

Public Document Pack

AUDIT COMMITTEE

Tuesday, 23 March 2021 – Virtual meeting accessible via MS Teams and YouTube (as a live webcast) commencing at 10.00 am.

IF YOU HAVE ANY QUERIES REGARDING THE AGENDA PAPERS OR REQUIRE ANY FURTHER INFORMATION PLEASE CONTACT DIANE BROOKS, PRINCIPAL MEMBER SERVICES OFFICER ON TELEPHONE NUMBER PRESTON 01772 866720 AND SHE WILL BE PLEASED TO ASSIST

IF ANY MEMBER OF THE PRESS AND PUBLIC WISH TO RAISE A QUESTION FOR THE CHAIRMAN PLEASE DO SO NO LATER THAN 3 WORKING DAYS IN ADVANCE OF THE MEETING BY EMAIL TO: DIANE BROOKS@LANCSFIRERESCUE.ORG.UK

AGENDA

PART 1 (open to press and public)

Chairman's Announcement – Open and Transparent Virtual Committee Meeting
In response to the Covid-19 Pandemic the Government has made regulations that enable virtual meetings.

This meeting will be accessible for Committee Members via Microsoft Teams and for members of the press and public via a live webcast on YouTube.

1. APOLOGIES FOR ABSENCE
2. DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

Members are asked to consider any pecuniary and non-pecuniary interests they may have to disclose to the meeting in relation to matters under consideration on the agenda.
3. MINUTES OF THE PREVIOUS MEETING (PAGES 1 - 8)
4. EXTERNAL AUDIT - ANNUAL AUDIT LETTER (PAGES 9 - 24)
5. INTERNAL AUDIT MONITORING REPORT (PAGES 25 - 34)
6. RISK MANAGEMENT (PAGES 35 - 60)
7. EXTERNAL AUDIT - AUDIT REPORT AND SECTOR UPDATE (PAGES 61 - 76)
8. INTERNAL AUDIT PLAN - 2021/22 (PAGES 77 - 86)
9. DATE OF NEXT MEETING

Following consultation with the Chairman and Vice-Chairman the next scheduled meeting of the Committee has been moved from 27 July 2021 to 28 September 2021, commencing at 10:00 hours – venue to be confirmed.

Further meetings are: scheduled for 30 November 2021
 proposed for 29 March 2022

10. URGENT BUSINESS

An item of business may only be considered under this heading where, by reason of special circumstances to be recorded in the Minutes, the Chairman of the meeting is of the opinion that the item should be considered as a matter of urgency. Wherever possible, the Clerk should be given advance warning of any Member's intention to raise a matter under this heading.

11. EXCLUSION OF PRESS AND PUBLIC

The Committee is asked to consider whether, under Section 100A(4) of the Local Government Act 1972, they consider that the public should be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraph of Part 1 of Schedule 12A to the Local Government Act 1972, indicated under the heading to the item.

PART 2

12. URGENT BUSINESS (PART 2)

An item of business may only be considered under this heading where, by reason of special circumstances to be recorded in the Minutes, the Chairman of the meeting is of the opinion that the item should be considered as a matter of urgency. Wherever possible, the Clerk should be given advance warning of any Member's intention to raise a matter under this heading.

LANCASHIRE COMBINED FIRE AUTHORITY

AUDIT COMMITTEE

Friday, 27 November 2020, at 10.00 am - Virtual meeting accessible via MS Teams and YouTube (as a live webcast).

MINUTES

PRESENT:

Councillors

H Khan (Chairman)
J Shedwick (Vice-Chair)
S Clarke
S Holgate
A Kay
M Khan CBE
D Smith

Officers

K Mattinson, Director of Corporate Services (LFRS)
J Bowden, Head of Finance (LFRS)
S Collinson, Head of Media and Communications (LFRS)
D Brooks, Principal Member Services Officer (LFRS)

In attendance

A Smith, External Audit, Grant Thornton
J Taylor, Internal Audit, Lancashire County Council

39/19 CHAIRMAN'S ANNOUNCEMENT

The Chairman, County Councillor H Khan welcomed Authority Members and members of the press and public to the virtual committee meeting of the Audit Committee. She advised that in response to the Covid-19 Pandemic the Government had made regulations that enabled virtual meetings. This meeting was accessible for Committee Members via Microsoft Teams and for members of the press and public via a live webcast on YouTube.

