



SCOTTISH
FIRE AND RESCUE SERVICE

Working together for a safer Scotland

PUBLIC MEETING - AUDIT & RISK ASSURANCE COMMITTEE

WEDNESDAY 26 JUNE 2019 @ 1000 HRS

**BRAIDWOOD SUITE, SCOTTISH FIRE AND RESCUE SERVICE HEADQUARTERS
WESTBURN DRIVE, CAMBUSLANG, G72 7NA**

PRESENT:

Brian Baverstock (BB), (Chair)	Lesley Bloomer (LB)
Sid Patten (SP)	Mhairi Wylie (MW) (via VC)
Tim Wright (TW)	

IN ATTENDANCE:

Sarah O'Donnell (SO'D)	Director of Finance & Contractual Services
Martin Blunden (MB)	Chief Officer
Mark McAteer (MMcA)	Director of Strategic Planning Performance and Communications
John Thomson (JTh)	Head of Finance and Procurement
Alan Duncan (AD)	Accounting Manager
Iain Morris (IM)	Head of Asset Management
Jim Montgomery (JM)	Internal Audit
Karen Horrocks (KH)	Internal Audit
Caroline Jamieson (CJ)	External Audit (Deloitte)
Simon Routh-Jones (SRJ)	HMFSI
Richard Whetton (RW)	Head of Corporate Governance
Alasdair Cameron (AC)	Group Manager Board Support
Debbie Haddow (DH)	Board Support/Minutes

OBSERVERS:

Lynn Mills, Scottish Government

1 CHAIR'S WELCOME

1.1 The Chair opened the meeting and welcomed those present.

2 APOLOGIES

2.1 Gary Gibb (GG), Internal Audit

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

3.1 There were no items to be considered in private.

4 DECLARATION OF INTERESTS

4.1 None.

5 MINUTES OF LAST PUBLIC MEETING: 27 MARCH 2019

5.1 The minutes were approved as an accurate record.

5.2 Matters Arising

5.2.1 Item 14.2.1 Forward Planning – It was noted that discussion regarding the inability to ensure the implementation of policies and procedures was still to be raised at the Integrated Governance Committee (IGC).

5.3 **The minutes of the public meeting held on 27 March 2019 were approved as a true record of the meeting.**

6 ACTION LOG

6.1 The Committee considered the action log:

Item 8.1.4 – External Audit – Planning Reporting for Year Ending 31 March 2018 (27/03/2019) – Benchmarking against other authorities in terms of best value. Best value (specific) was added to narrative.

6.2 **The Committee considered the action log and noted the updates**

7 SFRS DRAFT ANNUAL GOVERNANCE STATEMENT 2018/19

7.1 AC presented a report to the Committee advising of the Annual Governance Statement (AGS) for inclusion into the Annual Report and Accounts for year ending 31 March 2019. No significant issues were identified and areas of development would continue to be progressed to strengthen assurances.

7.2 The Committee commented on the full and comprehensive statement which was a credit to all those involved in its production.

7.3 The Committee discussed the potential risk relating to the ongoing terms and conditions negotiations and budgetary implications within the current financial year.

7.4 It was noted any feedback from the External Auditors would be provided to Committee Chair and Accountable Officer in due course.

7.5 **The Committee noted and endorsed the Annual Governance Statement 2018/19.**

8 COMMITTEE ANNUAL REPORT 2018/19 TO THE BOARD AND ACCOUNTABLE OFFICER OF SCOTTISH FIRE AND RESCUE SERVICE

8.1 BB presented the Committee's Annual Report 2018/19 for approval prior to submitting to the Board for noting. The report provided a summary of the Committee's activities and the positive assurances in relation to Internal Audit, risk management, financial reporting and governance. No significant areas of concerns were noted.

8.2 **The Committee approved the Annual Report and recommended that this be submitted to the SFRS Board (August 2019) for noting.**

9 ACTION TO WRITE OFF OUTSTANDING DEBT

9.1 AD presented a report to the Committee seeking recommendation to write off debts raised since 1 April 2019. It was noted that this was the first request of this nature and details were provided on how the Service had actively pursued recovery of these debts.

