 17 (Fraud Risk Assessments) and Item 18 (Audit Scotland Red Flag Procurement Report) would be heard in private session due to confidential financial information not already in the public domain and matters considered of a confidential nature in line with Standing Orders (Item 9E and 9G).

3.2   No further items were identified.

4   DECLARATION OF INTERESTS

4.1   None.

5   MINUTES OF PREVIOUS PUBLIC MEETING: 9 JULY 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 9 July 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 12.4 – HMFSI Routine Annual Report (09/07/2020) – Action log narrative was deemed to be misleading and would be amended to better reflect action.

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:
- New branding to Azets.
- Overall good progress on 2020/21 Internal Audit Plan and previous outstanding recommendations.
- ICT and Data Security final report delayed due to challenges with remote working.
- Risk Management final report (circulated separately), overall positive review with specific comments in relation to further development of risk appetite.

7.1.2   It was agreed that progress against internal audit's KPIs would be incorporated into future progress reports.

ACTION: MS

7.1.3   It was agreed that the Risk Management Review Final Report should be published on the SFRS website.

ACTION: BST

7.1.4   SO'D commented on the Risk Management final report, in particular the focus on risk appetite which had been discussed previously at both Board and Strategic Leadership Team. The Committee welcomed this review and the recommendations. The Committee discussed the Service's current risk maturity level (Risk Defined) and the work required to progress to the Risk Managed level.

7.1.5   In regard to addressing the recommendations, SO'D stated that the challenge would be developing the process and embedding this within the Service.

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

7.2   **Assurance Mapping**

7.2.1   GD informed the Committee of the recent discussion regarding assurance mapping with the Management Team which included the approach to assurance mapping, implementation, gaining assurance and improvements to the current process. Overall good balanced approach, RAG rating on assurance being provided to be introduced and proposals on the practical use of framework of assurance mapping to be developed.

7.2.2   SO'D stated that the process was reviewed annually (presented to the Committee in March 2021) and due consideration would be given to the proposed improvements to develop further into a useful tool that will benefit the Service. It was agreed that greater consideration should be given to the required level of assurance at the outset.

7.2.3   The Committee welcomed the progress being made, in particular the proposed RAG rating, consideration being given to practical application, early consideration on assurance required and ensuring the co-ordination between assurance providers is comprehensive.

7.2.4   **The Committee noted the verbal update.**

7.3   **Progress Update – Internal Audit Recommendations**

7.3.1   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:
- Dashboard summarised the current position.
- Several pre-dated 2019/20 actions awaiting final completion due to governance route, impact of COVID-19 or external factors.
- Consideration to be given to realistic timescales to be assigned.

7.3.2   SO'D commented on the positive partnership working with Azets and proactive follow up process.

7.3.3   In regard to the Complaints, Comments and Compliments policy, the Committee were informed that the policy was currently being progressed through the appropriate governance route. RW confirmed that the complaint and compliment dashboard was presented at the Service Delivery Committee and that further development was still required to gather data from local areas.

7.3.4   Once again the Committee expressed concern about the slow progress in getting the Service Level Agreement (Hydrants) agreed. However, SO'D noted that positive progress is being made with Scottish Water. The Committee requested a further update on the progress with the SLA at the next meeting.

ACTION: SO'D

7.3.5   It was agreed that further narrative would be provided in future reports to clarify the work undertaken/actual position on progress implementing recommendations.

ACTION: SO'D

7.3.6   **The Committee noted the report.**

8   AUDIT SCOTLAND/HMFSI INSPECTION ACTION PLAN UPDATE

8.1   RW presented a report to the Committee outlining the new arrangements for managing audits/inspections reports and associated action plans and provided an update on the progress relating to the Audit Scotland report.

8.2   In regard to Audit Scotland's performance management recommendation, RW reminded the Committee of the additional resources allocated to this area and noted that the implementation of InPhase (Phase 1) was nearing completion and Phase 2 was being developed. RW noted that targeted training would be provided once specific aspects of InPhase system came online. He anticipated that the outstanding recommendations would be completed by the end of the financial year with the caveat that some elements will be continuous ie training.

8.3   In regard to the Management Action 2.5 (Develop Training and Development Programmes to build knowledge and understanding of performance management.), the Committee asked whether there was a need for training and if this was being progressed. RW noted that the key issue moving forward was to create a reliable and standardised approach to performance management and analysis across the service. It is his view that training and development in this area will focus on staff within the Data Services and Strategic planning functions as they will be the main users (and producers) of performance and analytical information. There may be specific training required for other colleagues on certain systems

8.4   The Committee discussed the importance of scrutinising performance information with a view to identifying improvements. It was acknowledged that there were still challenges in this area primarily due to how and when the performance information was presented. RW reminded the Committee of the progress being made in this area.

8.5   RW confirmed that a rigorous process had now been introduced when setting due dates for actions and the continued focus of the Senior Management Board for progressing actions timeously.

8.6   **The Committee noted the report.**

9   QUARTERLY UPDATE OF GIFTS, HOSPITALITY AND INTERESTS REGISTER

9.1   DJ presented the report to the Committee providing an update on the Gifts, Hospitality and Interests Register for Quarter 4 2019/20 and highlighted the following key points:
- Only one entry due to the ongoing COVID-19 situation.
- Review of Gifts, Hospitality and Interests policy.

9.2   **The Committee noted the report.**

10   INTERNAL CONTROLS UPDATE

10.1   **a) Strategic Risk Register**

10.1.1   SO'D presented the revised Strategic Risk Register (SRR) along with the aligned Directorate Risks to the Committee. The following key points were highlighted:
- Risk narrative adapted to improve the articulation of risk ie risk (x), why (y), result (z)
- Work ongoing to apply this approach to the 9 strategic risks.
- Ongoing development of risk appetite.
- Changes incorporated into the revised strategic register.