The Committee Members individually confirmed their attendance at the start of the meeting.

40/19 APOLOGIES FOR ABSENCE

None received.

41/19 DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

None received.

42/19 MINUTES OF THE PREVIOUS MEETING

RESOLVED: - That the Minutes of the last meeting held on 28 July 2020 be confirmed as a correct record for signature by the Chairman.

43/19 REVISIONS TO THE STATEMENT OF ACCOUNTS 2019/20

The Director of Corporate Services presented the report.

The draft Statement of Accounts for the financial year ended 31 March 2020 presented to Resources Committee in September confirmed that: i) the unaudited Statement of Accounts would be signed by the Treasurer to certify that it presented a true and fair view of the financial position of the Authority as at 31 March 2020; ii) this would be subject to review by the Authority's external auditors, Grant Thornton; iii) that a further report would be presented to the Audit Committee in November, following completion of the external audit; and iv) at that meeting the Chair of the Audit Committee would be asked to sign the final statement of accounts, as well as the Treasurer. In light of this the Committee noted and endorsed the report and accounts, based on the various outturn reports presented on the same agenda. Subsequent to that the full set of accounts was submitted for audit to Grant Thornton.

The Statement of Accounts had been updated to reflect the following changes identified during the audit (as reported in the Audit Findings Report – elsewhere on the agenda) and a revised statement of accounts was considered by Members.

Adjusted Misstatements

The following significant adjustments had been made to the accounts, as referred to in the External Audit Findings Report – referred to elsewhere on this agenda: -

- HM Treasury published its consultation on reforms to public sector pension schemes on 16 July 2020. Following this the Authority requested updated IAS 19 calculations for the additional McCloud/Sargeant liability to allow for Authority specific membership data, rather than using data for the Fire scheme as a whole. In line with CIPFAs guidance the Authority had included this change in the remeasurement item. This resulted in a reduction of £4.1m to the Firefighter Pension Scheme liability. Hence the accounts had been adjusted for this.

It was noted that the actual impact of an increase in scheme liabilities that arose from McCloud/Sargeant judgment would be measured through the pension valuation process, which determined employer and employee contribution rates.

- The value of fixed assets had increased by £100k reflecting a discrepancy between the valuer's valuations and the value recorded in the fixed asset register.

- The draft accounts included a provision of £600k for backdating of pensionable allowances to the date of the High Court ruling, March 2019. The Authority was attempting to resolve the issue of further backdating via the collective bargaining arrangements, but this had not yet been concluded. Pending the outcome of those discussions the Authority had now allowed for 6 years of backdating and had adjusted the draft accounts to include £1.8m provision. As the estimated value was material and the obligation related to events prior to the start of the financial year, management had disclosed a prior period adjustment in relation to this matter.

Misclassifications and disclosure changes

A number of misclassifications and disclosure changes were noted.

The Director of Corporate Services / Treasurer advised that there was one further adjustment that had recently come to light. He referred to page 82 of the agenda pack, note 24 to the accounts entitled, 'adjust net surplus (deficit) on the provision of services for non-cash movements' which were adjustments that did not impact on cash. It was noted that the total for 2019/20 should be 24,420 because of a transposition error and this did not feature anywhere else in the accounts. The Director of Corporate Services confirmed this was not material to the accounts given the scale of the error and advised that after discussing this with the auditors it was proposed that the accounts be re-approved and signed as now presented and the letter of representation (to be discussed later on the agenda) be amended to reflect the change.

The Director of Corporate Services highlighted the following details:

Page 48 of the agenda set out the balance sheet which included 3 years of balance sheet because the prior period adjustment affected years 2018 and 2019 therefore these been re-stated.

Pages 50, 51 and 52 all set out the various adjustments that the prior period adjustment created.

Page 78, note 20 for contingent liability set out the note regarding the potential backdating of pensionable allowances which had been amended following the Norman v Cheshire Fire and Rescue Service to reflect 6 years of backdating in the accounts.

Page 85, note 30 for critical judgements informed the accounts of the interpretation of any large decisions which included the McCloud / Sargeant Judgement and Norman v Cheshire Fire and Rescue Service pensionability of allowances which had already been mentioned.

