

LANCASHIRE COMBINED FIRE AUTHORITY

AUDIT COMMITTEE

Thursday, 22 June 2017, at 10.00 am in the Main Conference Room, Service Headquarters, Fulwood.

MINUTES

PRESENT:

Councillors

M Tomlinson (Chairman)
S Clarke
S Holgate
A Kay
M Khan
Z Khan (for D Smith)
J Shedwick (Vice-Chair)

Officers

K Mattinson, Director of Corporate Services (LFRS)
D Brooks, Principal Member Services Officer (LFRS)

In attendance

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

1/17 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Dave Smith.

2/17 DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

None received.

3/17 MINUTES OF THE PREVIOUS MEETING

RESOLVED: - That the Minutes of the last meeting held on 30 March 2017 be confirmed as a correct record and signed by the Chairman.

4/17 EXTERNAL AUDIT - UNDERSTANDING HOW THE COMMITTEE GAINS ASSURANCE FROM MANAGEMENT

In order to comply with Auditing Standards, the External Auditors, Grant Thornton were required to obtain an assurance as to how those charged with governance discharged their responsibilities in connection with the risk of fraud and breaches of internal controls, as set out in their letter dated June 2017, copy considered by Members.

A response had been prepared by the Chairman of the Audit Committee which was considered by Members. It was noted that the Chairman of Resources Committee had provided a similar response in connection with the oversight of the annual accounts process and financial reporting.

RESOLVED: - That the Audit Committee approved and endorsed the submission of the response.

5/17 INTERNAL AUDIT ANNUAL REPORT 2016/17

The report was presented by Judith Taylor, Senior Auditor, Lancashire County Council. The Internal Audit Annual Report summarised the work that the Internal Audit Service had undertaken during 2016/17 and the key themes arising from it. It provided an opinion on the overall adequacy and effectiveness of the systems of governance, risk management and internal control. It was made under the Public Sector Internal Audit Standards issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (IIA), with which the Internal Audit Service conforms.

On the basis of programme of work for the year, the Head of Internal Audit had provided substantial assurance over the framework of governance, risk management and control for 2016/17. It was their opinion that there was a generally sound system of internal control, adequately designed to meet the objectives of Lancashire Combined Fire Authority and the controls were generally applied consistently.

The opinion was based on the individual assurance levels provided for each of the individual audit reviews undertaken in 2016/17, detailed in the report now presented to Members.

The work of the Internal Auditor was one of the key control measures in place within the Authority. As such, the annual report provided an assurance to Members that risks were being managed and controlled, and fed the Authority's overall assessment of the internal controls that operated within the Service.

RESOLVED: - That the Audit Committee noted and endorsed the report.

6/17 EXTERNAL AUDIT - AUDIT COMMITTEE UPDATE

Members considered a report from Grant Thornton, the external auditors presented by Caroline Stead which detailed progress at June 2017 in relation to the financial statements and value for money conclusion for 2016/17. The report also set out technical matters in relation to changes to the governance framework and changes to the format of the annual accounts. In addition, the report detailed emerging issues and developments which had been identified as relevant to the sector but were not specific issues relating to the performance of this Authority.

RESOLVED: - That the Audit Committee noted and endorsed the report.

7/17 ANNUAL GOVERNANCE STATEMENT 2016/17

The Authority was required to produce an Annual Governance Statement as part of the year end process for 2016/17. The Audit Committee had previously approved a revised Code of Corporate Governance, in line with guidance produced jointly by

CIPFA (Chartered Institute of Public Finance Accountants) and SOLACE (Society of Local Authority Chief Executives).

In order to assess the effectiveness of the Authority's current arrangements a self assessment had been undertaken by the Service's Executive Board who had considered the various sources of assurance that supported the core principles outlined in the Code of Corporate Governance, considered by Members under appendix 1 now presented. One of the key elements of this was external assurance on our systems, and this was provided by our auditors, both of whom provided positive reports, and by the previous years' Operational Assessment undertaken by Peer Review Team which found 'nothing of significance' that would cause problems.

The assessment also considered recommendations made as part of last year's Annual Governance Statement, and an update on the position in respect of these was considered by Members under appendix 2 as now presented.

The review highlighted a number of areas for further improvement and reviewed progress against recommendations made as part of last year's Annual Governance Statement. As part of the review, the Service was required to identify and disclose any significant internal control issues of which there had been none.

The overall conclusion of the Annual Governance Statement was that the system of internal controls was adequate, and that no significant governance issues had been identified.

RESOLVED: - That the Committee approve the self-assessment and the Annual Governance Statement as now presented.

8/17 RISK MANAGEMENT

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.

An updated corporate risk register was considered by Members with changes summarised in the report.

RESOLVED: - That the Audit Committee noted the actions taken and endorsed the revised corporate risk register.

9/17 DATE OF NEXT MEETING

The next meeting of the Committee would be held on Thursday 28 September 2017 at 10:00 hours in the Main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood.

Further meeting dates were agreed for 25 January 2018 and 22 March 2018.

M NOLAN
Clerk to CFA