



SCOTTISH
FIRE AND RESCUE SERVICE

Working together for a safer Scotland

PUBLIC MEETING - AUDIT AND RISK ASSURANCE COMMITTEE

WEDNESDAY 30 MARCH 2022 @ 1000 HRS

BY CONFERENCE FACILITIES

PRESENT:

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

IN ATTENDANCE:

Ross Haggart (RH)	Deputy 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)
Gary Devlin (GD)	Internal Audit (Azets)
Caroline Jamieson (CJ)	External Audit (Deloitte)
Robert Scott (RS)	HMFSI
Cathy Barlow (CB)	National Community Safety Engagement Manager (Item 15.2 only)
George Lindsay (GL)	HROD Manager (Item 17 only)
Kirsty Darwent (KD)	Chair of the 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
Alan Duncan, Accounting Manager
Karen Horrocks, Assistant Verification and Risk Officer
Graeme Fraser, HMFSI

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 Martin Blunden, Chief Officer

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

3.1 The Committee discussed and agreed that Item 23 (Final Report ICT and Data Security Follow Up) 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 20 January 2022

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 20 January 2022 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 7.1.7 Internal Audit Progress Report 2021/22- Final Report Fire Safety Enforcement (20/01/22): Azets to advise on timescale for a permanent solution to be included within the action log position statement.

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:

- On track for completion of the 2021/22 Internal Audit Plan and reporting to the June meeting.
- Agreed deferment of Workforce Planning Audit to 2022/23.
- Fire Kit investigation update to be provided in the private session.

7.1.2 Final Report – Environmental Sustainability

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

- Overall positive report with 2 main areas of improvement identified for training and correctly record the review timescale of the terms of reference for the Energy Group and Environmental and Carbon Management Board (ECMB).
- SFRS have relevant strategies and supporting plans to deliver environmental projects.
- Long term environmental targets therefore there will be a requirement for ongoing consideration and reflection by management on the overall progress.

7.1.4 The Committee were advised that the Service would seek to ensure training, relating to environmental matters, be mandatory for specific/relevant roles only at this time, due to the volume of other training undertaken across the Service. It was noted that the Service would continue to raise awareness of all personnel through corporate communications, iHub, etc. MS confirmed that they were supportive with this approach provided evidence was available to support the specific/relevant roles within the Service.

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- 7.1.5 GD advised the Committee that a Training Audit was proposed within the 2022/23 Audit Plan. This audit could provide Management with an opportunity to review, identify and prioritise training with appropriate timescales.
- 7.1.6 JT reminded the Committee that the ECMB had undertaken a high volume of activity at local station level and through engaging and raising awareness there was evidence of cultural changes/behaviours.
- 7.1.7 MS noted that the Service were moving in the right direction as evidenced through various strategies and plans and were similarly positioned to their peers. He noted that the Service should continue to review the long-term targets, identify future opportunities and maintain a focus on continual improvement.
- 7.1.8 **The Committee scrutinised the progress report and the final report on Environmental Sustainability.**

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:
- Inclusion of summary of findings which reflected on the further work required by management to close recommendations. Management need to clearly articulate how they intend to close recommendations. Azets have included specific comments to aid the closure of actions. Management are being asked to review revised timescales to consider the relevance on the actions and how to proceed.
- 7.2.2 The Committee noted Azets comments regarding extended timescales and the need to focus on addressing the original recommendation. JT agreed that there was a need to clearly focus on addressing the original recommendations and closing actions as promptly as possible. JT noted that it was anticipated that several recommendations would be closed during the next reporting period.
- 7.2.3 The Committee commented on the various due dates and suggested that the table be refreshed. GD noted that the risk prioritising had changed since the recommendations were originally made and these would also benefit from being reviewed.
- 7.2.4 The Committee were reminded that over 30 actions have been completed within the past 12 months which evidenced the progress being made.
- 7.2.5 **The Committee welcomed the update and the progress being made and look forward to receiving a further improved position at its next meeting.**

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:
- Completion of 35 actions with one action remaining outstanding.
 - One action (1a.2) remains outstanding and relates to the harmonisation of Retained Duty System (RDS) terms and conditions (T&C). The Service is currently waiting on a response from the Fire Brigades Union and a further update/progress would be provided at the next meeting.
- 8.2 With regard to Action 1a.2, the Committee noted the original due date and queried the impact and difficulties caused by the delay. RH noted that the numerous legacy RDS T&Cs which were inherited at the inception of the Service were still in place and the harmonisation of these would be beneficial to both personnel and the Service. The standardisation of the

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RDS T&Cs would allow the Service to make improvement to the RVDS systems across the Service and this work was continuing to be progressed.

