



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

Working together for a safer Scotland

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

**THURSDAY 13 OCTOBER 2022 @ 1000 HRS**

**BRAIDWOOD SUITE, SCOTTISH FIRE AND RESCUE SERVICE,  
WESTBURN DRIVE, CAMBUSLANG, G72 7NA /  
CONFERENCE FACILITIES**

**PRESENT:**

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

**IN ATTENDANCE:**

Ross Haggart (RH)	Interim Chief Officer
Stuart Stevens (SS)	Interim Deputy Chief Officer
John Thomson (JTh)	Acting Director of Finance and Procurement
Richard Whetton (RW)	Head of Governance, Strategy and Performance
David Johnston (DJ)	Risk and Audit Manager
Gary Devlin (GD)	Internal Audit (Azets)
Caroline Jamieson (CJ)	External Audit (Deloitte)
Robert Scott (RS)	HMFSI
Kirsty Darwent (KD)	Chair of the Board
Kevin Murphy (KM)	Group Commander Board Support
Debbie Haddow (DJH)	Board Support/Minutes

**OBSERVERS:**

Lynne McGeough, Acting Head of Finance and Procurement  
Curtis Montgomery, Head of Portfolio Office

**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 Malcolm Payton, Board Member  
Mark McAteer, Director of Strategic Planning, Performance and Communications  
Pat Kenny, Deloitte  
Matthew Swann, Azets

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

- 3.1 The Committee discussed and agreed that Item 19 (Investigation Report – Trauma Bag/Smoke Detectors Follow Up) and Item 20 (Risk Spotlight Scottish Water Service

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Level Agreement) 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 Tuesday 28 June 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 28 June 2022 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 13.1.5 Overview of Strategic Risk Register and Committee Aligned Directorates (28/06/2022): BB briefly updated the Committee on the workshop held in August 2022 where the Committee discussed whether the format/content of risk being presented allowed sufficient scrutiny. The 4 specific points which would be progressed following the workshop were: improve currency of information on the register, consider presentation/structure to better align strategic risks to strategic objectives, importance of supporting narrative to accompany the risk register and that any further refinements were consistent with the work being led by RW around revised risk and performance reporting.

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

## 7 ANNUAL PROCUREMENT REPORT 2021/22

7.1 JT presented the Annual Procurement Report for the period 1 April 2021 – 31 March 2022 to the Committee for recommendation, noting that the Service was required to produce and publish this report in line with the Procurement Reform (Scotland) Act 2014. The following key points were noted:

- Total of 45 regulated procurements awarded with an overall value of £186.0m.
- Work of the Supplier Development Programme approach resulted in shortlisting in the 2022/23 GO Awards.
- 85% procurement activity delivered via joint collaborative contracts.
- Increased expenditure with Small and Medium Sized Enterprises (SMEs).
- Increased expenditure with Scottish based suppliers, approximately £46.15m.
- Significant commitment to climate change through procurement activities, notable low carbon appliance, carbon management, decarbonisation through ring-fenced funding from Scottish Government.
- Commitment to fair working practices with the establishment of Project Bank Accounts. This ensures that main contractors and sub-contractors be paid at the same time and supports the whole construction supply chain.
- Community benefits noted for McDonald Road, Portlethen Training Centre and West Asset Resource Centre.
- Slight reduction in non-contract spend and non-competitive tenders and expenditure.

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- 7.2 The Committee queried the opportunities to identify community benefits in rural areas outwith the central belt. JT noted that the community benefits depend on the location of the individual projects and were defined by the framework. JT further noted that although the Service try to maximise community benefits, there was potential for further improvement ie improving link between community benefits and corporate parenting.  
**ACTION: JT**
- 7.3 The Committee commented on the potential use of a Community Benefits Wish List which would help to identify community benefit opportunities within the local and wider communities.
- 7.4 In regard to the latest Procurement and Commercial Improvement Programme Assessment (PCIP), the Committee were reminded that this was undertaken in 2019 and achieved the highest band rating (81%) and the next assessment was due to be undertaken in August 2023.
- 7.5 The Committee asked whether consideration had been given on the use of Gross Value Added (GVA) to highlight economic impact. JT noted that the Service were not required to use GVA and noted his concerns on how the Service would demonstrate, measure against and evidence additional value. JT noted that this was an area for future consideration.  
**ACTION: JT**
- 7.6 In regard to the £1.18m savings achieved through Scottish Government frameworks, JT clarified that this was attributable to all frameworks, not solely Scottish Government and noted that this area was being reviewed to ensure accuracy.
- 7.7 In regard to non-contract spend, JT noted that there would always be an element of non-contract spend, however there was potential for further reduction albeit this was resource dependent. Brief discussion on the general compliance with Service policy, potential for continued use of legacy suppliers and controls in place to prevent this occurring.
- 7.8 In regard to Non-Competitive Actions (NCA), JT outlined the process for reviewing the use and approval of NCAs.
- 7.9 **The Committee recommended this report for approval by the Board.**

