



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

Working together for a safer Scotland

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

**TUESDAY 28 JUNE 2022 @ 1000 HRS**

**BY CONFERENCE FACILITIES**

**PRESENT:**

Brian Baverstock, Chair (BB)	Lesley Bloomer, Deputy Chair (LBI)
Malcolm Payton (MP)	Tim Wright (TW)
Mhairi Wylie (MW)	

**IN ATTENDANCE:**

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
Andy Main (AM)	Head of Portfolio Office
Lynne McGeough (LM)	Acting Head of Finance and Procurement
Gillian Callaghan (GC)	Internal Audit (Azets)
Gary Devlin (GD)	Internal Audit (Azets)
Paul Kelly (PK)	Internal Audit (Azets)
Graeme Fraser (GF)	HMFSI
Kirsty Darwent (KD)	Chair of the Board
Alistair Cameron (AC)	Group Commander Board Support
Pamela Nicol (PN)	Corporate Admin Assistant Team Leader / Minutes

**OBSERVERS:**

Lynne McGeough (LMcG), Acting Head of Finance and Procurement  
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 and Malcolm Payton to his first Committee meeting as a Member.
- 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  
Ross Haggart, Deputy Chief Officer  
Caroline Jamieson, Deloitte  
Pat Kenny, Deloitte  
Robert Scott, HMFSI

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

- 3.1 The Committee discussed and agreed the following item to be taken in private:  
Final Internal Audit Report: Investigation of Alleged Misappropriation of Smoke Detectors and Trauma Bag.

**4 DECLARATIONS OF INTERESTS**

- 4.1 No declarations of interest were declared.

**5 MINUTES OF PREVIOUS PUBLIC MEETING:**

**5.1 Thursday 30 March 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 30 March 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.

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

**7 COMMITTEE ANNUAL REPORT 2021/22 TO THE BOARD AND ACCOUNTABLE OFFICER OF SCOTTISH FIRE AND RESCUE SERVICE**

- 7.1 The Chair advised, in accordance with the Audit and Risk Assurance Committee's (ARAC) Terms of Reference, this report had been prepared for the Board and Accountable Officer to provide the Committee's opinion on the effectiveness of governance, risk management and internal controls across the organisation. This opinion was based on the work received by the Committee over the year 2021/22 and was intended to assist with the preparation of the Annual Governance Statement.

- 7.2 The Committee sought amendment to the wording of Section 3.1 to clarify that, because of Covid restrictions, meetings had been held via MS Teams, which allowed access by the public.

**ACTION: BST**

- 7.3 **The Committee approved the Committee Annual Report 2021/22 to the Board and Accountable Officer of Scottish Fire and Rescue Service.**

**8 ANNUAL GOVERNANCE STATEMENT FOR ACCOUNTING PERIOD 2021/22**

- 8.1 MMcA presented the Annual Governance Statement (AGS) to the Committee for inclusion in the Annual Report and Accounts of the Scottish Fire and Rescue Service (SFRS) for the year ended 31 March 2022.

- 8.2 On 30 March 2022, the ARAC considered the SFRS's approach for preparing the AGS for the year ended March 2022. This approach follows an Assurance plan that enables SFRS to manage and assess the evidence that underpins the preparation of the AGS in a structured way.

- 8.3 Evidence has been drawn from the following key assurance providers outlined in the Scottish Public Finance Manual (SPFM):

- ARAC Annual Report
- Views of Internal Audit
- Views of External Audit

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- Assurances from Executive Directors and Senior Managers using the self-assessment Certificate of Assurance process

8.4 MMcA concludes that there are no significant issues to draw to the Committee's attention.

8.5 The Committee highlighted 2 minor clerical errors in the table at 2.2 and 2.3.1 of the report which will be amended to reflect attendance.

**ACTION: BST**

8.6 Discussion took place regarding the position of the Accountable Officer and all agreed that the report is written in 'the office of' the Accountable Officer rather than one individual and therefore no amendment was needed.