10.1.2   The Committee welcomed the change in how risks were now being articulated which provided greater clarity.

10.1.3   DJ noted that the previous iteration of the risk matrix had been included within the report in error.

10.1.4   The Committee commented on the current risk rating on several risks being higher than the target. It was suggested that the narrative (action column) be expanded to include how the targets would be achievable. DJ noted that InPhase will further improve reporting on risk.

ACTION: SO'D/DJ

10.1.5   **The Committee thanked David Johnston and all those involved in the development of the risk register and noted the report.**

(SRJ joined the meeting at 1115 hrs)

10.2   **Spotlight Risk Report – FSC10 Ability to link financial performance with service**
10.2.1   **delivery objectives**
JT presented a risk spotlight report to the Committee, noting the following key points:
- Current risk rating (9) and target rating (9) were reflective of the ongoing management.
- Controlled through detailed discussions with budget holders on spend to date/ forecasting/variances on continuous basis.
- Business cases are developed to justify/highlight impact and are considered by Senior Management Board and onwards to the Strategic Leadership Team for approval to take forward.
- Overall risk well controlled with the Finance team focused on financial performance and how this is taken through to delivery on strategic delivery objectives.

10.2.2   The Committee were informed of the £50,000 threshold requirement to develop business cases. The Committee asked whether the Service were flexible enough to be agile whilst still retaining the necessary oversight. JT highlighted the current COVID-19 situation and the need to retain financial control, whilst being agile enough to relocate budget to still meet strategic objectives. He briefly outlined the process of creating initiatives to monitor and manage financial control.

10.2.3   JT noted that reference to spending budgets in a sub-optimal manner related to the potential lack of integration/communications within the Service to challenge proposed spend/performance measures.

10.2.4   JT confirmed that the Service use Scottish Government's standard approach to business case models as well as an overall summary business case which captures sufficient detail to provide a good understanding.

10.2.5   JT confirmed that spend to save proposals were also subject to the business case process, were appropriately challenged and prioritised if short term savings were anticipated.

10.2.6   **The Committee noted the report.**

10.3   **b) Anti-fraud**
10.3.1   SO'D noted that there were no issues to report.

10.3.2   SO'D noted a small number of cases where personal money had gone missing on SFRS premises. These were investigated in-house and reported to Police Scotland. Guidance has been re-issued to local management to strengthen controls.

11   HMFSI ROUTINE ANNUAL REPORT
11.1   SRJ presented his annual report to the Committee and the following key areas were noted:
- Local Area Inspections (LAI) programme adjusted to replace Fife with Mid Lothian.
- LAI fieldwork commences in Argyll & Bute under Scottish Governance/SFRS guidance.
- Adjusted timescale for follow up reviews.
- Command and Control Thematic Inspection completed and published.

- Thematic review for Assessing the Effectiveness of Inspection Activities had commenced. This would provide a platform to regular reviews on the outcomes and objectives on an annual basis.
- Thematic review for Management of Operational & Protective Equipment to commence in the near future.

11.2 The Committee asked whether as part of the process of making recommendations, there was a clear expectation around the intended benefits that would result from implementation against which actual outcomes could be measured. SRJ noted the main elements were Firefighter Safety, continual Service improvement as a critical friend and landscaping against UK wide best practice.

11.3 **The Committee noted the report.**

12 REVIEW OF ACTIONS
12.1 ML confirmed the 5 actions arising during the meeting.

13 FORWARD PLANNING
13.1 **a) Committee Forward Plan Review**
13.1.1 The Committee considered and noted the Forward Plan.

13.2 The following additional items were noted:
13.2.1
- Gifts, Hospitality and Interests Policy – January 2021
- Assurance Mapping – March 2021

13.3 **b) Items for Consideration at Future IGF, Board and Strategy Days Meetings**
13.3.1 No items were noted.

14 DATE OF NEXT MEETING
14.1 On behalf of the Committee, BB thanked Sid Patten for his contributions to the Committee and Board and wished him well in his retirement.

14.2 The next meeting is scheduled to take place on Thursday 21 January 2021 at 1000 hrs.

14.3 There being no further matters to discuss the public meeting closed at 1150 hrs.

PRIVATE SESSION

15 EXTERNAL AUDIT – ANNUAL REPORT TO MEMBERS AND AUDITOR GENERAL FOR
15.1 SCOTLAND
CJ presented the Annual Report to Members and Auditor General for Scotland and noted some key areas. The Committee scrutinised the report and congratulated both the Finance team and the External Auditors for their efforts during this particularly challenging year.

16 SCOTTISH FIRE AND RESCUE SERVICE DRAFT ANNUAL REPORT AND ACCOUNTS 2019/20
16.1 The Committee scrutinised the draft Annual Report and Accounts 2019/20 and recommended these for approval by the Board on 29 October 2020.

16.2 Thanks were extended to all those involved in the preparation of the annual report and accounts.

17 FRAUD RISK ASSESSMENT
17.1 JT presented a report to the Committee seeking scrutiny of the first SFRS Fraud Risk Assessment and highlighted the key areas/actions. Actions were being progressed and would be reported back to the Committee on an exception basis only.

18   AUDIT SCOTLAND RED FLAG PROCUREMENT REPORT

18.1   SO'D presented a report to the Committee outlining the Procurement Fraud Action Plan which was developed in response to the Audit Scotland report "Red Flags Procurement" published in October 2019.