

LANCASHIRE COMBINED FIRE AUTHORITY

AUDIT COMMITTEE

Tuesday, 28 January 2020, at 10.00 am in the Main Conference Room, Service Headquarters, Fulwood.

MINUTES

PRESENT:

Councillors

N Hennessy (Chairman)
S Clarke
S Holgate
A Kay
M Khan OBE
J Shedwick (Vice-Chair)
D Smith

Officers

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

In attendance

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

20/19 APOLOGIES FOR ABSENCE

None received.

21/19 DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

None received.

22/19 MINUTES OF THE PREVIOUS MEETING

RESOLVED: - That the Minutes of the last meeting held on 24 September 2019 be confirmed as a correct record and signed by the Chairman.

23/19 EXTERNAL AUDIT - AUDIT REPORT AND SECTOR UPDATE 2019/20

Mr Baker advised that Mr Tembo had left Grant Thornton and a new Engagement Manager, Mr Ayre would be attending the next meeting.

Mr Baker presented the external audit progress and sector update report which detailed progress at January 2020 in relation to the financial statements and value for money conclusion for 2019/20. The report also set out what the External

Auditors would do and their planned completion date.

In addition the report included sector issues which provided an up to date summary of emerging national issues and developments to support the Authority/Committee.

CC Holgate stated that some viewed changes to the audit process as overkill in some areas given the whole of the sector was not the same; one size did not fit all. It created more fees and costs and generated inappropriate examination where it wasn't warranted.

Mr Baker confirmed that the standards and guidance for auditors were set by the Financial Reporting Council who would judge and assess their performance. The Director of Corporate Services confirmed that likewise, the Authority's accounts were produced in line with CIPFA's guidance and we were duty bound to comply. He confirmed the auditors did vary their approach depending on the complexity of the audit. He felt the fees had been set too low which put a greater responsibility on the LFRS financial team.

In response to a question raised by CC Shedwick, Mr Baker confirmed that the Financial Reporting Council wanted more challenge around the approach taken to valuations. For example, the County Council had a very large property portfolio where Grant Thornton would instruct a separate valuer but the same approach was not needed for the Fire Authority.

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

24/19 INTERNAL AUDIT MONITORING REPORT 2019/20

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 covering the period to 17 January 2020 was presented by Judith Taylor. The report detailed the progress to date in undertaking the agreed coverage and the planned schedule of audit dates for the remainder of the financial year.

The report identified that 26.5 days had been spent this financial year on the completion of the 2019/20 plan which equated to 38% of the total planned audit activity of 70 days. Consistent with previous years, the audit programme was scheduled for completion during the second half of the financial year.

Progress to date in relation of the plan was provided and discussed by Members. It was noted that:

- Work would be completed during quarter 4 to provide an overall opinion on the adequacy and effectiveness of governance and risk management arrangements;
- Fieldwork had started for the audit of Home Fire Safety Checks;
- The audit had been scoped for HR and Payroll processes;
- Assurance regarding pensions administration would be obtained directly from the work completed by the internal auditors of the Local Pension Partnership Limited;
- Processes for: Accounts payable, Accounts receivable, General ledger and Treasury management had all received substantial assurance;
- Follow up activity regarding the Assurance map, Business continuity planning and Optimising rota management project would be completed during quarter 4;

- Other components of the audit plan included management activity and the National Fraud Initiative.

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

25/19 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 and of the existing risks, 10 had been reviewed.

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

The Director of Corporate Services highlighted: -

- Risk numbers 2 and 21 - a new Built environment Assessment Team had been created which would give the Service a greater understanding of the risk that existed across the building stock in Lancashire, specifically in relation to the more complex built environment, that incorporated modern methods of construction, which warranted a more focussed and detailed assessment and that would subsequently enhance the operational service delivery and protection services that we could offer;
- Risk number 23 – the performance management system now included a career conversation. It was noted that the future workforce needs were reviewed on an ongoing basis. This was particularly relevant in light of the potential impact of transitional pension arrangements, which may affect the number of personnel retiring and therefore capacity within the organisation.

In addition, the Director of Corporate Services proposed a new risk 'flu pandemic' be added to the corporate risk register given the recent outbreak of the coronavirus in China. He reassured Members that business continuity plans were in place; these would be revisited and refreshed and a desk top exercise would also be undertaken.

RESOLVED: - That the Audit Committee noted the actions taken, endorsed the revised corporate risk register and approved the addition of a new risk for 'flu pandemic'.

26/19 DATE OF NEXT MEETING

The next meeting of the Committee would be held on Tuesday 31 March 2020 at 10:00 hours in the Main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood.

Further meeting dates were noted as either 21 or 28 July 2020 and 29 September 2020.

M NOLAN
Clerk to CFA