In response to a question raised by Councillor Smith the Director of Corporate Services advised that the cost of the pensionability of allowances was built into this year's budget however there was nothing in the budget for any backdating, when an agreement on this was reached it would impact on reserves.

RESOLVED: - That the Committee re-approved the revised Statement of Accounts.

44/19 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 Director of Corporate Services / Treasurer advised that note 13 had been included regarding the prior period disclosure note. He provided a verbal disclosure note regarding the non-adjustment of accounts for the non-cash transposition error discussed earlier. The following disclosure would be inserted into the final letter of representation from the Treasurer and Chair:

“We have considered the unadjusted misstatements schedule included in your Audit Findings Report Addendum. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Authority and its financial position at year end. The financial statements are free of material misstatements including omissions.”

Subject to the additional disclosure the Treasurer confirmed he would sign the letter, as there were no further issues which he felt required disclosure.

RESOLVED: - That the Audit Committee authorised the signing of the letter by the Chair of the Committee.

45/19 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 Mr Smith.

Mr Smith advised that at the time of writing the report the audit work was substantially complete and there were no issues which they were aware of that would require further modification of the audit opinion or material change to the financial statements.

As such the anticipated audit opinions were: -

- The anticipated audit report opinion would be unqualified;
- The External Auditors anticipated issuing an unqualified value for money conclusion.

As reported earlier on the agenda (Revisions to the Statement of Accounts 2019/) there were three adjusted mis-statements relating to:

- McCloud – IAS 19 adjustment for HM Treasury Consultation remedy;
- the difference between the valuer's report and the fixed asset register; and
- backdating of pension contributions of day crew plus and other allowances.

In addition, there were seven minor disclosure changes which were required (as set out on page 22 of the Audit findings Report).

It was noted that the auditor report highlighted:

- All information and explanations requested from management were provided;
- The financial statements were received on 15 July 2020, and published in advance of the statutory deadline;
- The financial statements were prepared to a good standard with embedded quality review processes in place;
- Working papers were available at the start of the audit and were detailed, and clear to understand;
- The responses to audit samples and queries were comprehensive and timely.

It was noted that a draft audit fee of £28.4k was originally agreed as part of the Audit Plan.

It was noted that additional audit work has been required to review the critical judgement on the backdating of pension contributions on day crew plus allowances.

In addition, Covid-19 had impacted on the audit of the financial statements in several ways, including:

- Revisiting planning – the auditors had needed to revisit their planning and refresh risk assessments, materiality and testing levels. This had driven additional areas of audit work.;
- Management's assumptions and estimates - there was increased uncertainty over many estimates including property, pension and other investment valuations. Many of these valuations were impacted by the reduction in economic activity and the auditors were required to understand and challenge the assumptions applied by management. There were similar challenges for management and the auditors on areas such as credit loss allowances, financial guarantees, and other provisions.
- Financial resilience assessment – the auditors were required to consider the financial resilience of audited bodies. Whilst the impact on the Authority had not been as significant as on other parts of the local government sector, there had been a small increase in the amount of work needed to undertake on going concern and value for money (financial sustainability).
- Remote working – the most significant impact in terms of delivery was the move to remote working. In many instances the delays were caused by the auditor's inability to sit with an officer to discuss a query or working paper. Gaining an understanding via Teams or phone was more time-consuming. The Government's current expectation to work from home as the default position was now likely to make this a greater issue for the audit than if it had been possible to gradually return to offices and Authority premises over the autumn of this year, as originally anticipated.

The auditors were currently reviewing the impact of this on fees, and it was proposed that the Treasurer be authorised to agree an amended fee with the

auditors in due course, and to report this to the subsequent Audit Committee.

RESOLVED: - That the Committee: -

- i) Noted and endorsed the matters raised in the report;
- ii) Noted the unqualified opinion on the financial statements;
- iii) Noted the value for money conclusion;
- iv) Noted that fees would increase as a result of additional work undertaken and authorised the Treasurer to agree and amended fee with the auditors.

46/19 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 the 6 November 2020 was presented by Mrs J Taylor.

It was noted that as a result of the Covid-19 pandemic, which had resulted in the re-deployment of the internal audit service onto activities geared towards the pandemic response, no internal audit activity was carried out between April and mid-September 2020. Since the re-commencement of the internal audit activity, focus had been on agreeing a firm timetable for the individual audit assignments and commencing follow up audits and operational reviews.

