



SCOTTISH
FIRE AND RESCUE SERVICE

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PUBLIC MEETING - AUDIT AND RISK ASSURANCE COMMITTEE

THURSDAY 23 JANUARY 2025 @ 1000 HRS

VIRTUAL (MS TEAMS)

PRESENT:

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

IN ATTENDANCE:

Stuart Stevens (SS)	Chief Officer
Andy Watt (AW)	Deputy Chief Officer
Liz Barnes (LB)	Interim Deputy Chief Officer Corporate Services
Sarah O'Donnell (SOD)	Director of Finance and Contractual Services
David Johnston (DJ)	Risk and Audit Manager
Lynne McGeough (LMcG)	Head of Finance and Procurement
Jamie Fraser (JF)	Internal Audit (Azets)
Paul Kelly (PK)	Internal Audit (Azets) (Item 18 only)
Claire Robertson (CR)	Internal Audit (BDO)
Sean Morrison (SM)	Internal Audit (BDO)
Michael Oliphant (MO)	External Audit (Audit Scotland)
Tommy Yule (TY)	External Audit (Audit Scotland)
Graeme Fraser (GF)	HMFSI
Chris Fitzpatrick (CF)	Business Intelligence and Data Services Manager (Item 8 only)
Carol Wade (CW)	Information Governance Manager (Item 9 only)
Lyndsey Gaja (LG)	Interim Director of People (Item 11.2 only)
Greig Aitken (GA)	Head of ICT (Item 18 only)
Christopher Casey (CC)	Group Commander Board Support Manager
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 all those attending, in particular Claire Robertson and Sean Morrison, BDO.
- 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 Madeline Smith, Board Member
Mark McAteer, Director of Strategic Planning, Performance and Communications

Robert Scott, HMFSI

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

3.1 The Committee discussed and agreed that Item 18 (*Cyber Security Maturity Assessment*) 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 For transparency, declaration of interests were recorded in relation to Agenda Item 11.2 (Risk Spotlight: POD015 Pension Remedy) for:

- Stuart Stevens, Chief Officer
- Andy Watt, Deputy Chief Officer
- Christopher Casey, Group Commander Board Support Manager

4.2 There were no further declarations of interest made.

5 MINUTES OF PREVIOUS PUBLIC MEETING

5.1 Tuesday 29 October 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 29 October 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): SOD advised the Committee that due to the work undertaken, the levels of non-compliance were minimal. Although the issue relating to consequences of non-compliance had not been fully addressed, the overall position had significantly improved. It was agreed to close this action.

Action 9.1.11 SFRS Progress Update/Management Response Sickness Absence Management (27/06/2023) and Action 7.2.3: SFRS Progress Update/Management Response (29/10/2024): Action 9.1.11 to be reopened to ensure the audit trail was not lost and Action 7.2.3 would be subsumed into this action. Action 7.2.3 to be closed.

Action 15.2.2 Anti-fraud/Whistleblowing Update (26/03/2024): It was noted that the original desktop review had become a more substantive review. Action to remain open until the next meeting to allow the revised Whistleblowing policy and summary for changes to be presented.

Action 7.2.3 SFRS Progress update/Management Response (29/10/2024): Agreed to incorporate into Action 9.1.11 (see above) and close.

Action 10.1.5 Risk Report Update (29/10/2024): LB noted that there was a significant review ongoing within Operations Control and she was unaware of any issues with extracting the data. It was noted that a report would be submitted to the People Committee on 6 March 2025 and feedback on that would be provided to this Committee in due course.

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 JF 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 2024/25 Plan remains on track for completion by 31 March 2025. Small adjustment made to the timeline for the Anti-Fraud Arrangements audit but remains on course for presentation at the next meeting (8 April 2025).
- Briefing Note relating to the new Global Internal Audit Standards (December 2024) was provided for information and notification of a future Public Sector webinar.

7.1.2 In regard to the Anti-Fraud Arrangements audit, SOD commented on the discussions with Azets to ensure that the audit was both helpful and offered improvement pathways.

