



SCOTTISH
FIRE AND RESCUE SERVICE

Working together for a safer Scotland

PUBLIC MEETING - AUDIT AND RISK ASSURANCE COMMITTEE

THURSDAY 20 JANUARY 2022 @ 1000 HRS

BY CONFERENCE FACILITIES

PRESENT:

Brian Baverstock, Chair (BB) Lesley Bloomer, Deputy Chair (LBI)
Paul Stollard (PS) Mhairi Wylie (MW)

IN ATTENDANCE:

Martin Blunden (MB)	Chief Officer
Mark McAteer (MMcA)	Director of Strategic Planning, Performance and Communications
John Thomson (JTh)	Acting Director of Finance and Procurement
David Johnston (DJ)	Risk and Audit Manager
Matthew Swann (MS)	Internal Audit (Azets)
Caroline Jamieson (CJ)	External Audit (Deloitte)
Robert Scott (RS)	HMFSI
Kirsty Darwent (KD)	Chair of SFRS Board
Ally Cameron (AC)	Group Commander Board Support
Heather Greig (HG)	Board Support Executive Officer
Debbie Haddow (DH)	Board Support/Minutes

OBSERVERS:

Des Donnelly, Group Commander Business Support
Lynne McGeough, Acting Head of Finance and Procurement
Karen Horrocks, Assistant Verification and Risk Officer
Pamela Nicol, Corporate Admin
Lorna Smith, Scottish Government

1 CHAIR'S WELCOME

- 1.1 The Chair opened the meeting and welcomed those participating via conference facilities.
- 1.2 The Committee were reminded to raise their hands, in accordance with the remote meeting protocol, should they wish to ask a question.
- 1.3 This meeting would be recorded and published on the public website.

2 APOLOGIES

- 2.1 Tim Wright, Board Member
Gary Devlin, Internal Audit (Azets)
Gillian Callaghan, Internal Audit (Azets)
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 Item 18 (Cyber Security Penetration Testing Update) and Item 19 (Organisational Security Update), 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 PREVIOUS PUBLIC MEETING:

5.1 Thursday 14 October 2021

5.1.1 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 meeting held on 14 October 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 7.1.6 Final Audit Report on Remote Working (14/10/21): Subject to further consideration following discussions later in the meeting. Content to close

Item 7.2.3 Progress Update – Internal Audit Recommendations (14/10/21): Subject to further discussion later in the meeting. Content to close.

Item 7.2.4 Progress Update – Internal Audit Recommendations (14/10/21): Subject to further discussion later in the meeting. Content to close.

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 2021/22

7.1.1 MS presented a report to the Committee which summarised the progress on the delivery of the 2021/22 Internal Audit Plan and the following key points were highlighted:

- For clarification purposes, the number of days allocated for each audit within the 2021/22 Audit Plan Progress Report refer to the original agreed days. Going forward any changes to the original agreed timescale would be highlighted within the report.
- Further updates since the circulation of the report: ICT/Data Security Follow Up had entered the review process and Environmental Sustainability had entered the fieldwork stage.
- In consultation with management, the Workforce Planning audit has been deferred and would be considered for 2022/23. Time allocated for this audit would now be utilised for an investigation relating to misappropriation of Trauma Bags (further details to be provided in the private session).
- Assurance given that the deferment of the Workforce Planning audit would not impact on the ability to issue an annual opinion at the end of the year.

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7.1.2 The Committee sought assurance that the Service would be in a position for the Workforce Planning (RDS Firefighters) audit to be undertaken next year and the proposed timescale. JT informed the Committee that this audit was deferred to allow ongoing work to be finalised and embedded within the Service. The Committee noted that it would be helpful to be kept informed of timescales of audits being deferred. It was noted that the draft audit plan 2022/23, which is due to be presented at the next meeting, would confirm the revised date.

