



SCOTTISH  
FIRE AND RESCUE SERVICE

Working together for a safer Scotland

**PUBLIC MEETING - AUDIT & RISK ASSURANCE COMMITTEE**  
**WEDNESDAY 22 JUNE 2016 AT 1330 HRS**  
**SCOTTISH FIRE & RESCUE SERVICE**  
**BRAIDWOOD SUITE, WESTBURN DRIVE, CAMBUSLANG, G72 7NA**

**PRESENT:**

Neil Pirie (*Chair*) (NP)  
Bill McQueen (BMcQ)

Bob Benson (BB)  
Sid Patten (SP)

**IN ATTENDANCE:**

Alasdair Hay (AH)	Chief Officer
Alex Clark (AC)	Deputy Chief Officer
Sarah O'Donnell (SO'D)	Director of Finance & Contractual Services
Robin Baker (RB)	External Audit – Grant Thornton LLP
Ross Haggart (RH)	Deputy Assistant Chief Officer Strategic Planning, Performance and Communications
Ade Oyerinde (AO)	External Audit – Grant Thornton LLP
Brian McKenzie (BMcK)	Her Majesty's Fire Service Inspectorate
Myra Binnie (MB)	Internal Audit
Julie Taylor (JT)	Internal Audit
Maggie Tierney (MT)	Head of Fire and Rescue Policy Unit
Roy Dunsire (RD)	Business Support
Debbie Haddow	Business Support/Minutes

**1 CHAIR'S WELCOME**

1.1 The Chair opened the meeting and welcomed those present. He extended a welcome to Maggie Tierney, the new Head of Fire and Rescue Policy Unit.

**2 APOLOGIES**

2.1 James Campbell (JC), Board Member  
Mark McAteer (MMcA), Director of Strategic Planning, Performance and Communications  
Martyn Emberson (ME), Her Majesty's Fire Service Inspectorate

**3 DECLARATION OF INTERESTS**

3.1 The Chair confirmed again that his son was in continuing employment with Grant Thornton.

**4 MINUTES OF PREVIOUS MEETING: 15 MARCH 2016**

4.1 The following amendments were noted:

4.1.1 Item 8.1 – HM Fire Service Inspectorate Routine Report - BMcK requested that the text “..actively recruiting for Assistant Chief Inspector..” be amended to “..actively recruiting for Assistant Inspector..”.

4.1.2 Item 8.4 – HM Fire Service Inspectorate Routine Report - AC requested that the text “..recommendations from the Barmoral Bar incident..” be amended to “..recommendations from the Balmoral Bar incident..”.

4.2 **Subject to the above amendment being made, the minutes of the meeting held on 15 March 2016 were approved as a true record of the meeting.**

**5 ACTION LOG**

5.1 The Committee noted the updated action log.

**6. INTERNAL AUDIT**

6.1 *Internal Audit Annual Report and Assurance 2015/16*

6.1.1 MB updated the Committee on internal audit work in 2015/16 and provided interim Reasonable Assurance relating to the systems of internal control, governance and risk management. Due to resourcing issues, the SFRS audit programme would not be completed for a further 6-8 weeks. MB stated that on conclusion of the audit programme, she was confident that the Reasonable Assurance outcome would remain unchanged.

6.1.2 MB informed the Committee that Sharon Fairweather had taken up the post of Director of Internal Audit and following a realignment of responsibility she would no longer be supporting SFRS. A new Audit Manager would be appointed in due course, however, to ensure continuity Gary Gibb would remain as Audit Manager.

6.1.3 The committee expressed disappointment that Internal Audit could only provide an interim level of assurance, but noted that there had been significant resourcing issues beyond the control of SGAD. It also noted the commitment to complete the audit work as soon as possible.

6.1.4 The committee also requested assurances regarding the future stability of the team having seen a number of changes in the SGIAD team.

6.1.5 MB confirmed that the outstanding reports would be completed within the next few weeks and that the longer term stability of the team was being addressed.

6.1.5 The Committee queried whether the Accountable Officer (AH) would be willing to take the interim Reasonable Assurance to the full Board for noting. AH confirmed that he was comfortable with this, noting that there were numerous other sources of internal and external evidence to support this assurance.

6.1.6 During discussions, the following areas were highlighted:

- Risk Management – Confirmation that the appropriate balance of scrutiny was provided.
- Travel & Subsistence – New policy recently implemented therefore audit to be deferred from this financial year.
- iTrent New Central Payroll Control – Processes and training have been put in place to address risks identified.

6.1.7 **The Committee noted the report and the Interim Reasonable Assurance provided.**

## **7 EXTERNAL AUDIT PROGRESS REPORT PLAN 2015/16**

7.1 RB presented the External Audit Plan 2015-16 which updated the Committee on external audit activities since March 2016. He highlighted the following matters:

- assessment of risk remaining the same,
- completion of interim fieldwork, and continuing progress around payroll testing.
- resources and plans in place to bring Annual Report to the next meeting (October).

7.2 Grant Thornton highlighted that they had produced a report entitled Audit Committee Effectiveness Review which the committee might find useful

7.3 It was noted that reference to Fire Authority and local authorities contained with the Progress Report were not relevant and should be amended.

