

# LANCASHIRE COMBINED FIRE AUTHORITY

## AUDIT COMMITTEE

Thursday, 29 September 2016, at 10.00 am in the Main Conference Room, Service Headquarters, Fulwood.

### MINUTES

#### PRESENT:

##### Councillors

C Crompton (Chairman)  
S Holgate  
P Britcliffe  
M Khan  
M Perks  
J Shedwick (Vice-Chair)  
D Smith

##### Officers

C Kenny, Chief Fire Officer (LFRS)  
K Mattinson, Director of Corporate Services (LFRS)  
J Bowden, Head of Finance (LFRS)  
D Brooks, Principal Member Services Officer (LFRS)

##### In attendance

C Stead, External Audit, Grant Thornton  
J Taylor, Internal Audit, Lancashire County Council  
L Ellison, Internal Audit, Lancashire County Council

#### 12/16 APOLOGIES FOR ABSENCE

None received.

#### 13/16 DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

None received.

#### 14/16 MINUTES OF THE LAST MEETING HELD ON 23 JUNE 2016

RESOLVED: - That the Minutes of the last meeting held on the 23rd June 2016 be confirmed as a correct record and signed by the Chairman.

#### 15/16 EXTERNAL AUDIT - LETTER OF REPRESENTATION

As part of the year-end process the Authority was required to sign a letter of representation. This letter confirmed that the Authority had disclosed all relevant information in its accounts for the year in question and that all issues which should have been brought to the attention of the auditors had been.

The Treasurer confirmed that there were no issues that should have been brought to the attention of the auditors but which had not been. The Treasurer confirmed he would sign the letter at the meeting, as there were no further issues which he felt required disclosure.

RESOLVED: - That the Audit Committee authorise the signing of the letter by the Chairman of the Committee.

#### 16/16 EXTERNAL AUDIT - AUDIT FINDINGS REPORT

Under the statutory Code of Audit Practice for Local Government bodies our external auditors, Grant Thornton were required to issue a report to those charged with governance summarising the conclusions from their audit work. Members considered this report which was presented by Caroline Stead.

The main issues within the Audit Findings Report were as follows:-

- Audit opinion - the auditor would give an unqualified opinion on the financial statement,
- Value for money - the auditors proposed giving an unqualified opinion on the value for money conclusion.

In addition it was considered best practice to present the amended statement of accounts. This was originally approved by Resources Committee in 26 June 2016 and the revised accounts including the audit amendments were re-presented to the Resources Committee on 28 September 2016 for re-approval.

Following the audit a number of changes had been made to the accounts, as set out in the report now presented and considered by Members.

RESOLVED:- That the report be noted and the Committee:-

- i) Note the matters raised in the report;
- ii) Note the unqualified opinion on the financial statements;
- iii) Note the value for money conclusion;
- iv) Note the amended Statement of Accounts.

#### 17/16 INTERNAL AUDIT MONITORING REPORT

The Internal Auditors produced a summary of progress against the annual plan for each Audit Committee meeting, setting out progress to date and any significant findings. The report for the period up to 31st August 2016 was presented by Judith Taylor (Senior Auditor for Lancashire County Council).

From the work undertaken to date no key issues had been identified that would have implications for the Authority's overall control environment.

Progress to date in relation to the Plan was provided. Of the 80 total planned days; 27 days had been completed to date. In addition a further 8 days had been spent during the first quarter of the financial year in completing and finalising reviews outstanding from 2015/16 audit plan. The findings from these reviews were reported in the 2015/16 Annual Report that was presented to the Audit Committee at its last meeting in June.

RESOLVED: - That the Committee note the report.

## 18/16 RISK MANAGEMENT UPDATE

The report highlighted action taken in respect of corporate risk since the last Audit Committee meeting.

The latest review of the corporate risk register had not identified any new risks which warranted inclusion on the corporate risk register. Of the existing risks 2 had been reviewed and an updated corporate risk register was considered by Members.

Risk number 16 was concerned with a lack of clarity on the future of the Fire and Rescue Service leading to inertia. It was noted that the Policing and Crime Bill (which was currently going through Parliament) introduced measures which required the police, fire and rescue, and ambulance services to collaborate with one another. As a minimum, the legislation required Police and Crime Commissioners (PCCs) to be represented on the relevant fire and rescue authority (FRA) (or its committees) with full voting rights, subject to the consent of the Authority. Alternatively, PCCs had the option of putting forward a business case which could include arrangements to take on responsibility for the governance of fire and rescue; or to become the single employer for fire and police, to deliver greater improvements through the integration of back office functions and maximise the benefits of workforce flexibility.

As such future options now appeared to be either: remain as we are or move towards a PCC. Discussions were on-going with the PCC, however at the present time there was no current intention to change governance arrangements. As had always been the case we continued to consult with partner agencies on any proposed major changes within the Service. It was therefore proposed that the risk be discharged from the risk register. Following debate, Members agreed to classify the risk as low and to leave it on the Corporate Risk Register.

Risk number 17 was concerned with the failure of the Emergency Services Mobile Communications Project (ESMSP). The Director of Corporate Services advised that the Service continued to progress work along with the other North West Fire & Rescue Services, as the first region to roll out the proposed solution. There was concern due to slippage of milestones within the national timescale, and there would be further work undertaken within the North West in October to realise some of the operational issues across the three Emergency Services, in conjunction with the National Home Office programme team. There would be a clearer picture towards the end of the year after this work, and further milestones had been reached within the project and the risks would be assessed and updated.

**RESOLVED:** - That the Committee note the actions taken and endorse the revised corporate risk register; subject to the re-classification of risk number 16.

## 19/16 INTERNAL AUDIT CHARTER

Members considered the Charter which was presented by Judith Taylor. The Charter established the framework in which Lancashire County Council's Internal Audit Service operated to best serve the Combined Fire Authority and to meet its professional obligations under the Public Sector Internal Audit Standards. The standards required all Internal Audit Services to implement and retain an Internal Audit Charter which defined its purpose, authority and responsibility. The Charter was subject to periodic reviews by the head of internal audit and an amended version was now considered by Members for approval.

RESOLVED: - That the Committee approve the Internal Audit Charter 2016.

20/16 URGENT BUSINESS - APPOINTMENT OF EXTERNAL AUDITOR

The Director of Corporate Services advised Members that the Authority's current external auditor, Grant Thornton was appointed under a contract let by the Audit Commission. However, following closure of the Audit Commission the contract was currently managed by Public Sector Audit Appointments Limited (PSAA), a transitional body set up by the Local Government Association with delegated authority from the Secretary of State for Communities and Local Government.

It was noted that the Authority had received notification from PSAA confirming the Appointment of Grant Thornton to audit the accounts of the Authority for 2017/18; thereby extending the contract by one year.

RESOLVED: - That the report be noted.

21/16 DATE OF NEXT MEETING

The next meeting of the Committee would be held on Thursday 26th January 2017 at 1000 hours in the Main Conference Room at Lancashire Fire and Rescue Service HQ, Fulwood.

Further meeting dates were noted for 30 March 2017 and 22 June 2017 and agreed for 28 September 2017.

M NOLAN  
Clerk to CFA

LFRS HQ  
Fulwood