8.3 **The Committee scrutinised the report.**

9 **DELOITTE - AUDIT DIMENSIONS AND BEST VALUE FOR THE YEAR ENDED 31 MARCH 2021**

9.1 JT presented the report to the Committee outlining the progress on the Deloitte Audit Dimensions and Best Value Report for year ending 31 March 2021 and the Annual Report and Accounts Audit for 2020/21. The following key points were highlighted:

- Combining of external audit and wider scope audit actions.
- Three actions have been completed within the reporting period.
- Several actions were nearing completion and were dependent on approval by the Board at their next meeting (31 March 2022). Evidence had already been provided to Deloitte for review. CJ to pick up on how evidence was being received.

9.2 **The Committee scrutinised the report.**

10 **INTERNAL AUDIT – DRAFT INTERNAL AUDIT PLAN 2022-24**

10.1 GD presented the draft internal audit plan for 2022/23 and 2023/24. The following key points were highlighted:

- Consultation and engagement with Strategic Leadership Team (SLT) and wider management team to develop the Plan.
- Key risks identified and audit plan aligned accordingly.
- Recommending 8 reviews for 2022/23.
- Prioritisation of audits agreed with management.
- Azets will remain alive to the “speed of risk” and potential need to adjust the Plan.

10.2 RH confirmed that the draft plan was well received by the SLT, the focus of audit activities was deemed appropriate and timings were adjusted as necessary.

10.3 JT noted that discussions had taken place with Azets regarding terms of reference and gaining additional value/assurance from future audits.

10.4 The Committee welcomed the 2-year plan which provided a more forward-looking approach.

10.5 MS advised that the scope and timing of the Retained Duty System Audit was still to be determined however, this would be confirmed at the next meeting (June). Brief discussion took place on the importance and scheduling of this audit to gain the best value.

10.6 The Committee commented on a potential need for a further follow up on ICT/Data Security audit and noted that this was not scheduled in the proposed plan. It was agreed that this would be discussed further in the private session.

10.7 GD confirmed that both External Audit and HMFSI have been engaged during the development of the audit plan.

10.8 In regard to the individual terms of references, MS confirmed that going forward the progress report would provide further details on a rolling basis to take account of any emerging issues/areas of focus. He noted that the Committee would have the opportunity to contribute ahead of the audit reviews commencing.

10.9 GD commented on the intention to incorporate more data analytics and identifying efficiencies into future audits to add value.

10.10 In regard to the proposed Budgetary Control Audit, the Committee asked whether it would be beneficial for this audit to be brought forward into 2022/23. JT explained the reasoning for the audit being scheduled for 2023/24. The Committee accepted the reasoning and suggested that the audit be carried out as early as possible within 2023/24.

10.11 **The Committee recommended the Draft Internal Audit Plan 2022-24 be approved by the Board.**

11 EXTERNAL AUDIT – THE AUDIT PLAN 2021/22

11.1 CJ presented the External Audit Plan for 2021/22 and the following key points were highlighted:

- Materiality approach in line with previous year.
- Any errors over the value of £0.250 million will be reported to the Committee.
- Outline of significant risks same per previous year with the addition of pension liability due to the ongoing situation in Ukraine/Russia.
- Wider scope requirements – follow up report to form part of the future ISA 260 report.
- Agreed Audit fees in line with Audit Scotland and inclusion of additional work.

11.2 CJ reminded the Committee that External Audit's work naturally differs from Internal Audit and as such they do not input into Azets' plan. However, Deloitte review the outputs of the internal audit work to identify any significant issues which may impact any aspects of the external audit work.

11.3 **The Committee approved the external audit plan for the 2021/22 financial statements.**

(Meeting broke at 1125 hrs and reconvened at 1130 hrs)

12 REVIEW OF CODE OF CONDUCT FOR MEMBERS OF SFRS

12.1 MMcA presented the revised Code of Conduct for Members of the SFRS and seek recommendation to the Board. The following key points were highlighted:

- Under the Ethical Standards in Public Life (Scotland) Act 2000, Scottish Government Ministers have to lay before Parliament a Model Code for Members of Devolved Public Bodies. Following a period of consultation, a revised Model Code of Conduct was approved by Scottish Parliament in December 2021. The Standards Commission for Scotland developed a template, which the Service is obliged to use for the basis of our Code of Conduct. Guidance is clear that the template cannot vary from the template and the content is primarily mandated.
- Amendments to SFRS Members Code of Conduct:
 - Streamlining of language with concise overview for easier reading and clearer understanding. Emphasising individual Board members responsibility.
 - Broader scope and greater emphasis around relations, bullying and harassment, use of social media and gifts and hospitality.
 - Register of Interest includes 2 new categories relating to election expenses and close family members. Recording of gifts and hospitality to include all gifts whether accepted or not.
 - Inclusion of information relating to the role of the Commissioner for Ethical Standards should the code be breached.

