



**SCOTTISH**  
**FIRE AND RESCUE SERVICE**

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**PUBLIC MEETING - AUDIT AND RISK ASSURANCE COMMITTEE**

**TUESDAY 26 MARCH 2024 @ 1000 HRS**

**VIRTUAL (MS TEAMS)**

**PRESENT:**

Brian Baverstock, Chair (BB)	Neil Mapes (NM)
Malcolm Payton (MP)	Tim Wright (TW)
Mhairi Wylie (MW)	

**IN ATTENDANCE:**

Ross Haggart (RH)	Chief Officer
Stuart Stevens (SS)	Deputy Chief Officer
Liz Barnes (LB)	Interim Deputy Chief Officer (Corporate Services)
Mark McAteer (MMcA)	Director of Strategic Planning, Performance and Communications
Sarah O'Donnell (SO'D)	Director of Finance and Contractual Services
Lynne McGeough (LMcG)	Head of Finance and Procurement
David Johnston (DJ)	Risk and Audit Manager
Ian McMeekin (IMcM)	Area Commander (Private Session only)
Matt Swann (MS)	Internal Audit (Azets)
Michael Oliphant (MO)	External Audit (Audit Scotland)
Tommy Yule (TY)	External Audit (Audit Scotland)
Robert Scott (RS)	HMFSI
Kirsty Darwent (KD)	Chair of SFRS Board
Richard Whetton (RW)	Head of Governance, Strategy and Performance
Kevin Murphy (KM)	Group Commander, Board Support Manager
Heather Greig (HG)	Board Support Executive Officer
Debbie Haddow (DJH)	Board Support/Minutes

**OBSERVERS:**

Andrew Smith, Board Member  
Karen Horrocks, Assistant Verification Team Officer

**1 CHAIR'S WELCOME**

- 1.1 The Chair opened the meeting and welcomed those present.
- 1.2 Attendees were reminded to raise their hands, in accordance with the remote meeting protocol, should they wish to ask a question. The meeting would be recorded for minute taking purposes only.

**2 APOLOGIES**

- 2.1 None

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

3.1 The Committee discussed and agreed that Item 22 (*Internal Control Review Report*) and Item 23 (*Breach of Financial Regulations and Misappropriation of Funds*) would be heard in private session due to matters relating to individuals in line with Standing Orders Item 9A.

3.2 No further items were identified.

**4 DECLARATION OF INTERESTS**

4.1 There were no declarations of interest made.

**5 MINUTES OF PREVIOUS PUBLIC MEETING:**

**5.1 Thursday 18 January 2024**

5.1.1 The following amendment was noted and agreed:

Paragraph 12.1.3 to be amended to read "*In regard to the Culture Inspection...*" instead of "*In regard to the North SDA ...*"

**5.2 Matters Arising**

5.2.1 There were no matters arising.

5.3 **Subject to the above amendment, the minutes of the meeting held on 18 January 2024 were approved as a true record of the meeting.**

**6 ACTION LOG**

6.1 The Committee considered the action log, noted the updates and agreed the closure of actions.

Action 9.1.11 SFRS Internal Audit Progress Report 2023/24 Final Report – Sickness Absence Management (27/06/2023): LB confirmed that this action should remain open.

Action 9.1.17 SFRS Internal Audit Progress Report 2023/24 Final Report – Arrangement for Internal Assessment and Verification of SVQ (27/06/2023): LB confirmed that the Service were able to recoup the full amount of the lost income. The Committee recognised the work undertaken and efforts from all those involved to rectify the situation.

Action 13.5 Risk Spotlight: Retrieval of PPE (30/10/2023): LMcG confirmed that she would progress this and provide a fuller update at the next meeting.

Action 7.1.2 Internal Audit Progress Report 2023/24 (18/01/2024): SO'D informed the Committee that the terms of reference for the Risk Management Advisory Review (Assurance Stocktake) Audit had been revised and would be shared with the Committee in due course (new action to be raised). **ACTION: SO'D**

Action 11.1.6 Overview of Strategic Risk Register and Committee Aligned Directorate Risks (18/01/2024): MW confirmed that the update was in line with reporting to the People Committee.