ACTION: Azets

7.1.3 Final Report – SFRS Fire Safety Enforcement

7.1.4 MS advised the Committee of the outcome of the audit, noting the following key issues:

- Overall conclusion noted elements of good practice and areas of improvement.
- Use of hybrid programme during the year, which offered greater flexibility and no notable difference from onsite reviews.
- Areas of improvement included centralised training records, clarity and accessibility of fire safety hazards particularly relating to the general public and timely review/update of procedures.

7.1.5 MB welcomed the report and commented on the potential missed opportunity for the audit to review and identify whether the Service were correctly and effectively applying their legislative power. MS accepted the comment and noted the difficulty in judging the Service's use of legislative power to its full extent, however, it may be possible to provide reasonable judgement on appropriate usage. MS advised that could be considered going forward for future audits.

7.1.6 With regard to Control Objective 3 reporting on fire safety hazards, the Committee queried whether the grading of recommendation was appropriate and noted the management response to review the public facing website. MS advised the Committee that the recommendation grading was appropriate and the issues did not meet the criteria for a higher rating. The Committee were reminded of the previous HMFSI Thematic Review on Fire Safety Enforcement and noted the similarity in the findings. RS advised the Committee that the work of internal audit in this area would be useful when undertaking the new service delivery area inspections. Further discussions to be held between HMFSI, Azets and management regarding future investigations, both broader scope and adding value, and a brief verbal update to be provided at the next meeting.

ACTION: HMFSI/Azets/JT

7.1.7 The Committee noted the recommendations and the management actions being taken. In particular, the Committee commented on how the Service would ensure the consistent application of procedures to address fire safety hazards being reported. A fuller update on recommendations/actions to be given at the next meeting.

ACTION: Azets

7.1.8 The Committee noted that benchmarking against other fire and rescue services would have been useful and could have been identified during the approval of the terms of reference for this audit. The Committee's workshop (16 February 2022) would be used as an opportunity for further discussion on the Committee's role in relation to agreeing terms of reference for individual internal audit reviews.

7.1.9 With regards to the Fire Safety Enforcement Officer's training records, MS stated that the records accessed confirmed the appropriate training had been undertaken. MS reminded the Committee that the style of audit reporting was by exception only.

7.1.10 **The Committee scrutinised the progress report and the final report on the Fire Safety Enforcement.**

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7.1.11 Final Report – SFRS Learning and Development

7.1.12 MS advised the Committee of the outcome of the audit, noting the following key issues:

- Overall good performance in this area, particularly leadership programme and financial planning.
- Areas of improvement include processes for collating feedback and evaluation of the programme and how this feedback is being used to improve the programme.

7.1.13 MS confirmed that the audit considered how the training improved job performance as part of the progress report and noted that no issues were identified.

7.1.14 With regard to the overall effectiveness of leadership improvement programme, MB confirmed that the benefits were being seen. MB commented on the possible additional benefits had the audit looked at how the leadership training programme impacted on the organisation, its operation and contributions to the strategic objectives.

The Committee the final report on Learning and Development.

7.1.15

7.2 Progress Update – Internal Audit Recommendations

7.2.1 MS presented a report to the Committee outlining the 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:

- High number of outstanding actions, however progress was being made to reduce these.
- Meeting held on 12 January 2022 to discuss approach to address long term outstanding actions for 3 audits: Performance Management Arrangements, Fraud Risk Management Arrangements, Water Planning Arrangements.
- Agreed in principle to jointly consider reviews to ensure ongoing relevance and additional changes regarding implementation.
- Encouraging progress being made, increased oversight by Strategic Leadership Team (SLT) and continue collaborative engagement with management.

7.2.2 JT updated the Committee on the recent review of the process to address any actions and the increased rigour applied by the executive Good Governance Board. JT acknowledged the importance of addressing any internal control matters highlighted within audits with an interim measure, rather than waiting on the final solution/new system being available.

7.2.3 The Committee noted that further assurance was required regarding timescales as there was still uncertainty whether this continued to be a significant issue or an impact of Covid and that no large-scale issue was going unnoticed by management. The Committee reiterated the importance of setting realistic timescales.

