

LANCASHIRE COMBINED FIRE AUTHORITY

AUDIT COMMITTEE

Tuesday, 2 April 2019, at 10.00 am in the Main Conference Room, Service Headquarters, Fulwood.

MINUTES

PRESENT:

Councillors

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

Officers

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

In attendance

J Taylor, Internal Audit, Lancashire County Council
R Tembo, External Audit, Grant Thornton

32/18 APOLOGIES FOR ABSENCE

Apologies for absence were received from County Councillor Steve Holgate.

33/18 DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

None received.

34/18 MINUTES OF THE PREVIOUS MEETING

RESOLVED: - That the Minutes of the last meeting held on 29 January 2019 be confirmed as a correct record and signed by the Chairman.

35/18 RISK MANAGEMENT

The Director of Corporate Services presented the report that highlighted action taken in respect of corporate risk since the last Audit Committee meeting. The latest review of the corporate risk register had identified 1 new risk which warranted

consideration for inclusion on the corporate risk register in relation to Brexit. There was a great deal of uncertainty surrounding this issue however, the report set out the key issues for consideration: -

- Community tensions – this was picked up by the Lancashire Resilience Forum (LRF);
- UK economy and impact on longer term funding – this was already covered on the risk register under risk 1;
- Business rate income, and hence impact on longer term funding - this was already covered by on the risk register under risk 1;
- EU funding – we do not budget for any long term EU funding, with the only funding received being one-off funding of approximately £50k for Prince's Trust in 2018/19;
- Procurement issues, including availability and cost of goods – we would clearly need to comply with any changes to legislation arising from exiting the EU, however all indications were that our procurement rules would remain broadly the same. Whilst there was a possibility that the cost of goods would increase it was too early to say the extent and impact of any such increase, as such if this occurred we may need to draw down reserves in order to balance the budget. In terms of availability of goods/services we did not anticipate a significant impact in the short term however this situation would continue to be closely monitored.

Based on the above analysis it was clear that Brexit presented significant risk however, with the exception of the procurement risk it was felt that these were already covered within the exiting risk register and the LRF risk register. As such it was agreed to add the risk relating to the cost and availability of goods and services to the corporate risk register as a medium risk, with the situation going forward being monitored.

The updated corporate risk register was considered by Members and the Director of Corporate Services highlighted the following:

Risk no. 1 – insufficient resources due to poor funding settlement

This risk had been reviewed and increased to 16, a high risk due to the level of uncertainty with 2019/20 the final year of the 4-year settlement, the Government's 2019 spending review for the fire sector and the fair funding review. In response to a question raised by Councillor Smith the Director of Corporate Services advised that there was the prospect of moving to a 75% business rates retention which in theory would be cost neutral as the government provided section 31 grant to offset any lost income; bearing in mind that this was funded from top slicing the overall budget allocation in the first instance.

Risk no. 3 – insufficient staffing resources due to industrial action

The report provided an update on pay negotiations and it was proposed that the risk remained at 12, a medium risk.

Risk no. 6 – Operational staff do not have the required skills to operate safely at an incident with the potential to result in firefighter injuries or fatalities

This risk continued to be monitored and remained at 9, a medium risk.

Risk no. 19 – Failure to maximise the opportunities that technological advances present due to lack of capacity within ICT

The Service was still carrying vacancies which were proving difficult to fill but had recently achieved a security accreditation in cyber essentials and was preparing for Windows and Office updates.

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

36/18 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 20 March 2019 was presented by Judith Taylor.

It was noted that work carried out during the period 1 April 2018 – 20 March 2019 was in accordance with the agreed audit plan and no significant issues had been identified.

The report identified that 69 days had been spent this financial year on the completion of the 2018/19 plan. This equated to 86% of the total planned audit activity of 80 days.

Details of the progress included audit days planned and used; assurance provided and comments against each of the areas completed to date. Progress to date in relation to the Plan was discussed by Members.

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

37/18 INTERNAL AUDIT PLAN 2019/20

The Internal Auditors were required to produce an Annual Audit Plan, setting out work to be undertaken during the year. The plan amounted to a total resource of 70 audit days in 2019/20. This was lower than previous years which included 80 days and reflected the reduction in time auditing Pensions (as reported previously the audit assurance was now provided by Deloitte who audited the Local Pensions Partnership), as well as the move to 1 non-finance based audit per year, previously 2 reviews had been undertaken. This equated to an overall cost of £23k which was in line with the budget provision.

A proposed plan was presented by Judith Taylor.

The internal audit plan was designed to provide the evidence necessary to support an opinion of governance, risk management and control to encompass the following:

- Coverage of the key components of each part of the opinion, namely, governance, risk management and control;
- Sufficient coverage over operations as a whole so that a fair assessment may be made across the Service;

- Coverage of the controls that served to mitigate the most significant risks to an acceptable level;
- Coverage of the controls that operated most broadly to mitigate the most significant risks in the greatest number of individual instances to an acceptable level; and
- Follow up of the actions agreed by management to mitigate risks identified through previous audit activity.

The deployment of audit resources was proposed as follows:-

Governance and business effectiveness	10 days
Service delivery and support	12 days
Business processes	30 days
Follow up audit activity	4 days
Other components of the audit plan	14 days
Total	70 days

The Director of Corporate Services advised that he supported the reduction in audit days to 70 given the internal auditors' findings were consistent and another major source of assurance was the outcome of Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services Inspection. The Director of Corporate Services also advised that if anything was identified during the year which required adding to the Audit Plan there would be flexibility to add additional days.

RESOLVED:- That the Audit Committee agreed the internal Audit Plan for 2019/20.

38/18 DATE OF NEXT MEETING

The next meeting of the Committee would be held on Tuesday 23 July 2019 at 10:00 hours in the Main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood.

Further meeting dates were noted for 24 September 2019 and 28 January 2020 and agreed for 31 March 2020.

M NOLAN
Clerk to CFA

LFRS HQ
Fulwood