6.2 **The Committee noted the updated Action Log and approved the removal of completed actions, with one exception (noted above).**

**7 INTERNAL AUDIT**

**7.1 SFRS Internal Audit Progress Report 2023/24**

7.1.1 MS presented a report to the Committee which summarised the progress on the delivery of the 2023/24 Internal Audit Plan and the following key points were highlighted:

- Update on audit plan progress noting that it remains on track for delivering on all outputs for the next meeting (June 2024).

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- Revised Terms of Reference for the Risk Assurance Advisory Review which focuses on overall maturity of the organisation and will take a forward-looking advisory perspective.
- Closing meeting held in relation to the Contract Management Review.
- Delays with feedback on internal audit assignments and work being undertaken to accelerate and improve the process.
- Overview of changes in Global Internal Audit Standards noting that progress was on track to comply with those changes by the implementation date (January 2025).

7.1.2 In regard to the Risk Assurance Advisory Review, the Committee queried whether the advisory nature of the review would impact on the timescale. MS advised that the current 12 days allocated would be fully utilised.

7.1.3 In regard to the new global internal audit standards, one of the key changes related to the Board role in governance of internal audit functions and MS provided some clarification on this issue. MS noted that the Service's current structure/role of the Board and delegated Committee function was appropriate and if necessary, further updates would be provided.

7.1.4 In regard to feedback on internal audit assignments, the Committee commented on the low numbers involved and sought reassurance on added value from audits. MS noted the work undertaken to reshape the audit plan to achieve the most in return. MS further noted the need to balance achieving sufficient depth as well as broad coverage from audits. MS outlined the new approach to audits which would be more thematic and tiered.

7.1.5 RH recognised the need to improve the volume of feedback provided, continuing positive engagement with Azets and the benefits of restricting the number of audits scheduled.

7.1.6 SO'D outlined how the reframing of the Risk Assurance Advisory Review would help the Service identify areas of improvement and as such add value to this area.

7.1.7 RS noted that off table discussions relating to aligning programmes with Azets, in an effort to avoid duplication of work or undue burden on the Service, had still to take place.

7.1.8 The Committee queried what process was in place to capture and action any feedback received. DJ noted the current process, potential to widen and improve feedback and the continuous engagement with Azets throughout the audit. It was confirmed that individual audits were assigned to the relevant Director and this provided the opportunity for any issues to be raised and discussed by the Strategic Leadership Team (SLT).

7.1.9 In regard to the KPI status relating to completion of customer feedback, the Committee suggested that consideration be given to include the satisfaction levels rather than just the completion rate within the KPI descriptor section of the report. MS advised that the KPIs would be reviewed and refreshed for the start of 2024/25.

**ACTION: Azets**

7.1.10 **The Committee scrutinised the progress report and the final report.**

## 7.2 SFRS Progress Update/Management Response

7.2.1 MS presented a report to the Committee outlining the status of the recommendations raised by Internal Audit. The following key areas were highlighted:

- Summary of closed actions for awareness and clarity on remaining actions.
- Overall stable position in regard to the conclusion of actions.
- Reduction in volume of older outstanding actions.

7.2.2 The Committee noted the majority of the updates were dated January 2024 and queried whether any further updates could have been provided, particularly for those with the due date of 31 March 2024. MS explained that the delay was due to the time required to collate

management responses and validate the updates. MS noted that the process could be reviewed with a view to reducing the timescale if possible. RH advised the Committee that the report was also presented to the SLT for due governance, and this would be reviewed to reduce any additional delays. The Committee noted and welcomed the scrutiny by the SLT in this area. The Committee requested more up-to-date verbal updates from management, if available, on progress updates relating to recommendations approaching their completion dates.

**ACTION: SO'D**

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

*(M Oliphant joined the meeting at 1040 hrs)*

**11 DRAFT INTERNAL AUDIT STRATEGY UPDATE AND ANNUAL PLAN 2024/25**

11.1 MS presented a report to the Committee providing the draft Internal Audit Strategy Update and Annual Plan for 2024/25 for scrutiny. The following key points were highlighted:

- Recent confirmation of extension to appointment.
- Detailed engagement undertaken with the Service and Audit Scotland. Commitment to engagement with HMFSI to avoid any overlap.
- Four key priorities for work for the year ahead were anti-fraud arrangements, environmental management, change management and cyber security.
- Alternative audit areas considered included business continuity planning, health and safety and organisational performance.