7.2.4 With regard to the RAG status, the Committee commented on the lack of clarity due to how the information was being presented, particularly as the RAG status is automatically adjusted to Amber after 3 revision dates. The Committee welcomed the revised dates being highlighted in red.

7.2.5 MS noted the comments made and that further consideration would be given to the RAG status and to ensure that the key message is communicated.

7.2.6 JT noted that through active discussions with Azets, management were aware and intervening, where appropriate, in order to improve the process to address actions. The Committee further commented on the realistic assessment of original/revised timescales and whether there was a competency/experience issue in understanding and managing workloads within the Service.

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- 7.2.7 The Committee requested that consideration be given to include narrative within the covering report around management's considerations of the key recommendations outstanding including any interim measures being taken to address control weaknesses and route to resolution.

ACTION: Azets/JT

- 7.2.8 **The Committee welcomed the update and the progress being made.**

8 INDEPENDENT AUDIT/INSPECTION ACTION PLAN UPDATE

- 8.1 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 and Inspection overview dashboard
 - Audit Scotland Report (May 2018) Action Plan: One outstanding action (Retained Duty System Terms and Conditions). After the circulation of this report, a meeting has been scheduled with the Fire Brigades Union to progress this matter.

- 8.2 RS requested that Appendix B be amended to remove "HMFSI" from the heading.

ACTION: MMcA

- 8.3 **The Committee scrutinised the report.**

9 EXTERNAL AUDIT

9.1 Annual Report to Members and Auditor General for Scotland

- 9.1.1 CJ presented the final report on the external Audit of the 2020/21 financial statements to the Committee for information. CJ noted that the issues preventing the earlier finalisation of the report, which had previously been highlighted to the Committee, were now resolved.
- 9.1.2 CJ confirmed the Unmodified Audit opinion, as previously issued on 15 December 2021, the four uncorrected errors within the financial statements relating to pensions, uniforms and Local Authority pension funds are unchanged and there were no disclosure misstatements identified within the final financial statements.
- 9.1.3 CJ further confirmed that there were no outstanding matters and any recommendations raised would be addressed as part of the planning process for next year's audit.
- 9.1.4 **The Committee noted the report.**
- 9.2 **Deloitte - Audit Dimensions and Best Value for the Year Ended 31 March 2021**
- 9.2.1 JT presented the report to the Committee outlining the progress on the Deloitte Audit Dimensions and Best Value Report. The following key points were highlighted:
- Total of 28 recommendations were made and, with one exception (rec 1.7), were accepted and management actions were agreed.
 - Deloitte would review progress against these actions on an interim basis.
 - Quarterly update reports would be presented to the Committee in the format of the detailed progress report and summary dashboard.
 - One recommendation had been completed.
 - Revised timescales had been identified for three recommendations.
- 9.2.2 With reference to Recommendation 1.3 (Financial Reporting), the Committee noted the revised date and suggested that consideration be given to identifying milestones to allow progress to be assessed. JT to consider identifying appropriate milestones.

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- 9.2.3 With reference to Recommendation 1.4 (Savings Plans), the Committee noted the revised date and asked whether work was to be done in relation to the 2022/23 budget. JT reminded the Committee that the Budget Strategy 2022/23 would be presented at a future Board Strategy Day (24 February 2022) and this would include an indicative medium term financial model for future years and this would be further developed as part of the Scottish Government Resource Spending Review (May 2022).
- 9.2.4 With reference to Recommendation 2.1 (Capital Planning and Asset Management), the Committee requested clarification on the development of the interim strategy and the dependence on the Service Delivery Model Programme (SDMP) project. JT informed the Committee that detailed asset strategies were being developed and these would sit behind the overall management strategy. Although not dependent on the SDMP project, the strategies need to be developed in conjunction with this. Within future reports, the Committee requested that consideration be given to the narrative to provide assurance on work being progressed, ie interim strategy position.
- 9.2.5 The Committee requested that the quarterly report on this action plan include an update to the *Progress to Update* narrative in order to assess progress being made.
- 9.2.6 **The Committee scrutinised and noted the report.**

