



SCOTTISH
FIRE AND RESCUE SERVICE

Working together for a safer Scotland

PUBLIC MEETING - AUDIT AND RISK ASSURANCE COMMITTEE

TUESDAY 29 OCTOBER 2024 @ 1345 HRS

**BRAIDWOOD SUITE, SCOTTISH FIRE AND RESCUE SERVICE HEADQUARTERS,
WESTBURN DRIVE, CAMBUSLANG, G72 7NA / VIRTUAL (MS TEAMS)**

PRESENT:

Brian Baverstock, Chair (BB)	Neil Mapes (NM)
Malcolm Payton (MP)	Madeline Smith (MS)
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
Gary Devlin (GD)	Internal Audit (Azets)
Michael Oliphant (MO)	External Audit (Audit Scotland)
Tommy Yule (TY)	External Audit (Audit Scotland)
Robert Scott (RS)	HMFSI
Ijaz Bashir (IB)	Head of Asset Management (Item 7.1 only)
Alan Duncan (AD)	Accounts Manager (Items 17 & 18 Only)
Adebayo Ladejobi (AL)	External Audit (Audit Scotland) (Item 17 & 18 only)
Kirsty Darwent (KD)	Chair of SFRS Board
Christopher Casey (CC)	Group Commander Board Support
Heather Greig (HG)	Board Support Executive Officer
Debbie Haddow (DJH)	Board Support/Minutes

OBSERVERS:

None

1 CHAIR'S WELCOME

- 1.1 The Committee Chair opened the meeting and welcomed those present and attending via MS Teams.
- 1.2 Those participating via MS Teams were reminded to raise their hands, in accordance with the remote meeting protocol, should they wish to ask a question. This 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 17 (*External Auditor's Report on the 2023/24 Audit*) and Item 18 (*Scottish Fire and Rescue Service Draft Annual Report and Accounts 2023/24*) would be heard in private session due to matters relating to confidential matters in line with Standing Orders Item 9G.

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 Tuesday 25 June 2024

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 25 June 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 13.5 Risk Spotlight: Retrieval of PPE (30/10/2023): Committee noted the positive update and work being undertaken by Asset Management. However, the Committee sought clarity on whether there were specific activities relating to following up and non-compliance. SO'D to discuss further with L Gaja.

Action 7.1.9 Internal Audit Progress Report 2023/24 (26/03/2024): Further discussions were required. RAG status to be changed to yellow.

Action 15.2.2 Anti-Fraud/Whistleblowing Update (26/03/2024): Due date to be extended to March 2025 and RAG status to be changed to yellow. SO'D to discuss with L Gaja with a view to progressing this as quickly as possible (prior to next meeting - January 2025).

Action 9.1.23 Internal Audit Report on Partnerships (25/06/2024): Position statement to be updated with correct dates (31 March 2025) and the RAG status to be changed to yellow. The Committee sought clarification on the existing assurance pathway and whether the Service were fulfilling their responsibilities within the Communities Justice Scotland Act. MMCA to reconsider the wording in the position statement and provide a specific response on the information required.

Action 13.9 Quarterly Update of GHI Register (26/06/2024): Briefing note circulated to the Committee outwith the meeting and revisions have been made to the Policy.

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 2024/25

7.1.1 GD presented a report to the Committee which summarised the progress on the delivery of the 2024/25 Internal Audit Plan and the following key points were highlighted:

- Overall the audit plan remains on track for completion following some adjustments being made.
- Cyber Security audit had been delayed and would be presented at the next meeting.

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- Environmental Management audit has been brought forward with the final report presented at today's meeting.
- Briefing note relating to new research showing human error was driving data breaches was provided for information.
- Terms of reference for the Change Management audit were included for review.

7.1.2 In regard to the Cyber Security audit, GD advised that the delay was due to further work being undertaken to ensure the audit was thorough and accurate. No major issues had been identified. SO'D noted that the audit was carried out as a maturity analysis and differed from a traditional audit. This style of audit was more in-depth and cross cutting which would be reflected within the action plan.

7.1.3 In regard to the Change Management audit, the Committee requested that the main focus was not the process of change management. The audit should consider the logic, impact of change initiatives and alignment with strategic intent and clearly identify what success looked like.