11.2 RH commented on the positive level of engagement with Azets throughout the process of setting the audit plan. RH advised that the SLT fully supported and recommended the plan with the 4 key priorities as identified. However, RH felt it appropriate to offer the Committee the opportunity to exercise their discretion on the alternative audit areas identified.

11.3 The Committee welcomed the opportunity to consider the alternative audits and the inclusion in previous audits undertaken. Brief discussion took place on the 4 key priority areas, whether they provided the best value to the Service and any potential overlap with other audit activities.

11.4 In regard to the environmental audit, the Committee queried the reasoning for prioritising this audit over others which may have delivered better value. RH informed the Committee of the reasons why some areas were not being prioritised and outlined the main reasons for prioritising the environmental audit. These included the opportunity for Azets to identify areas of improvement to help to achieve targets, providing independent assurance that the Service were doing all they could to achieve the targets and to help justify the need for additional funding. RH noted that, by prioritising this area, the Service would see the added value of this audit work.

11.5 The Committee noted the reasoning for this audit and commented on the need for the Terms of Reference to be tightly framed to deliver against the Service's expectations and maximise value.

11.6 MS confirmed that Azets had the necessary skills to support the audit work and noted that the Terms of Reference for the environmental audit would be shared at the next meeting (June 2024).

**ACTION: Azets**

11.7 The Committee welcomed the level of engagement undertaken to develop the audit plan and noted the reduced number of audits scheduled. The Committee sought and were provided with assurance that the reduced number of audits would still be sufficient to provide a robust annual audit position.

- 11.8 RS confirmed that the 4 key priorities identified did not overlap with the HMFSI inspection programme and confirmed his commitment to engage with Azets.
- 11.9 **The Committee recommended approval of the report which would be presented to the SFRS Board on 25 April 2024.**

## **8 AUDIT ACTION PLANS AND CLOSING REPORTS UPDATE**

- 8.1 MMcA presented a report to the Committee providing an overview update of the current audit and inspection action plans for scrutiny.
- 8.2 MMcA noted that the Audit and Inspection Overview dashboard recorded 16 action plans as complete. Of the 3 remaining live action plans 2 were on track to be concluded in the coming months.
- 8.3 The 3 new action plans recently presented to the SLT relate to Climate Change – Impact on Operational Activity, East Service Delivery Area and Review of Contingency Planning Arrangements in relation to Potential Industrial Action. A further action plan relating to the HMFSI’s report on Mental Health and Wellbeing was presented to the SLT in January 2024 and the action plan was still in development.
- 8.4 The Committee noted and welcomed the Climate Change action plan coming forward.
- 8.5 RS reiterated previous comments relating to the good relationship between the Service and HMFSI and the positive position in progressing recommendations.
- 8.6 **The Committee scrutinised the report.**

## **9 EXTERNAL AUDIT**

### **9.1 Audit Dimensions and Best Value Report and Annual Reports 2021/22**

- 9.1.1 SO’D presented the report to the Committee outlining the progress on the External Audit Dimensions and Best Value Report for year ending 31 March 2021 and the Annual Report and Accounts Audit for 2020/21 and 2021/22. The following key points were highlighted:
- Report developed in conjunction with Audit Scotland and exercise undertaken to rationalise different sections. As a result, only 12 outstanding actions remained with several now being marked as complete.
  - Work will continue with Audit Scotland to review and identify whether remaining actions could be incorporated into work being done. This would result in the old action being closed and incorporated into a new recommendation going forward.
  - Work would continue to address all outstanding actions as appropriate.
- 9.1.2 MO commented on the positive meeting with SO’D resulting in a clearer articulation of the actions outstanding and the progress being made against them.
- 9.1.3 In regard to Rec 1.3, the Committee noted that Home Fire Safety Visits (HFSV) would be considered rather than climate change as an area for identifying spend against outcome. SO’D advised that this was due to HFSV being more manageable in identifying spend, and monitoring performance/outcomes. SO’D noted that reference to climate in Rec 2.3 would be amended to HFSV.
- 9.1.4 In regard to Rec 4.1, the Committee noted the closure of this action and queried the Service’s ambition in relation to benchmarking and the governance route on any future progress. MMcA provided a brief summary on discussions and progress being made with CIPFA and the New Zealand Fire and Rescue Service in this regard. MMcA noted that an update paper on progressing benchmarking would be brought back to the Board in due course.