7.1.3 **The Committee scrutinised the progress report.**

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 and the following key points were highlighted:

- Seven actions were added, and 8 actions had been closed during this reporting period.
- Thirty-seven actions remain open however, since the submission of the report a further 4 actions had been closed or awaiting final evidence and would be confirmed at the next meeting.

7.2.2 The Committee noted that most of the open actions had the timescales of March 2025. The Committee queried whether the Service were being realistic in terms of fully understanding the initial recommendation and managing the prioritisation and resources appropriately to address the action required. JF reminded the Committee of some reasons why timescales may not have been achieved.

7.2.3 SOD highlighted the improvements and the work undertaken over the last year to close older actions. It was noted that the majority of the 37 open actions were reporting green which was a positive position. Noting the Committee's comments, SOD advised that the Service remained committed to addressing and closing all actions as timeously as possible.

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

7.3 Introduction and Approach to Internal Audit Plan 2025/26

7.3.1 BB introduced Claire Robertson and Sean Morrison from BDO, who have been appointed as the Service's new Internal Auditors from 1 April 2025. BB referenced previous discussions with CR on the approach to the 2025/26 audit plan. CR outlined the process and steps being undertaken to finalise the drafting of the 2025/26 audit plan. The draft plan would be discussed at the Committee's workshop on 19 February 2025 ahead of its formal presentation at the next meeting (8 April 2025).

7.3.2 SS informed the Committee of early discussions with BDO which focused on continuous improvement and supporting the Service in achieving this.

7.3.3 On behalf of the Committee, BB thanked JF and the wider Azets team for their support and contributions throughout their tenure.

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

(C Fitzpatrick joined the meeting at 1035 hrs)

8 AUDIT AND RISK ASSURANCE COMMITTEE QUARTERLY PERFORMANCE Q2 2024/25

8.1

CF presented the Committee with the second quarter performance of KPIs 35–42 for fiscal year 2024/25 for scrutiny. KPIs 58-61, 64 and 65 were only reported annually as part of the fourth quarter report. The following key points were highlighted:

- Exception variation within KPI36 (Subject Access within timeframe) due to the target not being achieved for over 14 months and further decline outwith the lower limits of normal variance.
- Exception variation within KPI40 (Invoice in 30 days) due to decline in past performance.
- Exception variation within KPI42 (Service desk request within SLA) due to the second consecutive quarter's decline to below lower limit.
- No KPIs were deteriorating or improving (long term).
- No change to performance level within KPI38 (FOI within timeframe) which has been below target for several years.

8.2

In regard to KPI36 and KPI38, CF noted that concerns with resources were a factor for both.

8.3

In regard to KPI41, the Committee sought clarity on the “not known” status of this indicator. CF advised that some historic data (2023/24) had been inaccurate and as such there was not enough sufficient data available to determine any improvement/deterioration. CF noted that quarterly reporting would still be possible, however it would be another 3 or 4 quarters before there was sufficient data to determine performance levels. It was noted that the Committee could take assurance that quarterly targets were being met despite the inability to determine longer term performance levels. Consideration to be given to include explanatory narrative within future reports to aid understanding.

8.4

In regard to KPIs which were annually reported, the Committee queried whether there were arrangements to monitor performance throughout the year. CF noted that monitoring may be available locally and was only submitted at the relevant time. SOD advised that formal performance reporting was captured through other reporting methods such as Strategic Asset Management Plan Annual Review, Annual Accounts and Outturn Reports. The Committee noted that the new PMF would have to take account of annual reporting and the interim arrangements for monitoring and reporting.

8.5

In regard to the new PMF and KPIs, the Committee queried the level and process for engagement. SS noted that both the Strategy and PMF were being reviewed and a series of workshops for Board/Committees would be held to develop indicators to support the Strategy. Consideration would be given to identify indicators which would monitor compliance, performance and provide assurance. CF noted that this issue would be discussed at the Integrated Governance Forum later today.

8.6

The Committee scrutinised the report.