7.4 **The Committee noted the report.**

## **8 HM FIRE SERVICE INSPECTORATE ROUTINE REPORT**

8.1 BMcK presented the progress report on HMFSI inspection and reporting activity to the Committee. He highlighted the following matters:

- Ongoing recruitment of Assistant Inspector
- Future changes to local area inspection work
- Publication of West Lothian and Dundee Local Area Inspection reports
- Completion of inspection fieldwork for South Ayrshire
- Planning underway for Scottish Borders inspection
- Future Thematic Inspections on Legislative Fire Safety Enforcement and potentially the Shared Use of Assets and Services
- Annual Review of HMFSI to be laid before Parliament in due course

8.2 **The Committee noted the report.**

## **9 PERFORMANCE IMPROVEMENT FORUM (PIF) UPDATE**

9.1 RH presented the Performance Improvement Forum Update which advised the Committee of the six monthly performance update on the Audit Scotland, HMFSI Emergency Medical Response and HMFSI Equal Access to National Capacity Action Plans. The update also advised of the on-going development of three new draft action plans for Performance Management Information Systems, Planning and Defining Service Resources in the SFRS and Preparedness of the SFRS for a Serious Flooding Event.

9.2 RH advised that future reporting would take the form of residual reports to ensure continued streamlined performance updates.

9.3 The Committee queried the possibility of SFRS progressing their own Incident Recording System (IRS) and whether the new payroll system met the requirements of SFRS.

9.4 RH advised that the cost implications for SFRS independently creating a national IRS system would be prohibitive. There would also be issues with data comparison and benchmarking.

9.5 SO'D stated that the iTrent project was completed in March, delivered within budget

and was already generating greater than anticipated savings.

**9.6 The Committee noted the updates and the new action plans.**

**10 REVIEW OF PERFORMANCE IMPROVEMENT FORUM**

10.1 RH presented the Committee with the proposed review of the Performance Improvement Forum (PIF) which would be undertaken in June/July and any resultant recommendations would be implemented by October 2016. The purpose of the review is to ensure that PIF continues to add value to the SFRS and supports the requirements of the Senior Management Team, Strategic Leadership Team and the Board in the effective and efficient manner.

10.2 The Committee highlighted the importance that assurances could be provided that SFRS were responding to action plans/inspection reports.

**10.3 The Committee noted the proposed review of the Performance Improvement Forum.**

**11 SFRS UPDATE ON THE PREPARATION OF THE ANNUAL REPORT AND DRAFT STATEMENT OF ACCOUNTS 2015/16**

11.1 SO'D informed the Committee that work was progressing well to produce a set of accounts by the end of July in preparation for an external audit and a subsequent report being presented to this Committee on 12 October 2016. The overall position was forecasting an £385,000 underspend, however the actual position is currently £200,000 underspent.

**11.2 The Committee welcomed the update and noted the progress made.**

**12 COMMITTEE ANNUAL REPORT 2015/16 TO THE ACCOUNTABLE OFFICER**

12.1 NP presented the Audit and Risk Assurance Committee Annual Report 2016 to the Committee for approval noting the interim assurance level of Reasonable Assurance. He stated that annual report assists in the preparation of the Annual Governance Statement.

12.2 Following discussion, Internal Audit confirmed that they were confident that the level of assurance given would remain at 'reasonable' when all work was completed.

**12.3 The Committee approved the Annual Report and recommended it be presented to the SFRS Board meeting on 30 June 2016.**

**13 SFRS ANNUAL GOVERNANCE STATEMENT 2015/16**

13.1 AH presented the Annual Governance Statement (AGS) for inclusion in the SFRS's Annual Report and Accounts for the year ended 31 March 2016. He noted that there were no significant issues, as defined in the Scottish Public Finance Manual, however a number of areas for development were identified. These would now be progressed to strengthen assurances around the effectiveness of internal controls, risk management and corporate governance.

13.2 AH thanked RD and the Business Support Team for their efforts in gathering and collating the evidence required for the AGS and highlighted that the process they have followed is one that should be noted as best practice.

13.3 The Committee noted that considerable work goes into the production of the AGS and commended those involved in establishing a robust assurance framework.

13.4 **The Committee noted the report.**

**14 INTERNAL CONTROLS UPDATE**

14.1 *Corporate Risk Register*

14.1.1 SO'D presented the quarterly update on the Corporate Risk Register (CRR) noting that work was progressing to fully integrate the register with the Strategic Plan. It was noted that no new risks had been added to the register, however changes to specific risk assessments had been made to corporate risk 4 and 12. The Responsible Officer for Corporate Risk 10 had been changed to ACO Ramsay.

14.1.2 During discussions, the following matters were highlighted:

- Review of risk appetite due to greater understanding
- Reduction in information being presented in regards to low level action plans
- Risk Register Workshop to be arranged

**ACTION: SO'D**

14.1.3 **The Committee welcomed the report and noted the updates.**

14.2 *Anti-Fraud – National Fraud Initiative Exercise 2014/15*

14.2.1 SO'D presented an update on the outcome of the National Fraud Initiative (NFI) Exercise 2014/15, which identified a small number of errors and potential frauds.

14.2.2 SO'D assured the Committee that the errors arising from duplicate invoices and/or suppliers on the system had been rectified and measures were in place to strengthen processes. She confirmed that there was no suggestion of deliberate fraudulent activities within SFRS.

14.2.3 **The Committee noted the contents of the report.**

14.3 *Legal and Regulatory Issues*

14.3.1 SO'D noted that there were no issues to discuss.

**15 FORWARD PLANNING**

15.1 There were no issues were identified by Committee Members as needing to go forward to the Board.

**16 DATE OF NEXT MEETING**

16.1 The next meeting is scheduled to take place on Wednesday 12 October 2016 at 1330 hrs at Braidwood Suite, SFRS Headquarters, Westburn Drive, Cambuslang, G72 7NA.

16.2 There being no further matters to discuss, the meeting closed at 1505 hrs.