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- 9.1.5 In regard to Rec 2.11, the Committee commented that the information being provided was not consistent and there may be a need to consider whether the format of the report was appropriate.
- 9.1.6 In regard to Rec 4.3, the Committee commented on the additional information and clarity provided within the written comments.
- 9.1.7 SO'D reminded the Committee that due to the age of some of the recommendations, a full review and refresh was required and asked for the Committee's patience during this process. The Committee noted that some actions may have been overtaken by events due to the timescales involved and that this would be rectified in the future.
- 9.1.8 SO'D confirmed that, where appropriate, existing recommendations would be incorporated into Audit Scotland's work. SO'D noted that the remaining recommendations would continue to be actioned, the report would be streamlined, and progress would be reported as per normal.
- 9.1.9 **The Committee scrutinised the report and noted the progress being made.**

## 10 ACCOUNTING POLICIES 2023/24

- 10.1 LMcG presented a report to the Committee seeking approval for the Accounting Policies to be adopted in the Annual Report and Accounts 2023/24. LMcG confirmed that a full review had been undertaken and no changes were required to the Accounting Policies.
- 10.2 For clarification, it was confirmed that the report was being presented for decision.
- 10.3 **The Committee approved the Accounting Policies 2023/24.**

## 12 EXTERNAL AUDIT – ANNUAL AUDIT PLAN 2023/24

- 12.1 MO introduced TY, new senior audit manager, who presented the report and highlighted the following key points:
- Annual audit plan timeline still to be agreed.
  - No concerns arising from the plan but recognised the significant risk of management override of controls.
  - Two areas of audit focus would be valuation of net pension liabilities and valuation of property, plant and equipment. This was due to value, materiality and calculation/specialist assumptions. Details would be set out on the planned work to be undertaken in these areas to obtain assurance.
  - Recognition of the significant risks relating to the new command and control mobilising system. Details would be set out on the planned work to be undertaken in this area to obtain assurance.
  - Potential to conclude and submit the annual report earlier this year (October 2024). To help facilitate this, the next Committee would have to be rescheduled towards the end of October 2024.
  - Finalised plan would be circulated in due course.
- 12.2 The Committee noted that, with the exception of the new mobilising system, there was nothing unexpected within the audit plan.
- 12.3 The Committee noted the challenges in rescheduling the October meeting but would endeavour to do so. SO'D offered her support to rescheduling the Committee meeting in October, in order to conclude the audit timeously and enable presentation to the SFRS Board at their October meeting.
- 12.4 **The Committee noted the verbal report.**

*(The meeting broke at 1135 hrs and reconvened at 1145 hrs)*



### 13 **AUDIT AND RISK ASSURANCE COMMITTEE QUARTERLY PERFORMANCE Q3 2023/24**

13.1

MMcA presented the Committee with the third quarter performance of KPIs 35 – 42 for fiscal year 2023-24 for scrutiny. The following key points were highlighted:

- Due to changes in the executive scrutiny arrangements, several People Committee KPIs (46-49) had been included within the appendix by mistake. This would be rectified in the Q4 report.
- Summary of performance indicators showing exception variations/for monitoring, deteriorating (long term), improving (long term) and not changing.
- KPI38 (Freedom of Information within timescale) was reporting a long-term deterioration. Paper to be presented to the SLT on how the FOI process could be managed and resilience improved. Service continues to routinely publish information via the publication scheme to reduce demand/number of requests for information.

13.2

In regard to KPI37 (data breaches), the Committee queried the severity of the data breach and suggested that going forward further details on any breaches should be provided. MMcA noted this suggestion and noted that clarity on any breaches would be provided going forward.