(C Fitzpatrick left the meeting at 1050 hrs)

(C Wade joined the meeting at 1050 hrs)

9 FREEDOM OF INFORMATION UPDATE

9.1

CW presented an update on the actions taken in respect of the Level 2 Intervention opened by the Office of Scottish Information Commissioner (OSIC) in relation to the Service's compliance for scrutiny. The following key points were highlighted:

- Inability to maintain targets due to increased volume and complexity of requests, increased subject access requests and long-term resourcing issues.
- Level 2 intervention was served by OSIC to support the Service to improve performance and resolve any issues.
- Action plan has since been developed and shared with OSIC.

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- Regular meetings with OSIC are arranged to monitor progress as well as monthly updates to the Strategic Leadership Team.
- Temporary resources have been secured and some improvements on statutory response times have already been made.

9.2 The Committee commented on resources being a factor in the situation and queried how the Service identified, prioritised and addressed resourcing issues. SS advised that Directors had the responsibility for ensuring appropriate resources within their respective areas and the ability to realign resources appropriately. Business cases could also be developed however these would impact financial spend. SS noted that the Strategy was being developed and this would outline the Service's priorities. This would also reinforce the need to review corporate services to ensure delivery of organisational needs and priorities. AW informed the Committee of the resourcing tool being developed to capture both change and business as usual (BAU) activities which would aid understanding of resource and capacity issues and better inform decision making in this area.

9.3 In regard to the review of BAU requests for personal record files, CW advised that training had been delivered to the People Directorate on identifying and explaining the difference between subject access requests and BAU requests for personal records.

9.4 In regard to proactive publishing information, CW confirmed that the Service were actively doing this through the publication scheme. CW noted that the Information Governance team were committed to identifying and publishing additional information and were raising awareness within all Directorates on proactively publishing information.

9.5 The Committee asked for consideration to be given for an annual compliance report which would include FOI requests, trends, etc to be developed for information and to improve their understanding. To be discussed further outwith the meeting.

ACTION: BB/MMcA

9.6 In regard to the interim measures put in place for reviews, CW explained that the existing recording system was not functioning properly. To avoid any requests for reviews being overlooked, applicants were being asked to submit their requests to an alternative email address. CW noted that a new system was currently being explored.

9.7 The Committee requested that the OSIC Level 2 Intervention Letter and subsequent action plan be circulated for information.

ACTION: CW

9.8 The Committee commented on formal subject access requests being made by current and former staff members to access their personal information. To be discussed further under Agenda Item 11.2 Risk Spotlight Pension Remedy.

9.9 **The Committee scrutinised the report.**

*(C Wade left and M Oliphant joined the meeting at 1120 hrs)
(Meeting broke at 1120 hrs and reconvened at 1130 hrs)*

10 QUARTERLY UPDATE OF GIFTS, HOSPITALITY AND INTERESTS POLICY

10.1 DJ presented the Gifts, Hospitality and Interests Policy and Quarterly Update (Q3 2024/25) to the Committee for scrutiny. The following key points were highlighted:

- Total number of entries and declarations in this reporting period.
- Additional checks undertaken following the financial donation for Christmas decorations etc for use in community development/enhancement.
- High level of staff completing the LCMS Gifts, Hospitality and Interest module.
- Continued staff engagement to raise awareness and understanding.

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- Change in reporting template to include risk appetite and the continued development in future reports.

10.2 The Committee noted and welcomed the inclusion of the risk appetite and supporting narrative within the Q3 report.

10.3 The Committee commented on the positive improvements, increasing level of awareness, understanding and declarations being made within the Service and commended the efforts made to achieve this.

10.4 In regard to declarations of interests, DJ advised the Committee that awareness of individual's responsibility would continue to be highlighted through staff engagement and the LCMS module. Brief discussion took place on the alternative option which would require all staff to submit an annual non-interest declaration and this would be discussed further outwith the meeting.