The report identified that 7 days had been spent this financial year on the completion of the 2020/21 plan, equating to 10% of the total planned audit activity of 70 days. Mrs Taylor advised that currently 15 days had been spent on the audit programme which included work on the key financial systems (account payable, accounts receivable and general ledger). It was noted that the work on treasury management was progressing with payroll the only key system that would not commence until the New Year. An outline of the scope and findings from the work completed was included in the report and considered by Members.

It was noted that Covid-19 had had a significant impact on the delivery of the audit services so far this year however, Mrs Taylor was confident that this would be caught up in the second half of the year.

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

47/19 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.

An updated corporate risk register was considered by Members with changes summarised in the report. The Director of Corporate Services highlighted the following key areas: -

Risk no. 2 – premises risk information

A key priority through 2020/21 was the maintenance via an agreed position developed with the Fire Brigades Union of a review programme of site-specific risk information plans associated with build environmental risks. Agreement was reached that this aspect of Service delivery remained a core function and should be safeguarded during the Covid-19 pandemic, given the potential that risk sites may very well have reviewed their own operating procedures and policies in light of the impact of the national crisis. The Response and Emergency Planning Department was undertaking assurance of Level 4 PORIS sites and had subsequently developed a series of best practice templates along with a series of proposals to introduce such plans across the organisation.

Risk no. 12 – Ineffective health and safety in the workplace

A further independent audit of Health and Safety and Environmental Management Systems was carried out as part of our ISO 45001 and ISO 14001 certification process. Non-conformances and opportunities for improvement were collated together into the SHE Audit Improvement Action Plan and monitored to conclusion through the Health, Safety and Environment Advisory Group. The audit did not identify any non-conformance issues or any opportunities for improvement.

Risk no. 14 – Delayed mobilisation, impacting on service delivery

New road speed algorithms had been deployed at North West Fire Control which ensured a more accurate travel time was factored into mobilisation decisions. The system was also being updated to reflect historic turn-in times. Both of these changes should enhance mobilisation and ensure that the appropriate appliance was deployed to incidents.

Risk no. 21 – Risk of rapid external fire spread in high rise premises resulting in a major incident

National policy reform was underway, involving revised Building Regulations, amendments to the Fire Safety Order in 2012 (giving Fire and Rescue Services enforcement powers for cladding and flat front doors) and the new Building Safety Bill in 2022 (making Fire and Rescue Services a joint regulator with the Health and Safety Executive and Building Controls).

Lancashire Fire & Rescue Service Inspectors were undertaking the Ministry of Housing, Communities and Local Government commissioned 'Building Risk Review' of all 75 High Rise residential premises in Lancashire to identify if any hazards exist beyond the use of ACM cladding. Such hazards include other unsatisfactory cladding systems, combustible balconies, and compartmentation breaches etc. Where issues were identified, interim measures were put in place, including an enhanced operational response. All High-Rise owners and managers had been written to, signposting the Government Cladding Remediation Fund.

It was noted that additional funding had been supplied to all Fire and Rescue Authorities to enhance protection arrangements and provide additional equipment. The Service had received approximately £300k of protection transformation funding to review our fire safety protection arrangements to ensure they were fit for the future. Therefore, the Planning Committee had approved a Protection Transformation Team be established which included responsibility to oversee the

Building Risk Review (BRR). Revised governance for Fire Protection would be introduced to drive reform with introduction of dedicated Area Manager and Group Managers for Prevention and Protection. A comprehensive programme was in place to fill all roles and upskill the Protection Workforce to meet the complex demands of the FSO and FSB. Future Risk Based Inspection Programmes would be informed by the findings of the BRR. Inspectors would work with building owners, managers, and residents, to secure appropriate risk mitigation resorting to enforcement only when justified and necessary to do so. In addition, approximately £150k had been received from specific Grenfell related funding which had been used to buy equipment that assisted the evacuation of people from high rise buildings.

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

48/19 DATE OF NEXT MEETING

The next meeting of the Committee would be held on Tuesday, 23 March 2021 at 10:00 hours – venue to be confirmed.

Further meeting dates were agreed for 27 July 2021 and 30 November 2021.