12.2 MMcA proposed to hold a Strategy Day session to be scheduled to provide an opportunity for a fuller discussion and greater understanding of the Code.

12.3 It was proposed and agreed that the Code of Conduct for Members of SFRS be amended to Code of Conduct for Board Members of SFRS.

ACTION: MMcA

12.4 **The Committee recommended approval of the revised of Code of Conduct for Board Members of SFRS.**

13 ARRANGEMENTS FOR PREPARING THE ANNUAL GOVERNANCE STATEMENT 2021/22

13.1 RH presented a report to the Committee outlining the preparatory arrangements and reporting methods developed to provide sufficient levels of assurance in support of the 2021/22 Annual Governance Statement (AGS). The following key points were highlighted:

- AGS outlined the effectiveness of arrangements for internal control, risk management and corporate governance.
- Similar approach and administration process as previous year.
- Outcomes of the process would be brought back to the next Committee meeting (28 June 2022).

13.2 **The Committee noted the legislative background and approach towards the AGS preparations.**

14 GOOD GOVERNANCE FRAMEWORK

14.1 MMcA provided a brief verbal update on the Good Governance Framework which was being progressed through internal governance routes. The framework will provide a single overarching governance document, further improve accountability and governance within the Service, help develop a fuller understanding and trends of governance. The Committee would be the custodians of the framework. Following review by the Strategic Leadership Team, the framework will be submitted to the Board for approval.

14.2 MMcA noted that the foundation for the Code is the CIPFA code..

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

15 INTERNAL CONTROLS UPDATE

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

15.1.1 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:

- No significant amendments within this reporting period.
- Increased discussions and understanding of risk/risk register.
- Use and articulation of risk within the Service is improving.

15.1.2 In regard to Risk SDD007 (cyber security), the Committee noted that procurement was delayed due to other priorities/capacity and queried whether any delay was appropriate. DJ reminded the Committee of the regular discussions held with the Head of ICT and that a further update by the Head of ICT could be sought within the private session.

15.1.3 Discussion took place regarding clear articulation and alignment between the corporate risk register and the strategic objectives. It was noted that the new Strategic Plan would have a clear alignment to strategic risk.

15.1.4 The Committee commented on the challenges around being able to use the new format Strategic Risk Register to support/enable governance scrutiny. It was suggested that the detail within the register may not be capturing the actual current position. Further discussions may be required to identify how the register is being used and updated. The Committee were reminded of the Risk Appetite Strategy Day session scheduled for 31 March 2022.

15.1.5 Similar to earlier discussions, DJ noted the importance of identifying and setting realistic timescales, management of actions and clear articulation on the reasons for any delays.

15.1.6 **The Committee scrutinised and supported the continued development of the Strategic Risk Register.**

(Cathy Barlow joined the meeting at 1150 hrs)

15.2 Risk Spotlight: SD012 (Community Safety and Resilience)

15.2.1 Cathy Barlow presented a risk spotlight report to the Committee, noting the following key points:

- Impact of Covid on partners (competing demands), restricted access, etc.
- Internal capacity/priorities led to a reduction in partnership work.
- Control and mitigation actions include changes in how we engage (more online), review of partnership engagement and training materials and wider unintentional harm partnership activity.
- Safe and Well project would streamline referral processes.
- Funding and support to secure an additional 15 frontline Community Safety Advocates and Auditing Officers.
- Continued lifting of restrictions would help improve and reinvigorate partnership working further.

15.2.2 The Committee noted the general degradation of partnership working due to covid, the importance and role of physical meetings to help form relationships with partners and the impact of staff turnover/handovers to help form long lasting relationships. CB reiterated the intention to reinvigorate partnership relationships and training.

15.2.3 The Committee noted that 2 risks (capacity and competency) were within the control of the Service to mitigate within appropriate timescales. CB advised that the training plan was currently being developed and timescales could be included. RH noted that the long-term picture was unclear due to the changes in pensions, etc, however, the Service have invested in additional resources (staff) and ongoing training.

15.2.4 RW indicated that further reporting to the Board, and publicly, on partnership working across the Service were being considered.

15.2.5 With regard to improving referral rates, the Committee asked whether the Service were comparing practices across local authority areas/referring partners. CB noted that this was not currently done but could be considered, if deemed appropriate, for the future.

15.2.6 With regard to key partners, the Committee noted the importance of reviewing potential partnership working relationships/opportunities due to the impact of covid. CB advised that the Local Senior Officers were reviewing current partners and encouraged to identify key partners and priorities. RW commented on the complexity and nature of partnerships at a local level and the Local Senior Officer's awareness that these arrangements need to recover (post covid).