7.1.4 GD advised that the audit would consider all identified change projects/programmes, the resources required to achieve these outcomes and whether the outcomes still aligned with the strategic intent. GD noted that discussions were still ongoing with the management team.

7.1.5 RH reminded the Committee of the investment within the change management team and noted that the audit would help to identify any benefits from this investment.

(I Bashir joined the meeting at 1410 hrs)

7.1.6 Internal Audit Report on Environmental Management

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

- Environmental strategic objectives were set to reflect the governance policies and procedures at that time. However, world-wide changes had impacted Scottish and UK governments policies and public sector capacity and capability to deliver environmental change management policies.
- Progress achieved and funding sourced by the Service and whether the ambitions were still relevant.
- Consideration to be given to conditions when applying for funding, as well as the current operating and financial environment.
- Governance and strategic oversight for co-ordinating the various funding mechanisms for environmental policies and the capability to deliver.

7.1.7 SO'D reminded the Committee that the Carbon Management Plan was developed pre-covid and represented the Service's ambitions at that time. SO'D noted that the level of funding available at that time and the need to be more structured in this regard going forward. SO'D further noted that the next iteration of the Carbon Management Plan would be more reflective of the funding opportunities available to progress objectives.

7.1.8 IB advised that the new carbon management plan was under development and would tie part of the asset management plan and policy. IB stated that he was working with the Strategy Territory Partnering Board (STPB) to identify external funding sources. The STPB was a cross amalgamation of Police Scotland, Scottish Ambulance Service and local authorities.

7.1.9 In regard to the data analytics graph, the Committee noted that there was no clear recommendation being made. GD advised that the graph highlighted the difference between funding and ambition, and management needed to review this position. The Committee commented on the need to either scale back or undertake a different process and resource to source additional funds. The Committee noted that it was not clear

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whether the Service were not investing sufficiently through internal funds or were unsuccessful in securing external funding. The Committee sought assurance that the right processes were in place to ensure sufficient funds to deliver against ambitions.

- 7.1.20 SO'D reminded the Committee that the initial intention was to demonstrate what the Service could do should funding have been identified. SO'D noted that the situation has changed, and the Service required to be more realistic in their ambitions and identifying funding opportunities and projects. Going forward the Service would clearly document all potential funding opportunities identified and applied for.
- 7.1.21 GD noted that the Service were currently not on track to be net zero by 2045 and should this remain a strategic goal, appropriate funding would need to be identified. GD stated that he was not aware of other organisations declaring that they were deprioritising their efforts in this area.
- 7.1.22 RH commented on the Service's direction to date. RH noted that there had been a clear plan to achieve the Government priority but the necessary funding had not been secured. RH further noted that the Service's strategy needed to be reevaluated, however clear direction was required from Scottish Government ahead of this.
- 7.1.23 The Committee noted that increased oversight and understanding on potential funding opportunities and the effort expended to secure funding would be helpful. IB advised that one of the main funding streams, Scottish Green Public Sector Decarbonisation Scheme, was not available until October which made it difficult to plan and spend by the end of the financial year. The Sponsor Unit have been made aware of this issue.
- 7.1.24 IB reminded the Committee of the improvements within the light fleet with the increase in electric vehicles.
- 7.1.25 SO'D noted that the next iteration of the Carbon Management Plan could include additional information as discussed as well as regular oversight on progress against the plan.
- 7.1.26 Regarding assessing and recording carbon footprint of purchased goods/services, SO'D noted that this was an area that required to be developed to enable accurate reporting to Scottish Government.
- 7.1.27 Regarding Objective 5, the Committee commented that the reporting to the Board was overstating the actual position. SO'D noted that this may be the position the Board would like to see rather than the actual position. It was agreed that SO'D and NM would discuss and identify good reporting to Committee/Board around sources of environmental issues, including funding.