## 8 INTERNAL AUDIT

### 8.1 SFRS Internal Audit Progress Report 2022/23

- 8.1.1 GD presented a report to the Committee which summarised the progress on the delivery of the 2022/23 Internal Audit Plan and the following key points were highlighted:
- Overall good progress and remains on track.
  - Two Final Reports completed and submitted (on agenda).
  - Further 2 reports were in the planning stage and the scope of audits were included for review/comment.
  - KPI status noting one measure reporting Amber due to time. Thanks were extended to the Service for their support during this challenging reporting period.
- 8.1.2 In regard to the planned Training audit, the Committee noted the importance of taking account of any learning/changes to delivery gained during the Covid pandemic. GD advised that it would be possible to incorporate and test any learning, changes to delivery, etc.
- 8.1.3 The Committee noted that this audit focused solely on operational staff and further noted that there was not a similar assurance process for competency/currency for support staff. Discussions had taken place between the Chair of People Committee and Directors of People and Organisational Development and Training, Safety and Assurance to review this issue.

- 8.1.4 Within the Training audit, GD confirmed the intention to confirm the completion rates ie appropriate monitoring and recording of all required training.
- 8.1.5 In regard to the Training audit, GD reminded the Committee that Specialist Training had already been subject to in-house scrutiny and outlined the rationale for omitting this from the scope of the proposed audit.
- 8.1.6 For awareness, RS advised the Committee of the recent training report published by HMFSI Wales which focussed on appropriate/required training to support service delivery and noted that he was currently considering the findings and potential of any similar future inspection.
- 8.1.7 General discussion took place on the need for a greater understanding and awareness for all aspects of training, acknowledgement of the work previously/currently being undertaken on specific areas, and the different sources of assurance available to the Service.
- 8.1.8 GD acknowledged that training affected the whole organisation, however, the current scope of the proposed audit was deemed appropriate. GD noted that there was potential for any wider concerns identified to be signposted within the final report.
- 8.1.9 In regard to the Corporate Performance Management audit, the Committee asked whether a good practice framework was being used to assess the dimension of the PIs. GD advised that the initial question would be to ask how the Service regulate performance and gain the pyramid of assurance. If appropriate, the audit would make recommendations on how to develop performance management and provide assurance to the Board that any existing performance management was reliable.
- 8.1.10 The Committee welcomed the opportunity to review the audit scope and asked that where necessary (because of the ARAC meeting schedule) scopes should be circulated to the Committee to allow the Committee to provide comment in advance of commencement of audits.

- 8.1.11 Final Report – Revenue and Funding Maximisation
- 8.1.12 GD advised the Committee of the outcome of the audit, noting the following key issues:
- Generally good arrangements for controls around revenue streams and maximisation.
  - Issues identified relate to how the Service draws the diverse activities throughout the Service together to ensure corporate control and collective approach to revenue maximising activities.
- 8.1.13 JT highlighted the positive good practices identified during the audit and noted the overall acceptance of the recommendations relating to oversight, scrutiny and central repository. JT reminded the Committee of the complexities and outlined how the Service were trying to maximise and identify new funding streams. JT commented on the additional work and engagement with Local Senior Officers to ensure a consistent approach and implementation of the charging policy. As part of the budget process, JT noted that any unbudgeted income would be identified and streamed into the normal process and any opportunity to increase income generation would be explored. JT further noted that through the Reform Collaboration Group, the Service would review charging for attendance at events to ensure consistency in its application.
- 8.1.14 BB expressed concern that the scope of this review had not been extended to reflect the comments made by the Committee at its meeting on 28 June 2022, specifically that it should examine what is being done, and could be done, around commercialisation, innovation and financial mechanisms for retaining income across annual boundaries.

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Going forward, greater care is needed to ensure that audit scopes are adjusted to take account of, appropriate, comments from the Committee

8.1.15 In regard to Recommendation 1.3a (external funding maximisation), the Committee requested clarification on the management response and whether consideration was given to create a specific role. JT advised the Committee that oversight and scrutiny of external funding would be undertaken through the Good Governance Board, which all Heads of Functions attended, with Finance taking on the central co-ordinating role. The Committee noted that a fuller written management response would have been helpful.