M NOLAN
Clerk to CFA

LFRS HQ
Fulwood

LANCASHIRE COMBINED FIRE AUTHORITY AUDIT COMMITTEE

Meeting to be held on 23 March 2021

EXTERNAL AUDIT – ANNUAL AUDIT LETTER 2019/20 (Appendix 1 refers)

Contact for further information:

Keith Mattinson – Director of Corporate Services – telephone 01772 866804.

Executive Summary

The External Auditors Annual Audit Letter provides an overall assessment of the Authority's performance.

The final agreed letter, submitted by Grant Thornton, is attached as appendix 1.

Decision Required

The Committee is asked to note and endorse the content of the report as presented.

Information

The Annual Audit Letter represents an overall assessment of our performance, drawing on the auditor's findings and conclusions from their work, which has previously been reported to the Audit Committee.

The audit conclusions included in the letter are consistent with those reported in the Audit Findings report, as follows:

- We gave an unqualified opinion on the Authority's accounts on 30 November 2020;
- We were satisfied that the Authority put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020.

Financial Implications

The agreed fee of £34,419 is £6,000 higher than that included in the Audit Plan of £28,169, although Members will recall that the Audit Findings Report highlighted the need to increase fees reflecting the additional works required to complete the audit.

The increase in fees is consistent with similar audited bodies.

Human Resource Implications

None

Equality and Diversity Implications

None

Environmental Impact

None

Business Risk Implications

The Annual Audit Letter is a public document, which gives an independent assessment of the Authority's performance. As such any failure to meet adequate levels of performance may undermine public confidence, exposing the Authority to a wide range of risks, and leading to potential interventions.

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact
None		
Reason for inclusion in Part II, if appropriate:		

The Annual Audit Letter for Lancashire Combined Fire Authority

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February 2021

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Your key Grant Thornton
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Section

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Appendices

- A Reports issued and fees

Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Lancashire Combined Fire Authority (the Authority) for the year ended 31 March 2020.

This Letter is intended to provide a commentary on the results of our work to the Authority and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Authority's Audit Committee as those charged with governance in our Audit Findings Report and Addendum on 27 November 2020.

Our work

Materiality

We determined materiality for the audit of the Authority's financial statements to be £1,270,000 which is around 2% of the Authority's gross operating expenditure.

Financial Statements opinion

We gave an unqualified opinion on the Authority's financial statements on 30 November 2020.

We included an emphasis of matter paragraph in our report in respect of the uncertainty over valuations of the Authority's land and buildings and the property assets of its pension fund given the Coronavirus pandemic. This does not affect our opinion that the statements give a true and fair view of the Authority's financial position and its income and expenditure for the year.

Whole of Government Accounts (WGA)

We completed work on the Authority's consolidation return following guidance issued by the NAO.

Use of statutory powers

We did not identify any matters which required us to exercise our additional statutory powers.

Value for Money arrangements

We were satisfied that the Authority put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Authority on 30 November 2020.

Certificate

We certified that we have completed the audit of the financial statements of Lancashire Combined Fire Authority in accordance with the requirements of the Code of Audit Practice on 30 November 2020.

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Authority's financial statements (section two)
- assess the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Authority's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

Executive Summary

Working with the Authority

We have worked with the council to complete the audit despite the impact of the Covid-19 pandemic on the Council and on us. We worked remotely throughout the pandemic adapting our approach to the audit to ensure access to key Council data and holding regular virtual meetings with management and the Audit Committee.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Authority's staff .

Audit of the Financial Statements

Our audit approach

Materiality

In our audit of the Authority's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the Authority's financial statements to be £1,270,000, which is around 2% of the Authority's gross operating expenditure. We used this benchmark as, in our view, users of the Authority's financial statements are most interested in where the Authority has spent its revenue in the year.