10 INTERNAL CONTROLS UPDATE

10.1 a) Overview of Strategic Risk Register and Aligned Directorate Risk

- 10.1.1 DJ presented the revised Strategic Risk Register (SRR) along with the aligned Directorate Risks to the Committee and outlined the information contained within the appendices. The following key points were highlighted:
- Strategic risk reviewed quarterly by the SLT and subsequently reassessed, if applicable.
 - Assurance of continual review process of risk noting that this is undertaken by Heads of Functions and also Directorate Management Team level to support the process.
 - To ensure consistency in risk reporting, discussion has been undertaken to re-align Portfolio Office risks into the new format.
- 10.1.2 In regard to Strategic Risk 7 (Financial Sustainability), JT confirmed that the increased risk rating related to the current budget proposals for capital and the overall investment profile.
- 10.1.3 The Committee were reminded that a Risk Appetite session was scheduled for the next Strategy/Information and Development Day (24 February 2022).
- 10.1.4 The Committee commented on the ability to fully understand and scrutinise the status (RAG and percentage complete) information being presented within the succinct version of the register. DJ noted the comments and would consider how to further develop the register in order to provide clearer information to the Committee. It was noted that the Strategy/Information and Development Day Risk Appetite session would provide an opportunity to discuss the presentational aspects. The Committee clarified that there was no request to change the format, it was more on how the Committee used the format and the need for a greater awareness of its use.
- 10.1.5 BB to raise and discuss at the Integrated Governance Forum later today (20 January 2022).
- 10.1.6 **The Committee scrutinised and supported the continued development of the report.**
- ### 10.2 b) Anti-fraud/Whistleblowing Update
- 10.2.1 JT advised the Committee that two separate potential fraudulent activities had been identified since the last Committee meeting and further investigations would be undertaken by Azets. Further details would be provided in the private session.

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- 10.2.2 Regarding whistleblowing, JT advised the Committee that two complaints had been received, investigated and actions undertaken to resolve. JT noted that a further complaint had been received on 18 January 2022 and this would also be investigated.
- 10.2.3 It was noted that the Whistleblowing Policy was scheduled to be presented at the next meeting (30 March 2022). There was some dubiety whether this was accurate as the Whistleblowing Policy was an HR policy and would be presented to the People Committee. Clarification to be provided on the Committee's role in relation to the whistleblowing policy and when this would be submitted.

ACTION: Board Support

- 10.2.4 **The Committee noted the verbal report.**

11 **QUARTERLY UPDATE REPORT ON HMFSI BUSINESS**

- 11.1 RS presented the quarterly report to the Committee to provide an update on HMFSI's inspection and reporting activity during 2021/22 and the following key areas were noted:
- Local Area Inspection (LAI) for Argyle & Bute was published on 24 December 2021. Six recommendations, one of which was national context, were made. Local recommendations would be progressed locally by the Local Senior Officer and the national recommendation would be considered by SLT/SMB and scrutinised by the Audit & Risk or Service Delivery Committee.
 - LAI for Angus had commenced but due to the increased restrictions was experiencing delays, however, it was anticipated that this would still be concluded by the end of the financial year.
 - Going forward the current LAIs would be replaced with the new Service Delivery Area Inspections. The new process was currently under development and would go live from April 2022.
 - Thematic Inspection on the Service's plans and preparedness for the UN Climate Change Conference of Parties had been published.
 - Thematic Inspection on Firefighting in High Rise Buildings was nearing completion however some delays due to Covid restrictions had been experienced. The Committee were reminded that the inspection would focus on the Service's response to high rise buildings and associated risks in Scotland. However, it was considered prudent to observe and examine processes across the UK with the knowledge that the built environment within Scotland differed from the wider UK.
 - Thematic Inspection on Health and Safety – An Operational Focus was nearing completion with informal discussions being held with key stakeholders prior to formal consultation and the report being laid before parliament. The report contains recommendations, areas for consideration and areas of good practice.
 - Reiteration of the independent nature of HMFSI Inspection regime. Notwithstanding the willingness to avoid any unnecessary duplication of effort with Internal Audit.
 - Restructure of HMFSI team to align with specific remits/references and Assistant Chief Inspector Graham Fraser to attend future meetings.
- 11.2 The Committee noted and supported the Chief Inspector's independence inspection regime and Assistant Chief Inspector Fraser's future attendance.
- 11.3 With regard to High Rise Buildings thematic report, RS confirmed that the nature and context of the building stock in Scotland would be included within the report. Similarly, the report would also capture limitations on firefighting abilities, evacuation processes, use of breathing apparatus and risks associated with this.
- 11.4 With regard to potential international benchmarking opportunities, RS noted that due to different regulations it was not possible to benchmark however, it was appropriate and important to compare with other UK fire and rescue services.