8.1.16 Brief discussion took place regarding the potential for commercialisation opportunities to generate revenue. It was noted that the Service had not fully considered maximising revenue/commercialisation previously, however, going forward all opportunities to maximise revenue would be considered. JT to engage and explore opportunities with subject matter experts (eg universities).

**ACTION: JT**

8.1.17 The Committee commented on the identified timescales against the recommendations and asked for consideration to be given to review and reduce same. Noting the comments, JT advised that the identified timescales were realistic but assured the Committee that all recommendations would be progressed timeously.

### 8.1.18 Final Report – Post Pandemic Review

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

- Overall positive response and timely response by the Service. Subsequently, the Recovery, Reset and Renew (RRR) programme was established.
- Best practice areas identified.
- Identified Areas of Improvement include embedding learning from the pandemic into business continuity plans, finalising future working arrangements and the continuation of recording progress against actions raised through the RRR.

8.1.19 RH informed the Committee that all recommendations and areas of improvement were welcomed and accepted.

8.1.20 In regard to Control Objective 3 (potential efficiency savings and modernisation), the Committee noted that there was no clear indication how the Service would mitigate the risk of reverting back to the previous working practices. The Committee sought clarification on the future working arrangements. RH reminded the Committee that due to the operating environment, the RRR Group was stood down prematurely and focus moved to the Tactical Staffing Action Group work. RH assured the Committee that the RRR work/lessons learned were being progressed through separate workstreams.

8.1.21 In regard to Agile Working, RH noted that the audit had highlighted some uncertainty with the approach to agile working and this would be re-emphasised with management and staff. RH further noted that the Service would look to review the use of corporate estates to take account of agile working across the Service.

8.1.22 JT noted that the work of the RRR was considered during the budget setting process, acknowledged that this was a continuous process, with an additional need to overlay the implications of the Resource Spending Review and the need to achieve practical savings within the next financial year.

8.1.23 RH informed the Committee that the Service were looking to collate all actions/action plans (Internal Audit report, HMFSI's report and internal debrief) to co-ordinate and progress actions.

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8.1.24 RH assured the Committee that the governance route for potential future savings would be through the SFRS Board and would feed into the budget setting for 2023/24.

8.1.25 **The Committee scrutinised the progress report and the final reports.**

### **8.2 Progress Update – Internal Audit Recommendations**

8.2.1 GD 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:

- Water Planning Arrangements – Ongoing challenges relating to the Service Level Agreement and the proposed course of action.

8.2.2 The Committee noted the number of actions attributed to ICT and queried whether the responses provided and the understanding of the recommendations were adequate. GD commented on the resource (both capacity and capability) and workload of the small team, noting that this was being reviewed by Management.

8.2.3 With regard to Recommendation 5a (Risk Management), it was confirmed that a further Board workshop would not be held on 19 October (as noted within the progress to update section).

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

### **8.3 Internal Audit on Portfolio Office – Enhanced Management Response**

8.3.1 SS presented a report to the Committee to provide an enhanced Management response for the recent audit on the Portfolio Office. The following key points were noted:

- Revised governance structure, approved by Strategic Leadership Team, to support the Portfolio Office.
- Commitment to streamline reporting processes and improve performance management arrangements.
- Working to enhance resourcing within the Portfolio Office.
- Engage technical expertise where required.
- Identify collaborative opportunities with Blue Light partners.
- Review of ongoing projects in order to identify any capacity, challenges, etc and to ensure strategic alignment.

8.3.2 **The Committee welcomed the additional update and noted the report.**

*(Break at 1150 hrs, resumed at 1155 hrs)*

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

9.1 RW presented a report to the Committee outlining the arrangements for managing audits/inspection 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 Scotland Report (May 2018), one outstanding action relating to RDS terms and conditions remains open. As previously agreed a verbal update would be given against this action once it was completed.
- All action plans were reporting green with one exception (Provision of Operational Risk Information). However, the majority of actions (20 of 25) were complete. The 5 outstanding actions were related to the Emergency Services Network UK wide project which continues to suffer from delays.