We set a lower threshold of £63,500, above which we reported errors to the Audit Committee in our Audit Findings Report and Addendum.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the Statement of Accounts to check it is consistent with our understanding of the Authority and with the financial statements included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Authority's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Covid-19</p> <p>The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;</p> <p>Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation</p> <p>Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates</p> <p>Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and</p> <p>Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties.</p> <p>We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We:</p> <ul style="list-style-type: none"> worked with management to understand the implications the response to the Covid-19 pandemic has on the organisation's ability to prepare the financial statements and update financial forecasts and assess the implications on our audit approach liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arise evaluated the adequacy of the disclosures in the financial statements in light of the Covid-19 pandemic. evaluated whether sufficient audit evidence using alternative approaches can be obtained for the purposes of our audit whilst working remotely evaluated whether sufficient audit evidence can be obtained to corroborate significant management estimates such as asset valuations and recovery of receivable balances evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment discussed with management any potential implications for our audit report if we have been unable to obtain sufficient audit evidence 	<p>Our audit work did not identify any issues in respect of the Covid-19 risk.</p> <p>We drew the attention of users of the statement of accounts to the inclusion of the disclosure of a material uncertainty regarding to the valuation of the Authority's Land and Buildings and the value of the net pension liability by means of an emphasis of matter in our audit opinion as detailed in relation to our response to the significant risk of the valuation of land and buildings.</p>

Audit of the Financial Statements

Significant Audit Risks - continued

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Management override of internal controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Auth faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We:</p> <ul style="list-style-type: none"> evaluated the design effectiveness of management controls over journals analysed the journals listing and determine the criteria for selecting high risk unusual journals tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration gained an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. 	<p>Our audit work did not identify any issues in respect of management override of controls.</p>

Audit of the Financial Statements

Significant Audit Risks - continued

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of land and buildings</p> <p>The Authority revalues its land and buildings on a rolling five-yearly basis with assets not valued in year subject to a desktop valuation. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£86.5m) and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We:</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work evaluated the competence, capabilities and objectivity of the valuation expert written to the valuer to confirm the basis on which the valuation was carried out challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding of the Authority's valuer's report and the assumptions that underpin the valuation. tested revaluations made during the year to see if they had been input correctly into the Authority's asset register evaluating the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end. 	<p>The valuer reported their valuations on the basis of 'material valuations uncertainty' as a result of the Covid-19 pandemic. This was because market activity had been impacted in many sectors. As at the valuation date, they considered that they could attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The response to Covid-19 meant that they were faced with an unprecedented set of circumstances on which to base their judgement. Given the magnitude of the PPE valuation to the balance sheet and the caveat made by the valuer in their valuation report, we will highlight the material uncertainty in our audit report, in an Emphasis of Matter (EOM) paragraph, drawing attention to the disclosure made in the statement of accounts.</p> <p>The EOM paragraph does not qualify the opinion but will refer to the matter of the disclosure on the material uncertainty stated by the valuer included in the final version of the accounts that, in our judgement, is of such importance that it is fundamental to users' understanding of the financial statements.</p> <p>Our audit work did not identify any other issues in respect of the valuation of land and buildings.</p>

Audit of the Financial Statements

Significant Audit Risks - continued

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of pension fund net liability</p> <p>The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£864.9 million in the Authority's balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We:</p> <ul style="list-style-type: none"> updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls; evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation; assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; obtained assurances from the auditor of the Lancashire County Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements; and obtained assurances from PwC in respect of the valuation of the Firefighters' Pension Scheme liability valuation by Government Actuary's Department (GAD). 	<p>Lancashire County Pension Fund (the LGPS scheme) is reporting their valuations of direct and indirect property on the basis of 'material valuations uncertainty' as a result of the Covid-19 pandemic. This was because market activity had been impacted in many sectors. As at the valuation date, they considered that they could attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The response to Covid-19 meant that they were faced with an unprecedented set of circumstances on which to base their judgement. Consequently, the auditor of the pension fund is planning to include an Emphasis of Matter (EOM) paragraph in their audit report drawing attention to the disclosure made in the pension fund statement of accounts.</p> <p>Given the Authority's share of the pension fund's direct and indirect property valuations are material to the Authority, and the caveat made by the valuer in their valuation report and Emphasis of Matter in the pension fund's audit report, we will highlight the material uncertainty to the Authority in our audit report, in an Emphasis of Matter paragraph, drawing attention to the disclosure made in the Authority's statement of accounts.</p> <p>The Emphasis of Matter paragraph does not qualify the opinion but will refer to the matter of the disclosure on the material uncertainty stated by the pension fund's accounts included in the final version of the accounts that, in our judgement, is of such importance that it is fundamental to users' understanding of the financial statements.</p> <p>Our audit work has not identified any other issues in respect of valuation of the net liability</p>

Audit of the Financial Statements

Audit opinion

We gave an unqualified opinion on the Authority's financial statements on 30 November 2020.