9.2 The process for recovering outstanding debts from employees leaving the Service was detailed and it was noted that this has improved since the inception of the Service.

9.3 The need to balance the pursuit of outstanding debt against financial viability and the wellbeing of individuals was discussed.

9.4 Following the Committee's recommendation and Board's approval, the write off of outstanding debt would be submitted to the Scottish Government for processing.

9.5 It was agreed that an annual debt position report would be presented to the Committee in (March) to feed into the production of the Financial Statements.

ACTION: BST

9.6 Clarification was provided on the debts accumulated from effecting entry to locked domestic premises (non-emergency incidents) and the improvement action in place to inform individuals of the costs involved.

9.7 **The Committee recommended the write off of outstanding debts to the Board for their approval.**

10 INTERNAL AUDIT

10.1 a) SFRS Internal Audit Annual Opinion and Report 2018/19

10.1.1 JM presented the Draft Internal Audit Opinion and Report 2018/19 to the Committee for comment and noted the overall opinion of Reasonable Assurance. He highlighted the following:

- Overall opinion of 'Reasonable Assurance' is a positive outcome given that SFRS is a 'relatively' new organisation and compares well against other public bodies.
- Good progress with policy development and continued effort needed around the implementation/compliance with frameworks and policies/procedures.
- Final audit (Brexit Preparations) was nearing completion and was reporting an emerging Substantial Assurance.
- Good co-operation from the Service to accept and action recommendations.
- Outcome of external quality assessments and performance reviews of Scottish Government's Internal Audit Directorate.

10.1.2 Discussions took place relating to the 3 separate Brexit Preparation audits undertaken by Internal Audit, External Audit and HMFSI. In light of this, in particular the review by HMFSI, JM undertook to review progress with the Internal Audit on this subject with a view to bringing this to a swift close. This example of duplication highlighted the need for greater dialogue in future between the agencies to minimise overlap of audit activity.

ACTION: JM

10.1.3 **The Committee noted the report.**

10.2 b) SFRS Internal Audit Progress Report 2019/20

10.2.1 JM informed the Committee that the 2019/20 plan was underway and there was a significant risk the plan would not be delivered by 31 March 2020 due to resource constraints. Internal Audit had worked with the Service to put resources in place to mitigate the risk and at the meeting JTh was able to confirm the contract internal auditor had been appointed. JM was able to confirm that with this resource in place for the remainder of the year he believed the 2019/20 plan would be delivered by March 2020.

10.2.2 In relation to the iTrent Centralised Controls review (Rec 4), the Committee were informed that confirmation was still outstanding from the North Service Delivery Area but it was anticipated that this would be received shortly.

10.2.3 In relation to the Corporate Responsibility Arrangements review (Rec 6b), the Committee were informed that the vacancies within Health and Safety were still to be filled and this recommendation would be progressed once resources were in place. It was noted that the Corporate Health and Safety Board was responsible for monitoring any action plans arising from significant events.

10.2.4 In relation to the Fuel Management Arrangements review (Rec 7), the Committee were informed that guidance was available and would be issued once fuel management reports were available (end of July 2019).

10.2.5 In relation to the ICT Security of SFRS Systems review (Rec 3 & 4), the Committee commented that these recommendations were recorded as 100% despite some outstanding issues noted within the comments section. Following a brief discussion, this approach was accepted, however it was suggested that a clearer and concise narrative be used if an action had been completed but still required to be signed off (validated) by Internal Audit.

10.2.6 In relation to the Purchasing Card Arrangement review, JTh updated the Committee on the work undertaken including developing a privacy statement, good response to transactional queries from individuals and that the overall view was that there had been no fraudulent activity. Correspondence has been issued to all cardholders explaining the identified issues and remedial actions required. He noted that there were no significant issues to report. The Committee requested that a report be brought back when completed.

ACTION: JTh

10.2.7 **The Committee noted the progress report.**

11 INTERNAL AUDIT REPORTS – PROJECT UPDATE

11.1 a) Corporate Governance – External Engagement

11.1.1 JM presented a Corporate Governance – External Engagement Audit Report to the Committee which contained 4 recommendations. MMcA noted that complaints/compliments were reported to the Service Delivery Committee (SDC) on an annual basis and that the process would be revised to ensure that locally received/handled complaints were captured.