8.7 **The Committee scrutinised the report.**

### 9 DEBT WRITE OFF 2021/22

9.1 JTh presented the Committee with details of proposed debt write-off's for 2021/22.

9.2 The Committee is asked to recommend that the debts of £3,719.21 identified in Appendix A are passed to the Board for approval to be written off. All efforts have been taken to collect the debts however they are now time barred from legal action being taken.

9.3 The Committee seeks assurance that late notification of resignation is not a systemic problem. LMcG advises of stringent controls and improved legal processes in place.

9.4 A breakdown of outstanding debt (value of £168,424.07) as at 6 April 2022, would be provided to the Committee Chair. Assurance was given that stringent controls and measures were now in place and the value of debt in the forthcoming year should reduce significantly.

**ACTION: JTh/LMcG**

9.5 **The Committee scrutinised the report.**

### 10 INTERNAL AUDIT

#### 10.1 SFRS Internal Audit Annual Report 2021/22

10.1.1 GD presented a report to the Committee which summarised the conclusions and key findings from the internal audit work undertaken at SFRS during the year ended 31 March 2022 and provides an overall opinion on SFRS's governance, risk management and internal control frameworks. The following key points were highlighted:

- Azets is of the opinion that SFRS has a framework of governance, risk management and controls that provides reasonable assurance regarding the effective and efficient achievement of objectives.
- Summary of reports by control objective assessment and action grade was highlighted to the Committee.
- The report highlighted that there is scope for improvement regarding progress made in implementing agreed internal audit actions.
- A specialist ICT follow-up review was also carried out in relation to the ICT and Data Security Audit and found that progress has been made against all agreed actions.
- Five Grade 3 recommendations were made in relation to the Portfolio Office review.
- Two Grade 3 (high risk exposure) recommendations were made in relation to the Fire Safety Enforcement review.

10.1.2 The Committee welcomed the report and encouraged the timely clearance of actions and recommendations.

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10.1.3 In relation to Appendix 2, Summary of Internal Quality Assurance (QA) Assessment, GD confirmed that SFRS audit files were included in the sample for this exercise, the results of which were positive.

10.1.4 Following discussion on Appendix 3, Progress against KPI's, it was agreed that in future Azets would provide a summary of the meetings held and feedback/assurances gathered from this process.

**ACTION: Azets**

10.1.5 **The Committee scrutinised the report.**

### **10.2 Internal Audit Progress Report 2022/23**

10.2.1 GC presented the Committee with details of the progress made in relation to the audits contained within the 2022 / 2023 agreed audit plan and to confirm that the audit programme is generally progressing as planned. The following key points were highlighted:

- An audit plan is now in place and dates have been agreed with management.
- Revenue Maximisation audit and Post Pandemic Review have now commenced and are scheduled to be presented at the ARAC meeting in October 2022.

10.2.2 GC asked for feedback on the report. The Committee welcomed the inclusion of the outline scope for upcoming reviews and the opportunity this provided to comment on these.

10.2.3 In relation to Revenue Maximisation control objectives, the Committee asked if Azets will be able to look at the Service's income derived from shared premises. GC explained that SFRS has clear arrangements to identify, assess and decide upon potential revenue generating initiatives to ensure they are aligned with SFRS 's strategy. The Committee ask if the control objectives are written too narrow. The Committee's view is that this review needs to consider all aspects of revenue maximisation, including commercialisation; innovation; sponsorship; borrowing; creation of subsidiaries and Arms Length Foundations. GD advised that the Azets review would look at wider areas, including those highlighted by the Committee.

10.2.4 In relation to Post Pandemic review, the Committee asked if the Service has defaulted back to practices used pre-pandemic without due consideration of benefits planned and unexpected which came from different ways of working. GC explained that action plans are developed in relation to the implementation of noted objectives which are subject to regular monitoring and reporting on progress. It is expected that a change in practice will be highlighted at this stage. The Committee also felt the words 'take cognisance' (in control objective 3) were too weak and that ensuring potential efficiencies were identified and maximised should be a key focus from the review. Azets agreed and stated this was the intention and would amend the wording accordingly.