ACTION: SO'D/NM

- 7.1.28 Update on Internal Audit Report Cyber Security
SO'D provided a verbal update on the progress of the Cyber Security audit, highlighting the following key points:
- Assignment was based on a maturity assessment and the Scottish Government's Cyber Resilience Framework.
 - Identified baseline of current controls relative to areas of improvement.
 - Both areas of good practice and improvements were identified.
 - Development of a co-ordinated and consistent approach to cyber and information security policies across the organisation.
 - Working toward target maturity levels against the framework for each identified area. Identifying actions required to close any identified gaps between the current and target positions.
 - Offer to circulate audit report once finalised.

7.1.29 The Committee queried whether there would be benchmarking information within the report. GD noted that as this was a maturity assessment, the report would state the Services' maturity level. GD further noted that the Service were generally in line with other public body organisations.

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

(I Bashir left the meeting at 1450 hrs)

7.2 SFRS Progress Update/Management Response

7.2.1 This report was presented to the Committee and outlined the status of the recommendations raised by Internal Audit.

7.2.2 In regard to Recommendation 4 (Revenue and Funding Maximisation), the Committee queried the level of confidence that this would be achievable by March 2025. LMcG advised the Committee that due to additional resources becoming available this would now be progressed.

7.2.3 In regard to Recommendation 1.1 and 4.2 (Sickness Absence Management), the Committee noted that the due date had been revised for a third time and was now one year beyond the original date. The Committee sought clarity on the reason for the delay and whether there were any concerns regarding record keeping in the interim and what assurances could be provided. The Committee sought further assurance on the anticipated improvements following the implementation of the new system. LB to review and circulate information outwith the meeting.

ACTION: LB

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

8 AUDIT AND RISK ASSURANCE COMMITTEE QUARTERLY PERFORMANCE Q1 2023/24

8.1 MMcA presented the Committee with the fourth quarter performance of KPIs 35 – 42 for fiscal year 2023-24 along with end year performance for KPIS 58-61, 64 and 65 for scrutiny. The following key points were highlighted:

- Overall reasonable performance across all indicators.
- KPI38 % FOI within statutory timeframe was reporting 78% against the 95% target. This was attributed to long term staff absence as well as complex and high volumes of requests. Temporary provision has been identified to address the long term staffing issue.
- Benchmarking exercise undertaken against other public bodies.
- Review to be undertaken on the structure of the team to identify potential improvement. This would be taken to the Corporate Board and an update would be provided to the Committee thereafter.

8.2 The Committee noted that the potential increase in FOI requests during an election period and, as such, additional narrative would be helpful to understand the impact and numbers involved. MMcA to provide details on the number of requests and actions following the review including improving performance to the next meeting.

ACTION: MMcA

8.3 The Committee queried the timescale for improved performance in this area, particularly with the potential future impact on requests due to SSRP. The Committee sought assurance that any additional capacity within the team would be sufficient to address potential future needs. MMcA acknowledged the potential impact of SSRP on requests and noted that this was also a factor in the review. MMcA noted that an update on any potential improvements in performance would be provided at the next meeting.

8.4 In regard to KPI 41 (Service Desk Incidents within SLA), the Committee noted that this was categorised as limited data. SO'D suggested that this could be due to data not being provided in time for the report.

8.5 The Committee commented on the governance risk for internal controls and the quality of KPIs being used to assess the effectiveness of the organisation. The Committee noted that KPIs were being reviewed and this was an area that needed to be strengthened to accurately report organisational performance.

8.6 **The Committee scrutinised the report.**

9 QUARTERLY UPDATE OF GIFTS, HOSPITALITY AND INTERESTS POLICY

9.1 DJ presented the Gifts, Hospitality and Interests Policy and Quarterly Update (Q2 2024/25) to the Committee for scrutiny. The following key points were highlighted:

- Total number of entries and declarations in this reporting period.
- Outline of the revisions made to the policy including the escalation process.
- Launch of the mandatory LCMS Gifts, Hospitality and Interest module for all staff.

9.2 The Committee noted and welcomed the additional details provided with the Q2 report.

9.3 **The Committee scrutinised the report.**

(The meeting broke at 1510 hrs back and reconvened at 1520 hrs)

10 INTERNAL CONTROLS UPDATE

10.1 Risk Report Update

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

- Alignment of risks with strategic priorities and themes.
- Progress with draft risk appetite statements (agenda item 10.2).
- Ten risks currently rated 15 or above and associated controls which were regularly reviewed and/or updated.