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- 11.5 The Committee were reminded that, upon receipt of the High Rise Buildings thematic report, the SLT would review the recommendations and recommend which Committee would undertake scrutiny of the action plan.
- 11.6 **The Committee noted the report.**
- 12 QUARTERLY UPDATE OF GIFTS, HOSPITALITY AND INTERESTS REGISTER**
- 12.1 DJ presented the report to the Committee providing an update on the Gifts, Hospitality and Interests Register for Quarter 3 2021/22.
- 12.2 DJ reminded the Committee that work continues to raise awareness of the policy and individual's responsibilities throughout the Service. Discussions were ongoing at station level to encourage awareness and to gain a fuller understanding of their experiences, ie low monetary value items. A dedicated Learning Content Management System (LCMS) awareness package was currenting under development and would be finalised by the end of March 2022. Benchmarking against other UK fire and rescue services policies and reporting methods had been undertaken.
- 12.3 The Committee noted their concerns on the low number of declarations being made and the overall effectiveness of the Declaration of Interests element within the policy. However, the Committee did recognise that the revisions to the policy were new and were still being embedded into the Service.
- 12.4 DJ confirmed that the LCMS package would be finalised by the end of March 2022. Discussions were ongoing regarding fraud and GHI packages becoming part of the mandatory core competency. It was acknowledged that the LCMS package in isolation was not enough and further work/discussions were required to ensure awareness and the importance of reporting were fully understood.
- 12.5 **The Committee noted the report.**
- 13 REVIEW OF ACTIONS**
- 13.1 HG confirmed that six formal actions were recorded during the meeting.
- 14 FORWARD PLANNING**
- 14.1 **a) Committee Forward Plan Review**
- 14.1.1 The Committee considered and noted the Forward Plan.
- 14.1.2 The following items were noted:
- Final Report - Workforce Planning would be deferred to the July 2022 meeting
 - Fraud Investigation report to be added to the March 2022 meeting
 - Whistleblowing Policy to be confirmed
- 14.2 **b) Items for Consideration at Future IGF, Board and Strategy Days Meetings**
- 14.2.1 The following items were noted for discussion at the next IGF:
- Risk Appetite/Register
- 15 DATE OF NEXT MEETING**
- 15.1 The next meeting is scheduled to take place on Wednesday 30 March 2022 at 1000 hrs.
- 15.2 There being no further matters to discuss the public meeting closed at 1225 hrs.

PRIVATE SESSION

16 MINUTES OF PREVIOUS PRIVATE MEETING:

16.1 Thursday 14 October 2021

16.2 The minutes of the private meeting held on 14 October 2021 were approved as a true record of the meeting.

17 PRIVATE ACTION LOG

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

18 CYBER SECURITY PENETRATION TESTING UPDATE

18.1 PSt presented the report to the Committee to advise the outcome and results from the annual Cyber penetration testing (PEN Test) activity for 2021/22 which took place between the 6-16 July 2021 and the remediation action plan.

18.2 **The Committee noted and scrutinised the report.**

19 ORGANISATIONAL SECURITY UPDATE

19.1 MMcA presented the report to the Committee to provide an update on progress to improve the Service's approach and co-ordination of Organisational Security and referenced the update provided at a previous Strategy/Information and Development Day (July 2021).

19.2 **The Committee noted and scrutinised the report.**