**ACTION: Azets**

### **10.2.5 Portfolio Office Internal Audit Report 2021 / 2022**

PK presented a report to the Committee in which Azets assessed whether there were effective controls over the Change Portfolio, to confirm that programmes and projects were being effectively managed, in a manner consistent with the Scottish Government's programme and project management principles. In conclusion, Management should explore opportunities to accelerate implementation of the Portfolio Office Roadmap to reduce the risk of change activities not being in line with best practice. The report makes seven recommendations, five at Grade 3 (high risk exposure).

10.2.6 With regard to the control objectives documented in the report, AM advised that significant work has been progressed in some areas (since the review) whilst other areas had not progressed as much due to capacity challenges. To deliver strategic change well, it is not the sole responsibility of the portfolio function, the organisation needs to delivery effective changes and this requires the Portfolio Office to integrate and partner with other functions

to embed best practice.

- 10.2.7 AM provided assurance that a programme of training had been undertaken for Senior Responsible Officers (SRO) who take an executive lead on projects and programmes, with some project leads having completed external training such as Managing Successful Programmes (MSP). However, the challenge going forward would be staff moving roles, a situation compounded by recent pensions remedy issues.
- 10.2.8 It was noted that the organisation does not consistently align to the five case model (for developing business cases) however it is the intention to do this proportionately eg PTFAS is aligned to this approach.
- 10.2.9 In terms of timelines for management actions in response to the internal audit recommendations, the Portfolio Office can accelerate some of the work but it is the organisational capacity to execute support and implement the necessary further developments. Resourcing challenges within the Portfolio Office will also impact in terms of delivery timelines.
- 10.2.10 The findings and recommendations in the report make a number of significant points about the pace and effectiveness of change and the resourcing of and commitment to the portfolio change function. The management responses to these points reflect the operational position (as articulated by the Head of Function), but do not address the more strategic issues around timing, effectiveness and resources. The Committee asks that the Deputy Chief Officer considers these issues (as necessary, along with the responsible Directors/wider SLT colleagues) and provides an enhanced response on how these key points are to be addressed. The Committee would like this enhanced response to be circulated in advance of its next meeting.

**ACTION: Deputy Chief Officer**

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

### **10.3 Progress Update - Internal Audit Recommendations**

- 10.3.1 GC presented a report which provides the Committee with the status of recommendations raised by Internal Audit. This report maintains the previous format for updates with the addition of comments on the current status from Azets who have made the following observations:
- Good progress has been made in implementing agreed internal audit recommendations with 11 actions being classed as closed.
  - Some actions are nearing completion with final steps to be taken by management before recommendations can be classed as fully implemented.
  - Three 'high grade' recommendations remain outstanding in respect of Water Planning Arrangements, one of which is dependent on the agreement of Scottish Water for its completion.
- 10.3.2 The Committee welcomed the addition of *the 'Key Actions – by months past the original due date'* Dashboard, which provides a very clear summary of progress and delays.
- 10.3.3 In regard to Recommendation 5a, Risk Appetite, the Committee asked when the statement would be drafted for future submission to the Board. BB advised that a further board development session is being planned which should enable agreement on risk appetite statements.
- 10.3.4 The Committee can now see Actions being closed, the exception to this is the ongoing failure to address the actions regarding Water Planning. JTh anticipated that this may now have to be escalated to Scottish Government. The Committee would like to get an update on progress on the Water Planning recommendations at its next meeting.

*(Meeting broke at 1154 hrs and reconvened at 1159 hrs)*

## **11 INDEPENDENT AUDIT / INSPECTION ACTION PLAN UPDATE**

11.1 MMcA presented the report to the Committee, consisting of the overview dashboard and the detailed Audit Scotland Action Plan progress report. On the latter, there had been no further progress on the one remaining actions (No 1a – RDS Terms and Conditions). Rather than reproducing the full action plan for subsequent meetings, it was agreed that a verbal update on No 1a would be sufficient. However, the dashboard should continue to come to each meeting.