10.1.2 In regard to TSA19 (training delivery), the Committee queried the increased rating from 16 to 20 as this was not featured within the covering report. AW stated that this risk rating may be inaccurate as mitigation works were underway to reduce the risk.

10.1.3 In regard to POD015 (Pension remedy), the Committee sought clarify on the mitigations and implications for the Service. LB advised that this was a complex issue, and the Service were working closely with the SPPA. It was noted that there may be potential implications for individuals in higher earning brackets of oversubscribing to their pension which could have tax implications. SPPA were also currently engaging with the Inland Revenue on this matter. LMcG outlined the complexities involved and the dedicated resources assigned to this area.

10.1.4 It was noted that a risk spotlight on POD015 (Pension remedy) would be presented to the People Committee in the first instance prior to a more focused risk spotlight at the next ARAC meeting (January 2025).

10.1.5 In regard to OD001 (Operations Control Staffing), the Committee commented on emergence of the risk despite awareness of long-term issues. SS briefed the Committee on the increasing risk around staffing within OCs and the mitigating actions/improvements being made, including recruitment processes. SS noted that the Service Delivery Committee regularly scrutinised the issues with OC staffing and systems. Further analysis of attrition rate data for OC staff and other staffing groups to be provided to the People Committee.

ACTION: LB

- 10.1.6 In regard to the RAG status for risk, the Committee commented that the Amber category was too broad a timescale and consideration should be given to this ahead of the next meeting. GD noted that normally management would identify a revised closing date and as such, the amber category would not be required. Any revised closing dates should be recorded. The Committee requested clarity on the starting point for target dates and colour coding of Action status within the Risk Update Report.

ACTION: DJ

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

10.2 **Draft Risk Appetite Statements**

- 10.2.1 SO'D presented a report to the Committee for scrutiny of the draft risk appetite statements and approach, prior to submission to the Board for approval. The following key points were highlighted:

- Engagement and contributions from the Strategy Leadership Team and Board during the development of the statements.
- Evolution of the range of risks noting an increase in ambition of risk.
- Incorporation of feedback whilst still maintaining consistent and realistic statements.
- Outline of next steps including embedding in working practices and future review in 12 months to assess effectiveness, appropriateness and the methodology.

- 10.2.2 The Committee commented on the helpful discussions during the previous Strategy Day session.

- 10.2.3 In regard to technology for training and innovation, the Committee queried why the Service was more cautious in this area, particularly due to the openness around technology in general. SO'D advised that this should be open but has been inaccurately captured within the report.

- 10.2.4 The Committee queried the alignment between organisational security and engaging with communities. SO'D advised that whilst the Service were welcoming to communities, a level of security needed to be maintained on premises. SO'D noted that these statements could be split so that the nuances could be captured.

- 10.2.5 The Committee commented on the low number of assurance measures and control measures which encouraged increased risk levels. The Committee noted that it was important to recognise the need to develop risk statements that helped to support higher risk levels. SO'D agreed that there needed to be a balance and that the Service were naturally risk averse.

- 10.2.6 Brief discussion took place on the importance of embedding, raising awareness and understanding and management of risks within the Service.

- 10.2.7 The Committee commented that the purpose of developing risk appetite was to aid decision making and ensure compliance. The Committee noted the positive progress being made, the good level of engagement across the Service and the need to ensure that risk appetite becomes embedded within the corporate narrative. The Committee commented on a potential template being developed to capture this information and the potential to undertake a small pilot before launching Service wide. The Committee encouraged the Service to review the risk ranges, particularly the width of the red category as this may be causing risk to be overstated.

- 10.2.8 The Committee requested feedback on the embedding process within the next risk update report.

ACTION: SO'D/DJ

10.2.9 **The Committee scrutinised the report.**

10.3 **National Fraud Initiative 2024/25 – Proposed Approach**

10.3.1 SO'D presented a report to the Committee providing assurance that the appropriate measures were in place to manage the National Fraud Initiative (NFI) exercise and scrutiny of the approach taken. The following key points were highlighted:

- Outline of the 3 recommendations made within the Audit Scotland 2022/23 report.
- NFI process remained business as usual, and SO'D was the Senior Responsible Officer.
- Outcomes of the 2022/23 exercise which identified 3 errors and subsequent recovery actions undertaken.
- Audit Scotland were content with the Service's approach.
- Overall positive position and identified areas of improvement.