11.1.2 The Committee suggested that the reporting of complaints/compliments to the SDC be captured within the report. It was also noted that the SDC were due to review the complaints/compliments reporting at their workshop on 20 August 2019.

11.1.3 MMcA stated that the implementation plan for the Reform Collaboration Group's (RCG) strategy for partnership working had not yet been developed. In the meantime, all RCG agendas/papers are circulated to the Board for their information.

11.1.4 The Committee requested that all appropriate milestones are captured against the recommendations within the action plan.

11.1.5 **The Committee noted the report.**

12 INTERNAL AUDIT TENDER SPECIFICATION UPDATE

12.1 JTh updated the Committee that a draft tender specification had been developed and would be considered by the User Intelligence Group (1 July 2019) along with the proposed procurement timescale.

12.2 **The Committee noted the verbal update.**

13 EXTERNAL AUDIT

13.1 a) 2019/20 Audit Plan Progress Report

13.1.1 CJ provided a verbal update and highlighted the following:

- Best value report has been delayed but would be brought to the Committee in due course.
- No significant issues to report.
- Impact of McLeod judgement on pension liability currently being discussed. A brief explanation of the risk relating to transition between pension schemes/pension protection was provided.

NOT PROTECTIVELY MARKED

- 13.1.2 SO'D stated that a report was taken to the Staff Governance Committee (13 June 2019) and that the liabilities will be met by Scottish Government's pension budget.
- 13.1.3 **The Committee noted the verbal report.**
- 14 HMFSI ROUTINE ANNUAL REPORT**
- 14.1 SRJ presented his annual report to the Committee and the following key areas were noted:
- During 2018/19, 2 Local Area Inspections (LAI) and 3 Thematic Reviews were carried out as well as ad hoc Scottish Government reviews.
 - Process for dealing with national recommendations.
 - Six monthly reviews carried out to review progress on recommendations.
 - LAI for North Lanarkshire was being finalised.
 - LAI for Dumfries & Galloway and City of Edinburgh were scheduled.
 - Update on the thematic reviews on RDS Training, Fleet Management, Operational Risk Information and Transportation of Nuclear Materials.
 - Update on additional fact finding inspection relating to "No Deal" Brexit.
 - Publication of refreshed HMFSI's Scrutiny Plan 2016-21.
 - Appointment of 2 new Assistant Inspectors.
 - Thanks extended to the Service for releasing secondees to work with the HMFSI.
- 14.2 The Committee were informed that all LAI action plans were co-ordinated through the Performance Improvement Forum (PIF) and reported through the Corporate Assurance Board and thereafter the national themes reported through the PIF, 6 monthly updates to the SDC.
- 14.3 JM indicated that due to the clear overlap between the scope of the Internal Audit audit and the HMFSI "No Deal" Brexit review and its positive findings, he would propose to provide a Management Letter to avoid unnecessary duplication of efforts. The Committee agreed that this was reasonable, which links back to item 10.1.2.
- 14.4 SRJ briefed the Committee on the process for identifying future thematic inspections with other external auditors and the Service.
- 14.5 **The Committee noted the report.**
- 15 PERFORMANCE IMPROVEMENT FORUM (PIF) UPDATE OUT-WITH PIF CYCLE - AUDIT SCOTLAND: THE SCOTTISH FIRE AND RESCUE SERVICE MAY 2019 ACTION PLAN**
- 15.1 MMCA presented the Committee with an update on the action plan for Audit Scotland: The Scottish Fire and Rescue Service (SFRS) May 2018 noting that 14 actions were complete (blue), 20 actions were on track (Green) and 2 actions were behind schedule (red). Updated position statements were provided in relation to the 2 actions behind schedule (red).
- 15.2 The Committee noted that the Asset Management Plan was encapsulated within the current Capital Plan (Rec 1c).
- 15.3 With reference to Rec 2.3, the development of Service Delivery Area Performance reports have been put on hold due to the introduction of the Service's new performance management system 'InPhase' and the development of a consistent corporate reporting format.
- 15.4 With reference to Rec 2.5, it was noted that 'InPhase' needs to be in place for 2020 and the training and development programmes need to be implemented by March 2020. Wording to be revised to reflect this.