ACTION: DJ

10.5 **The Committee scrutinised the report.**

11 INTERNAL CONTROLS UPDATE

11.1 Risk Report Update

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

- Inclusion of risk appetite and alignment to the risk rating and control measures.
- Going forward actions would remain open until sufficient evidence was provided.
- Corporate reporting template would be amended to help alignment of risk and risk appetite.
- Fifteen risks currently rated 15 or above and associated controls which were regularly reviewed and/or updated.
- Six new risks had been identified.
- Regular engagement with all directorates to ensure that risks and control measures remain relevant and accurate.
- Timescales of RAG status remains unchanged and continues to be aligned to internal audit process. To be discussed with BDO prior to any amendments being made.
- Within the covering report, SOD001 control measures were not accurate. Reference should be made to the Appendix for accurate information.

11.1.2 Within the Committee's advance questions, reference was made to technical jargon and acronyms within the report. DJ noted the comments and would request that these are simplified and explained in future reports.

11.1.3 DJ advised the Committee that future risk reports will be aligned to risk appetite with Section 5.1, identifying an alignment to the Service's Risk Appetite on Compliance.

11.1.4 In regard to the summary of risk appetite ranges table, the Committee discussed the merit of this table. DJ advised that this table would not be included in future reports and had been provided for continuity purposes within this report.

11.1.5 The Committee commented on the report focusing on lower risk levels. The report does not account for being risk positive on risks with lower than targeted risk ratings and the need for the Service to be ambitious/bold in some areas.

11.1.6 DJ agreed to provide a full list of risks, including lower-level risks, to the Committee for their awareness.

ACTION: DJ

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- 11.1.7 The Committee noted that the inclusion of a summary analysis of lower-level risks in future reports would be helpful. Further discussion to be held outwith meeting. **ACTION: DJ**
- 11.1.8 In relation to the assurance levels on control actions, DJ advised that these levels align to the risk register however, wider development work was ongoing for better alignment with the Good Governance Framework. The Committee noted that whilst assurance levels on the control actions may be positive, the level of the risk may not be and consideration could be given to the presentation of this information.
- 11.1.9 DJ agreed to circulate more information on the wider range of alignment between risks and risk appetites. DJ reminded the Committee of the information available via the risk dashboard. **ACTION: DJ**
- 11.1.10 The Committee noted and welcomed the introduction of the risk appetite information with the risk report and additional feedback on formatting of the report would be provided outwith the meeting.
- 11.1.11 **The Committee scrutinised the report and noted the continuing progress being made.**
- (L Gaja joined the meeting at 1210 hrs)*
- 11.2 **Risk Spotlight: POD015 Pension Remedy**
- 11.2.1 For transparency, SS, AW and CC declared their interest in this agenda item and noted that there was no conflict of interest so could contribute to the discussion.
- 11.2.2 With reference to earlier discussions relating to personnel submitting subject access requests to gain access to their personal files, LG outlined the process and the information available. LG noted that the People Directorate and Information Governance team were working to raise awareness of the correct route to be used by staff.
- 11.2.3 LG presented the risk spotlight on POD015 Pension Remedy to the Committee for scrutiny. The following key points were highlighted:
- Three separate pension workstreams were being progressed concurrently as a result of successful legal challenges relating to pension arrangements.
 - The Matthews O'Brien and Booth Bradshaw were specific to fire and rescue services and relate to options to purchase additional pensionable service for specific periods.
 - The McCloud Sargeant impacts on the wider public sector and relates to age discriminatory or provision around the transition from final to average salary schemes.
 - Scottish Public Pensions Authority were responsible for implementing the complex remedies, however SFRS were supporting the development of the approach to these matters and communications to staff.
 - Capacity and resource challenges within both SPPA and SFRS.
 - Risk spotlight was presented to the People Committee (December 2024).
- 11.2.4 In regard to the ongoing legal challenge to extend the terms of the Matthews O'Brien pension remedy, LG noted that should this be successful, it could result in a 3rd options exercise being undertaken.
- 11.2.5 The Committee recognised the impact on individuals and queried whether the true level of dissatisfaction was understood. LG noted that a specific subset of individuals were particularly impacted due to being at risk of exceeding annual allowance limits and being unable to provide self-assessments to HMRC. Discussions had taken place with SPPA regarding manual calculations being provided ahead of the 31 January deadline and a substantive response had not yet been received. LG further noted that individuals

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approaching or considering retirement could also be affected by increased timescales in receiving their pension calculations. Some retired individuals were also affected as remedy statements from SPPA were required in order for informed decisions to be made on which scheme they would like their benefits to be paid from.