10.3.2 The Committee queried whether the Service prioritised matches with higher risk levels. DJ advised that the Service sought 100% completion of all matches. TY noted that this was not common practice but was positive for the Service. SO'D noted that there was financial value for the Service to seek 100% matches.

10.3.3 DJ provided clarity on the information being presented within Appendix C (checklist).

10.3.4 **The Committee scrutinised the report.**

10.4 **Anti-fraud/Whistleblowing Update**

10.4.1 SO'D noted that there were no issues to report.

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

11 **Quarterly Report On HMFSI Business**

11.1 RS presented the quarterly report to the Committee to provide an update on HMFSI's inspection and reporting activity during 2023/24 and an update on inspection work undertaken or planned for 2024/25. The following key areas were noted:

- Service Delivery Area Inspections for the East and West had been published and the North inspection was ongoing.
- Outline of the anticipated differences and challenges within the North inspection due to primarily being On Call stations. Positive aspects include the open and professional workforce and benefits from improvements within training during the inspection.
- Future programme would focus on Headquarters and reviewing of recommendations before revisiting Service Delivery Areas.
- Brief update on the inspection focussing on Organisational Culture, in particular, corporate procedure and policy. Thanks were extended to all those involved.
- Brief update on the Operational Assurance inspection which would be published by summer 2025.
- Draft Chief Inspector's Plan for 2025-2028 was being developed and stakeholder consultation would be undertaken ahead of publication.
- Publication of Grenfell Tower Inquiry Phase 2 report and all recommendations would be considered.
- Future inspection of Operations Control would be programmed at an appropriate time.
- Concerns had been noted in relation to the budget announcement for SFRS during discussions with the Minister.

11.2 RS advised the Committee that the Chief Inspector's Plan for 2025-2028 would be published by April 2025 and outlined the consultation process that would be undertaken.

11.1.3 **The Committee noted the report.**

12 REVIEW OF ACTIONS

- 12.1 CC confirmed that 6 formal actions were recorded during the meeting.

13 FORWARD PLANNING

13.1 a) Committee Forward Plan Review

- 13.1.1 The Committee considered and noted the Forward Plan. The following items were to be added:

- 13.2 • POD015 (Pension remedy) risk spotlight

13.2.1

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

There were no items identified.

14 DATE OF NEXT MEETING

- 14.1 The next public meeting is scheduled to take place on Thursday 23 January 2025 at 1000 hrs.

- 14.2 On behalf of the Committee, the Chair extended his thanks to Chief Officer Ross Haggart for his commitment and contributions, and for creating an environment which enabled open and frank discussion on all issues. The Committee wished him well for his imminent retiral.

- 14.3 There being no further matters to discuss the public meeting closed at 1630 hrs.

REPORTS FOR INFORMATION ONLY:

The following reports were provided for information only and were taken as read.

- Audit Action Plans and Closing Reports Update

(Public meeting broke at 1630 hrs and reconvened in Private session at 1635 hrs)

PRIVATE SESSION

15 MINUTES OF PREVIOUS PRIVATE MEETING:

15.1 Tuesday 25 June 2024

- 15.1.1 The minutes of the private meeting held on 25 June 2024 were approved as a true record of the meeting.

16 ACTION LOG

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

17 EXTERNAL AUDITOR'S REPORT ON THE 2023/24 AUDIT

- 17.1 MO presented the external auditor's report on the 2023/24 audit for consideration alongside the Service's audited annual report and accounts.

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

18 SCOTTISH FIRE AND RESCUE SERVICE DRAFT ANNUAL REPORT AND ACCOUNTS 2023/24

- 18.1 SO'D thanked all those involved in the preparation and production of the audited accounts. SO'D introduced LMcG who presented the report to the Committee for scrutiny and recommendation to the Board.

- 18.2 **The Committee scrutinised and recommended the report to the Board for approval.**

There being no further matters to discuss the private meeting closed at 1732 hrs.