11.2 **The Committee scrutinised the report.**

## **12 EXTERNAL AUDIT**

### **12.1 Deloitte - Audit Dimensions and Best Value Report for Year Ended 31 March 2021**

JTh presented a progress report on Deloitte, Audit Dimensions and Best Value report who, as External Auditors to Scottish Fire and Rescue Service (SFRS) undertook a review for the year ended 31 March 2021, designed to help ARAC and the SFRS Board discharge their governance duties on the following areas:

- Financial Management (67% complete)
- Financial sustainability (33% complete)
- Governance and transparency (100% complete)
- Value for money (20% complete)

12.2 Overall, good progress has been made particularly in the wider scope audit. Where an action is identified as complete by the Responsible Officer, evidence is forwarded to Deloitte who will then review and conclude position.

12.3 JTh highlighted the one high priority outstanding action in relation to last year's audit regarding PPE, noting that this action is now complete.

12.4 The Committee thanked JTh for the report and transparency in the delivery with regards to progress made to date. The Committee also expressed their disappointment that there was no representation for Deloitte at today's meeting.

12.5 **The Committee scrutinised the report.**

## **13 INTERNAL CONTROLS UPDATE**

### **13.1 Overview of Strategic Risk Register and Committee Aligned Directorate Risks**

13.1.1 DJ presented the quarterly report and updated Strategic Risk Report to the Committee with the purpose of providing additional awareness of the risks faced and the actions required to minimise these risks. Highlighting the following:

- SLT reviewed 9 strategic risks and outlined 4 changes in terms of assessments made.
- DJ provided assurance of a continual review, meeting with Heads of Function to ensure risk is monitored and reported back.
- Significant work is being carried out with the Portfolio Office to ensure that reporting of risk and awareness of risk from a Change / Portfolio perspective is aligned to the overall framework.
- In relation to capacity and work plan within Data Services, it is the intention to simplify reporting within a dashboard.

13.1.2 In relation to Risk SDD007 Cyber Security, rollout of multi-factor authentication, the Committee requested clarity around the delay and any concerns associated with this.



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13.1.3 In relation to Risk SDD004 Organisational Culture of Continual Development and Improvement, risk probability has increased due to ongoing challenges in relation to recruitment of posts, the Committee queried which posts this related to and what is being done to address these issues.

13.1.4 DJ offered to provide a fuller update on the Strategic Risks highlighted and report back to the Committee via email.

**ACTION: DJ**

13.1.5 BB proposed holding a workshop with ARAC and Chairs of the other Committees to look at the risk registers to gain a fuller understanding of how these are used at the executive level and, importantly, how they support effective scrutiny by ARAC and the other Board Committees.

**ACTION: BB**

13.1.6 **The Committee scrutinised the report.**

### **13.2 Anti-Fraud and Whistleblowing**

13.2.1 JTh advised the Committee that he had nothing further to disclose at this stage, however a verbal update would be provided during the private session.

13.2.2 **The Committee agreed that this should be discussed during the private session.**

## **14 NATIONAL FRAUD INITIATIVE EXERCISE 2020/21**

14.1 DJ presented the Committee with an update on the outcome of the National Fraud Initiative (NFI) Exercise 2020-21. The exercise commenced in September 2020 with SFRS providing datasets for payroll and trade creditors as per the prescribed timetable and guidance issued by Audit Scotland. These datasets were then matched between the participating bodies. The following areas were highlighted:

- Audit Scotland released a total of 1,055 matches between January and May 2021.
- SFRS investigated all matches prioritising those of high risk, of which there were 3 identified within payroll.
- 1,041 (99%) matches have been investigated and closed with no issue of fraud identified.
- 5 matches have been referred to HR for further investigation.

14.2 In relation to the Companies House matches which identified 22 potential conflicts of interest. As this number seemed high, the Committee questioned how the conclusion of the associated investigations was that there was no risk to SFRS. DJ provided an example and assurances that the areas of activity specific to the individual's roles (in the 22 cases) within the Service were being examined and that no risk has been identified to date.

14.3 The Committee highlighted a fundamental and serious weakness in not getting staff to register interests. In regard to the 22 potential conflicts, further information was requested around how many had previously registered interest and assurance that action has been taken to manage any conflict. The Committee would be content to receive this information via email.