NOT PROTECTIVELY MARKED

15.5 It was agreed that a verbal update would be provided in October 2019.

ACTION: MMcA

15.6 **The Committee noted the report.**

16. GIFTS, HOSPITALITY AND INTERESTS POLICY – QUARTERLY UPDATE

16.1 SO'D presented the report to the Committee outlining the 2018/19 Quarter 4 update.

16.2 **The Committee noted the report**

17 INTERNAL CONTROLS UPDATE

17.1 a) Strategic Risk Register

17.1.1 SO'D presented the report on the Strategic Risk Register, as at June 2019 and highlighted that the changes were noted in section 3.2.3.

17.1.2 Clarification on the current mitigations, proposed mitigations and timescales was provided.

17.1.3 With reference to CR1.3, SO'D stated that the case conference review has been captured within the Annual Operating Plan action.

17.1.4 With reference to CR 2.6, SO'D stated that the outcomes of the comprehensive TED review would most likely result in changes being required to the existing action plan.

17.1.5 With reference to CR5.3, SO'D stated that this has been escalated within the Service with a report being developed for the SLT in relation to improvement plans. It was noted that the current overall percentage for completed improvement plans did not truly reflect the work ongoing within the Service. The Committee requested clarification on the number of plans in place and the completed status of the actions within each plan.

ACTION: SO'D

17.1.6 The Committee suggested that the timescales (key actions) should be visible on the risk register and noted that these were currently contained within the AOP. MB suggested that the Last Review Date column be replaced with the completion date. SO'D agreed to review and update as necessary.

ACTION: SO'D

17.2 *Spotlight Risk Report – CR4.2 Failure to Maintain Sufficient Investment in Asset Base*

17.2.1 IM gave an overview of the risk highlighting the following key areas:

- Background on inherited assets, sale of 3 legacy premises, creation of new training centres, new fleet and equipment purchases, reduction of overall age of front line appliances.
- Operating 50 shared sites with partners.
- Funding gap for maintaining and supporting assets.
- Transformation present opportunities (footprint) and challenges (additional assets) for the Service.
- Risk management and governance model outlined.
- Outcomes of Audit Scotland review.
- HMFSI audit raised 32 recommendations.
- Seven police investigations on vehicular accidents.
- Engaged with Transport Scotland to secure funding for electric vehicles and charging infrastructure.
- Assurances on legislative compliance were given.
- Key standard station design work and layering of asset and fleet reviews.

17.2.2 The Committee were given assurance that there were no known issues with legislative compliance.

NOT PROTECTIVELY MARKED

17.2.3 Discussions took place on Audit Scotland's "unsurmountable" comment, current and future shared assets, ongoing fire cover review and potential political implications.

17.2.4 Substantive decision on the asset base are heavily reliant on the outcome of the strategic assessment of risk and resultant SFRS footprint.

17.2.5 **The Committee noted the update and verbal report.**

17.3 **b) Anti-fraud**

17.3.1 SO'D noted that there were no issues to report

18 FORWARD PLANNING

18.1 **a) Committee Rolling Forward Plan Review**

18.1.1 The Committee noted the Forward Plan and the following changes:

- PIF update: Audit Scotland report (verbal by exception) – October 2019
- Annual Debt Write Off report – March 2020
- Internal Audit Annual Report to be presented to the March 2020 meeting instead of June.

18.2 **b) Items for Consideration at Future IGC, Board and Strategy Days meetings.**

18.2.1 No items were noted.

19 DATE OF NEXT MEETING

19.1 Thursday 10 October 2019 at 1000 hrs
Braidwood Suite, SFRS Headquarters, Westburn Drive, Cambuslang, G72 7NA

19.2 There being no further matters to discuss the public meeting closed at 1235 hrs.

PRIVATE SESSION

20 MINUTES OF LAST PRIVATE MEETING: 27 MARCH 2019

20.1 The minutes of the private meeting held on 27 March 2019 were approved as a true record of the meeting.