- 11.2.6 The Committee queried whether the Service was in a position to provide a safety net or assurances to affected individuals. LG advised that the Service were not in that position. The Service would provide limited updates on timescales and to signpost individuals to SPPA. LG stated that the Service could not provide advice on pension matters. LG noted that the Service would continue to work closely with SPPA to ensure that all lines of communications were aligned.
- 11.2.7 LG offered her opinion in relation to SPPA efforts to date, which included the systems development and recruitment.
- 11.2.8 LG advised that she was not aware of individuals making decisions due to inaccurate information, however, there were some instances of decisions being made on inaccurate timescales.
- 11.2.9 Noting the additional internal resources assigned in November/December 2024, the Committee queried whether the Service had been slow to act. LG advised that the timescale for securing the additional resources were appropriate and aligned with plans developed by SPPA.
- 11.2.10 Due to the significance of this subject matter, the Committee noted that periodic reporting would be appropriate. It was recognised that the People Committee would be the appropriate governance pathway and were already monitoring this issue. Consideration to be given to formal reporting to the Board.

11.2.11 **The Committee scrutinised the report.**

(L Gaja left the meeting at 1235 hrs)

11.3 **Anti-fraud/Whistleblowing Update**

11.3.1 SOD noted that there were no issues to report.

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

12 **REPORT FOR INFORMATION ONLY:**

12.1 **Quarterly Update Report on HMFSI Business**

12.1.1 GF presented the quarterly report to the Committee to provide an update on HMFSI's inspection and reporting activity during 2024/25. The following key areas were noted:

- Ongoing work on the North Service Delivery Area inspection with fieldwork anticipated to complete within the next few months.
- Fieldwork ongoing for the Organisational Culture inspection.
- Fieldwork has restarted for the Operational Assurance inspection and would conclude in February 2025.
- Chief Inspector's Plan 2025-2028 was currently out for formal consultation and was anticipated to be published in April 2025.

12.1.2 **The Committee noted the report.**

13 **REVIEW OF ACTIONS**

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

14 **FORWARD PLANNING**

14.1 **a) Committee Forward Plan Review**

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14.1.1 The Committee considered and noted the Forward Plan.

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

14.2.1 The following items were identified for a future Integrated Governance Forum:

- Environmental Management report (to be raised on 23 January 2025)
- Development of new Performance Management Framework (to be raised on 23 January 2025)

14.2.2 No further items were identified.

15 **DATE OF NEXT MEETING**

15.1 The next public meeting is scheduled to take place on Thursday 8 April 2025 at 1000 hrs.

15.2 There being no further matters to discuss the public meeting closed at 1240 hrs.

(Public meeting broke at 1240 hrs and reconvened in Private session at 1245 hrs)

PRIVATE SESSION

16 **MINUTES OF PREVIOUS PRIVATE MEETING**

16.1 **Tuesday 29 October 2024**

16.1.1 The minutes of the private meeting held on 29 October 2024 were approved as a true record of the meeting.

17 **ACTION LOG**

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

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

18 **CYBER SECURITY MATURITY ASSESSMENT**

18.1 PK presented the Committee with Cyber Security Maturity Assessment 2024 report, which included the summary of key recommendations and action plan for scrutiny.

18.2 **The Committee scrutinised the report.**

On behalf of the Committee, the Chair extended his thanks to Interim Deputy Chief Officer Corporate Services, Liz Barnes, for her commitment and contributions. The Committee wished her well for her imminent retirement.

There being no further matters to discuss the private meeting closed at 1325 hrs.