**ACTION: DJ**

14.4 The Committee shared their dismay that 9 of these matches relate to external bodies such as Councils, Police Scotland and Colleges despite public sector organisations in Scotland being required to participate in NFI's.

14.5 **The Committee noted the report.**

## **15 QUARTERLY UPDATE OF GIFTS, HOSPITALITY AND INTERESTS REGISTER**

15.1

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DJ provided the Committee with 2021/22 Quarter 4 and 2022/23 Quarter 1 updates on the Gifts, Hospitality and Interests Register, highlighting the following areas:

- The register for 2021/22 as at the end of Q4 identifies 5 entries and no declarations have been received during Q1 of 2022/23.
- A gift declaration was made in relation to a monetary donation to the Fire Fighters Charity, this was under the £50 threshold.
- A presentation is currently being developed in relation to Gifts, Hospitality and Interests to be utilised via LCMS to widen engagement and communications.

15.2

Regarding Appendix A in relation to 'paid for meals' JTh clarified this was a result of a cancelled party night due to covid restrictions, where individuals who contributed personally to these meals were subsequently unable to attend. The establishment (Arta) did not offer a refund and through discussion, these hot meals were donated to Cowcaddens Fire Station rather than go to waste. It was noted that Finance and Procurement Directorate did not pay for a party night and the Register should be amended for complete clarity before being published on the website.

15.3

**ACTION: DJ**

**The Committee noted the report.**

## 16 ANNUAL UPDATE REPORT ON HMFSI BUSINESS

16.1 GF presented the report to the Committee with an update on HM Fire Service Inspectorate's (HMFSI) inspection and reporting activity for 2021/22. The report also provides an update with regard to inspection work underway and planned for 2022/23, highlighting the following areas:

- During 2021/22 HMFSI concluded 2 Local Area Inspections (LAI's) in Argyll and Bute and Angus together with one Thematic Inspection of the management of Health and Safety with an operational focus.
- An additional fact-finding inspection was undertaken on preparations made in relation to COP26 Climate Change Event and concluded that SFRS had adequately planned and prepared for the Conference.
- A review into how the Service prepares for, and carries out firefighting in high rise buildings also formed part of the inspection with fieldwork almost concluded and the report being drafted. It is anticipated that the report will be laid in Parliament in July / early August 2022.
- HMFSI intends to move to a system of measuring performance against a range of themes across each of the Local Senior Officer (LSO) areas within one of the three Service Delivery Areas (SDA) and are currently in the planning and data collection stage to inspect in the East SDA.
- In relation to Climate Change and the impact on operational activity, the aim of this inspection is to assess the effectiveness, efficiency and preparedness of the Service and alignment to Scottish Government policies.

16.2 Regarding Climate Change, the Committee suggested that, if there was scope within the fieldwork, the Inspectorate look at how the SFRS is able to support fire services outwith Scotland in relation to tackling wild fires which are now occurring more frequently.

16.3 **The Committee noted the report.**

## 17 REVIEW OF ACTIONS

17.1 AC confirmed that 11 formal actions were recorded during the meeting.

## 18 FORWARD PLANNING

### 18.1 Committee Forward Plan Review

18.1.1 There are no items to note for the Committee Forward Plan Review.

### 18.2 Items for Consideration at Future IGF, Board and Strategy Day Meetings

18.2.1 There are no items for consideration at Future IGF, Board and Strategy Day Meetings.



**19 DATE OF NEXT MEETING**

19.1 The next meeting is scheduled to take place on 13 October 2022 at 1000 hrs.

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

**PRIVATE SESSION**

**20 MINUTES OF PREVIOUS PRIVATE MEETING: WEDNESDAY 30 MARCH 2022**

20.1 The minutes of the private meeting held on 30 March 2022 were approved as a true record of the meeting.

**21 ACTION LOG**

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

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

**22 INTERNAL AUDIT**

**Final Report: Investigation of Alleged Misappropriation of Smoke Detectors and Trauma Bags.**

22.1 GC presented the report to the Committee advising that Azets were requested by SFRS management to carry out an investigation into the facts surrounding the alleged misappropriation of these items.

22.2 **The Committee scrutinised the report.**