9.2 **The Committee scrutinised the report.**

- 10 DELOITTE - AUDIT DIMENSIONS AND BEST VALUE FOR THE YEAR ENDED 31 MARCH 2021**
- 10.1 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:
- Good progress continues against recommendations/actions.
  - Recommendations 1.3 (financial reporting) and 2.3 (medium-to-long term financial planning): JT noted the issues to meet these recommendations and continued to liaise with Deloitte to identify a path to delivery.
- 10.2 CJ confirmed that a review of progress against previous actions would be undertaken during the current audit.
- 10.3 **The Committee scrutinised the report and noted the progress being made.**
- 11 INTERNAL CONTROLS UPDATE**
- 11.1 **a) Overview of Strategic Risk Register and Aligned Directorate Risk**
- 11.1.1 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:
- As previously discussed, good information contained within the risk register but consideration needs to be given on how to tailor and present this to ensure that it is clearly understood. Working with Data Services to review current risk register format.
- 11.1.2 The Committee noted that continued efforts to improve presentation to allow the Committees to scrutinise, understand and use the register more effectively.
- 11.1.3 **The Committee scrutinised and supported the continued development of the report.**
- 11.2 **b) Anti-fraud/Whistleblowing Update**
- 11.2.1 JT noted that there were no issues to report.
- 11.2.2 **The Committee noted the verbal report.**
- 12 QUARTERLY UPDATE ON 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 2 2022/23. The following key points were noted:
- Publication of the register on SFRS website.
  - Continue to communicate and raise awareness across the Service to ensure improved understanding.
  - Outlined plans to develop LCMS package to help raise awareness/aid discussion and would like to link to other areas, eg fraud, etc.
- 12.2 The Committee welcomed the improved number of interests being recorded and urged the team to maintain efforts to raise awareness of the need to register interests.
- 12.3 **The Committee noted the report.**
- 13 QUARTERLY UPDATE REPORT ON HMFSI BUSINESS**
- 13.1 RS presented the quarterly report to the Committee to provide an update on HMFSI's inspection and reporting activity during 2022/23 and the following key areas were noted:
- First Service Delivery Area (SDA) Inspection – East had commenced and findings were similar to those identified during previous local area inspections. Publication of final report anticipated at the end of the financial year.
  - Thematic Inspection on Firefighting in High Rise Buildings was laid before parliament on 27 September 2022. Conclusion noted some scope for improvement; however, the overall impression of the Service was principally positive. Report reflects that the

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Evacuation Policy was still being drafted and consideration may be given to return and review this in the future. Eight recommendations and 5 areas of good practice were noted.

- New SDA inspection approach was positive with good engagement throughout the process.
- Thematic Inspection on Climate Change - Impact on Operational Activity fieldwork has commenced, good engagement with Service SPOC to date and interviews were being scheduled.
- Thematic Inspection on Mental Health and Wellbeing Provision commenced and aims to conclude in March 2023.

13.2 The Committee commented on previous discussions regarding risk and assurance being taken from reports and identifying future thematic reports on a risk-based approach. RS noted that he would be keen to continue these discussions.

13.3 **The Committee noted the report.**

### 14 REVIEW OF ACTIONS

14.1 KM confirmed that 5 formal actions were recorded during the meeting.

### 15 FORWARD PLANNING

#### 15.1 a) Committee Forward Plan Review

15.1.1 The Committee considered and noted the Forward Plan.

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

15.2.1 No items were identified.

### 16 DATE OF NEXT MEETING

16.1 The next meeting is scheduled to take place on Thursday 17 November 2022 at 1100 hrs.

16.2 There being no further matters to discuss the public meeting closed at 1225 hrs.

## PRIVATE SESSION

### 17 MINUTES OF PREVIOUS PRIVATE MEETING:

#### 17.1 Tuesday 28 June 2022

17.1.1 Subject to one minor amendment, the minutes of the private meeting held on 28 June 2022 were approved as a true record of the meeting.

### 18 PRIVATE ACTION LOG

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

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

### 19 FOLLOW UP ON INVESTIGATION INTO ALLEGED MISAPPROPRIATION OF SMOKE DETECTORS AND A TRAUMA BAG

19.1 JT presented a report to the Committee providing update on the progress against the actions identified in relation to smoke detectors. JT reminded the Committee that information had been circulated (via email 05/08/2022) to advise of the accelerated timelines to resolve issues and procedures being adopted around smoke detectors and the use of the asset management app.



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**RISK SPOTLIGHT: SCOTTISH WATER SERVICE LEVEL AGREEMENT**

20.1

DF presented the briefing note to the Committee to provide an update on progress on the revision of the Service Level Agreement with Scottish Water.