13.3

The Committee noted that this report raises questions on the effectiveness of the oversight of performance across the Committee and the potential risk of issues falling between the gaps.

13.4

The Committee commented on the relationship between performance and the Service's ability to effectively manage risks and the integration of both these areas. Meeting to be arranged between BB, SO'D and MMcA to discuss the performance information being provided to the Committee.

**ACTION: MMcA**

13.5

**The Committee scrutinised the report.**

### 14 **QUARTERLY UPDATE OF GIFTS, HOSPITALITY AND INTERESTS POLICY**

14.1

DJ presented the Gifts, Hospitality and Interests Policy and Quarterly Update (Q4) to the Committee for scrutiny. The following key points were highlighted:

- Total number of individual declarations, as at 6 March 2024, was 47 with a further 2 since then.
- Introduction of mandatory training module (LCMS) next year with the potential to extend to all personnel.
- Future revision of policy to include how declarations that require further evaluation or escalation would be identified. This would be supported by new quarterly reporting to Directorate's to engage and raise awareness.
- Exceptional circumstances column would be removed from future report with any information being captured within the additional information column.
- Estimated values noted as not applicable were confirmed as relating to interests rather than gifts/hospitality.

14.2

The Committee commented on the potential for information to be captured in an alternative way. Meeting to be arranged between NM and DJ to consider updates to the information being recorded on the register.

**ACTION: DJ**

14.3

It was confirmed that during the policy review, reference and instructions on any aggregation or multiple occurrences would be included. DJ advised that the policy would be reviewed in the near future and confirmed that this change would be made immediately. The Committee were content for confirmation of this change to be given at the next meeting (June 2024).

14.4 The Committee queried whether there were any supplementary checks when awarding contracts, if an interest had been recorded, that were undertaken. DJ advised that there were register of interests for the User Intelligence Group and those directly involved in awarding any contracts. It was confirmed that the full Register of Interest was not shared with Procurement and noted that this would be helpful for full transparency.

14.5 The Committee welcomed the introduction of the mandatory training (LCMS) modules.

14.6 **The Committee scrutinised the report.**

## **15 INTERNAL CONTROLS UPDATE**

### **15.1 Risk Report Update**

15.1.1 DJ presented the risk report and dashboard to the Committee for scrutiny. The following key points were highlighted:

- Further review ongoing in relation to the alignment of strategic outcomes with Directorate risks due to the recent restructure.
- First iteration of alignment of risk to common themes noting further development work was still required in this area.
- Total of 11 risks rated 15 or above.
- Due to the corporate restructure, a high number of changes had been made and further development work was still required in this area.
- Three control actions were reporting red. One relating to SDMP would be transferred to business as usual and 2 relating to Portfolio Office would be incorporated within the new register.

15.1.2 The Committee noted and welcomed the continuing evolution of the risk register.

15.1.3 Regarding common themes, the Committee sought further understanding on how this information would be used. DJ noted that with the removal of strategic risks and focusing on directorate risks, these themes provided an overview and focus on wider strategic elements. It would also provide an opportunity to collectively review controls or identify new actions required relating to common themes. SO'D noted that this would provide another opportunity to review and assess the risk registers.

15.1.4 The Committee commented on the alignment of risk to strategic outcomes and queried whether it would be more beneficial to align with strategic objectives. RH advised the Committee that the SLT had discussed and agreed that alignment to outcomes was appropriate as aligning to the 45 objectives would be challenging and would not add any significant value. Brief discussion took place on how the management of risk could be linked to achievements of outcomes, the work already undertaken to define and manage risk and the lessons learnt that would help develop the next iteration of the Strategic Plan.

15.1.5 In regard to Risk TSA019 (Contaminants), it was noted that there was a specific action raised at the last meeting to include timescales for immediate, medium and long term actions. RH confirmed that this had been discussed and the estimated completion date related to the longer-term actions. Further discussions would be held on identifying intermediate timescales.

15.1.6 In regard to Risk POD015 (response requirements for pension), the Committee noted that estimated completion date and Action Status updated did not correlate. The Committee suggested that the inclusion of milestones may be helpful.