15.2.7 **The Committee noted the risk spotlight and thanked CB for the update.**

(Cathy Barlow left the meeting at 1220 hrs)

15.3 b) Anti-fraud/Whistleblowing Update

15.3.1 JT noted that there were no issues to report.

15.3.2 Update on investigation would be provided within the private session.

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

16 ACCOUNTING POLICIES

16.1 JT presented a report to the Committee to advise of regulatory changes in relation to the preparation of the Annual Report and Accounts for financial year 2021-22 and to present the Accounting Policies to be adopted. The following key points were highlighted:

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- Application of depreciation was reviewed and considered appropriate.
- Preparatory work for the application of IFRS16 highlighted that it would have marginal impact on the Service.

16.2 In regard to vehicle lease, the Committee noted the increase in expenditure from the previous year despite the reduction in leased vehicles due to the introduction of the Provided Car Scheme. JT explained that the Service had initially leased electric vehicles from Transport Scotland and were now looking to extend these leasing commitments further.

16.3 Discussion took place on Deloitte's challenge regarding how the Service applied their depreciation policy given the significant construction programme for the coming year. JT confirmed that the Service had reviewed the policy and were content with the current position and its consistent application.

16.4 In regard to the changes to IFRS16, JT noted that discussions on the potential impact on resource/capital budgets had already taken place with Scottish Government.

16.5 **The Committee approved the Accounting Policies.**

(George Lindsay joined the meeting at 1225 hrs)

17 WHISTLEBLOWING POLICY

17.1 George Lindsay presented a report to the Committee to provide background and rationale for the revision of the Whistleblowing Policy, noting no significant changes were made. Full consultation process was undertaken with management and representative bodies.

17.2 The Committee referred to previous discussions on their potential role in the process and noted that this was not defined within the policy. JT clarified that the People Committee had oversight of the policy, however any reports of whistleblowing events would be brought to the Audit and Risk Assurance Committee.

17.3 **The Committee noted the report.**

(George Lindsay left the meeting at 1240 hrs)

18 QUARTERLY UPDATE REPORT ON HMFSI BUSINESS

18.1 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:

- Introduction to Graham Fraser's, Assistant Inspector, possible attendance at future meetings.
- Local Area inspection for Angus had been concluded and published (28 March 2022). Two recommendations were made. Thanks were extended to the Local Senior Officer and team for their support during the process.
- Consultation on the new format of Service Delivery Area Inspections (SDAI) was underway. Anticipated commencement in June/July 2022.
- Initial SDAI would be held in the East Service Delivery Area (SDA). Briefing to be provided to the East SDA management team ahead of the inspection.
- Thematic Inspection Health and Safety had been completed and informal discussions had taken place ahead of the formal consultation. A total of 14 of the 17 recommendations had been accepted by management.
- Thematic Inspection High Rise Building was progressing with the majority of the fieldwork nearing completion and the final report anticipated for summer 2022.
- Revised 3 year plan would be published on 14 April 2022, this will take account of the new format of SDAI and the fire framework.
- Inspection programme will focus on the East SDA and 2 thematic inspections (climate change and mental health/wellbeing).

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- Regular progress updates were provided to the Minister of Community Safety on how the Service were progressing with recommendations.

18.2 Regarding the thematic inspection focusing on climate change, RS confirmed that discussions had already taken place with Internal Audit to discuss the scope of both inspections, where they could be complementary and avoid duplications.

18.3 RH noted that the outcomes of the thematic inspection on high rise buildings had been well received and the action plan was already being progressed. Thanks were extended to RS and the wider HMFSI team.

18.4 RS outlined the intention to build a picture of performance at Local Senior Officer levels and an overall SDA level which will add to the data currently available to the Service.

18.5 MMcA advised that work was ongoing with SD colleagues to build a dashboard for LSO/SDA and discussions had taken place with HMFSI to identify data which can be provided during the inspection process. The intention would be to complement, not duplicate, information being provided.

18.6 **The Committee noted the report and welcomed the developing approach of the HMFSI.**

19 REVIEW OF ACTIONS

19.1 AC confirmed that one formal action was recorded during the meeting.

20 FORWARD PLANNING

20.1 a) Committee Forward Plan Review

20.1.1 The Committee considered and noted the Forward Plan.

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

20.2.1 The following items were noted for discussion at a future Strategy Day:

- Code of Conduct for Members of the SFRS (Strategy Day)

21 DATE OF NEXT MEETING

21.1 The next meeting is scheduled to take place on Tuesday 28 June at 1000 hrs.

21.2 There being no further matters to discuss the public meeting closed at 1300 hrs.

PRIVATE SESSION

22 MINUTES OF PREVIOUS PRIVATE MEETING:

22.1 Thursday 20 January 2022

The minutes of the private meeting held on 20 January 2022 were approved as a true record of the meeting.

23 FINAL REPORT – ICT AND DATA SECURITY FOLLOW UP

23.1 PK advised the Committee of the outcome of the follow up audit.

23.2 **The Committee scrutinised the final report.**