15.1.7 **The Committee scrutinised the report and noted the continuing progress being made.**



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### 15.2 **Anti-fraud/Whistleblowing Update**

15.2.1 SOD advised the Committee of 2 potential fraud incidents and noted that this would be discussed later on the agenda (Item 22 and 23), in private session.

15.2.2 The Committee queried whether the whistleblowing policy was up to date. SO'D agreed to review the position and feedback.

**ACTION: SO'D**

15.2.3 **The Committee noted the verbal report.**

## 16 **REPORT FOR INFORMATION ONLY:**

### 16.1 **Quarterly Update Report on HMFSI Business**

16.1.1 RS presented the quarterly report to the Committee to provide an update on HMFSI's inspection and reporting activity during 2023/24 and the following key areas were noted:

- Service Delivery Area (East) inspection had been published on 23 October 2023.
- Fieldwork for the Service Delivery Area (West) inspection had concluded, and the report had been drafted. Additional evidence was currently being sought. Similar themes to the East had been identified. Informal consultation to commence on completion of the report with the 3-week formal consultation following. It was anticipated that the report would be laid before Parliament on 12 June 2024.
- Engagement and fieldwork planning have commenced in relation to the Service Delivery Area (North) Inspection. Anticipated timescale for inspection was 18 months due to the logistics and budgetary constraints.
- Following completion of the 3 Service Delivery Area inspections, the intention would be to develop a light touch approach to monitor progress against any recommendations and improvements. Future potential to undertake more focussed/specific themed reviews as a result of these inspections.
- Link provided to the Chief Inspector Annual Report 2021-24 which captures progress and achievement over the last 3 years.
- Update on Thematic Inspection on Organisational Culture noting the various meetings held with the Service and Trade Unions and feedback received, proposed series of inspections, finalisation of the Terms of Reference and outline approach which would be taken.

16.1.2 In regard to the potential for internal benchmarking by using data from the Service Delivery Inspections, RS reminded the Committee that these inspections captured a moment in time and the Service was in an ever-changing position. Therefore, context would need to be considered when taking statements from individuals.

16.1.3 **The Committee noted the report.**

### 16.2 **Arrangements for Preparing the 2023-24 Annual Governance Statement**

16.2.1 MMcA presented a report to the Committee outlining the preparatory arrangements and reporting methods developed to provide sufficient levels of assurance in support of the 2023/24 Annual Governance Statement (AGS).

16.2.2 MMcA advised the process had begun and would take account of the statement of assurances which form part of all Board/Committee papers. An overview paper would be brought to the next meeting (June 2024).

16.2.3 **The Committee welcome the inclusion of the statement of assurance process and noted the report.**

## 17 **REVIEW OF ACTIONS**

17.1 KM confirmed that 7 formal actions were recorded during the meeting.

**18 FORWARD PLANNING**

**18.1 a) Committee Forward Plan Review**

18.1.1 The Committee considered and noted the Forward Plan.

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

18.2.1 There were no items identified.

**19 DATE OF NEXT MEETING**

19.1 The next public meeting is scheduled to take place on Tuesday 25 June 2024 at 1000 hrs.

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

**PRIVATE SESSION**

**20 MINUTES OF PREVIOUS PRIVATE MEETING:**

**20.1 Monday 18 January 2024**

20.1.1 The minutes of the private meeting held on 18 January 2024 were approved as a true record of the meeting.

**21 ACTION LOG**

21.1 The Committee considered the action log, noted the updates and agreed the closure of actions.

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

**22 INTERNAL CONTROL REVIEW REPORT**

22.1 DJ presented a report to the Committee to update on the development of the action plan in relation to the investigation undertaken.

22.2 **The Committee scrutinised the report.**

**(M Payton left at 1322 hrs)**

**23 BREACH OF FINANCIAL REGULATIONS AND MISAPPROPRIATION OF FUNDS**

23.1 IMcM presented a report to the Committee to update on a breach of the Scottish Fire and Rescue Service's (SFRS's) Financial Regulations, External Funding Policy and Procedure, Code of Conduct and Anti-Fraud and Corruption Policy.

23.2 **The Committee scrutinised the report.**