Preparation of the financial statements

The Authority presented us with draft financial statements in July 2020 in accordance with the agreed timescale, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

Issues arising from the audit of the financial statements

We reported the key issues from our audit to the Authority's Audit Committee on 27 November 2020.

In addition to the key audit risks reported on pages 6 to 9, we identified the following issues and adjustments throughout our audit work:

- A £1.83m Prior Period Adjustment was made for the backdating of pension contributions on certain allowances paid to firefighters.
- A £4.12m adjustment was made following the Authority obtaining an updated IAS19 calculation of the value of the pension fund net liability from their actuary that took into consideration changes in the transitional arrangements from the Ministry of Housing, Communities & Local Government consultation on reforms to public sector pension schemes that was published on 16 July 2020.

Annual Governance Statement and Narrative Report

We are also required to review the Authority's Annual Governance Statement and Narrative Report. It published them on its website in alongside the draft Statement of Accounts in July 2020.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Authority and with our knowledge of the Authority.

Whole of Government Accounts (WGA)

We carried out work in line with instructions provided by the NAO . We issued an assurance statement which confirmed the Authority was below the audit threshold of expenditure of £500m.

Other statutory powers

We also have additional powers and duties under the Act, including powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Authority's accounts and to raise objections received in relation to the accounts.

Certificate of closure of the audit

We certified that we have completed the audit of the financial statements of Lancashire Combined Fire Authority in accordance with the requirements of the Code of Audit Practice on 30 November 2020.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in April 2020 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment to identify any significant risks on which we will concentrate our work. We did not identify any significant risks.

The net budget for 2019/20 was £56.1m, and increase of £1.3m compared to the 2018/19 budget. The increase was largely due to forecast pay awards and revised pension contributions, offset by an efficiency savings target of £1.2m.

The Authority has a good track record of delivering savings, over £20m of efficiency savings has been made between April 2011 and March 2020. The Authority overspent against its planned budget by £0.25m for 2019/20 despite exceeding its efficiency savings target. This was mostly due to backdating of various pensionable allowances to March 2019.

The Authority has adequate reserves. In 2019/20 the Authority's General Fund decreased by £0.2m from £8.4m to £8.2m, and its Earmarked reserves by £0.2m from £8.0m to £7.8m. The General Fund balance remains within the target level identified by the Treasurer (a minimum of £3.2m and a maximum of £10.0m) which will provide capacity to cope with anticipated funding cuts in the short term and funding uncertainty whilst all local authorities await the result of the Fair Funding Review. £2.2m of General Fund and £1.5m of

Commentary on finances (continued)

Earmarked Reserves are expected to be utilised within the life of the Medium Term Financial Strategy, reducing them to £6.0m and £6.3m respectively by March 2025. This does not include any potential impact of backdating of pensionable allowances earlier than March 2019 which would further deplete the General Fund balance. Whilst this would still leave sufficient reserves, utilising reserves each year is not sustainable in the longer term.

Overall Value for Money conclusion

We are satisfied that in all significant respects the Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020.

A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit. We confirm there were no fees for the provision of non audit services].

Reports issued

Report	Date issued
Audit Plan	July 2020
Audit Findings Report	November 2020
Annual Audit Letter	February 2021

Fees

	Planned fee per Audit Plan £	Actual fees £	2018/19 fees £
Statutory audit	28,419	34,419	28,169
Total fees	28,419	34,419	28,169

Audit fee variation

As outlined in our audit plan, the 2019-20 scale fee published by PSAA of £23,669 assumes that the scope of the audit does not significantly change. There are a number of areas where the scope of the audit has changed, which has led to additional work. These are set out in the following table. Fee variations are subject to PSAA approval.

Area	Reason	Fee proposed
PSAA Scale Fee		23,669
Variation per Audit Plan	As reported in the Audit plan, we adjusted the PSAA scale fee for raising the bar work to meet new requirements of the FRC, additional work to be carried out on PPE valuation and pensions liability valuation, new standards and developments, and initial estimate for additional work due to Covid-19.	4,750
Revised Scale fee per Audit Plan		28,419
Additional work on prior period adjustment and the impact of Covid-19	We identified a prior period adjustment which created additional work beyond the expected scope of the audit which we are required to charge for. Additionally, as reported in the Audit Findings Report, the impact of Covid-19 led to an increase in the work we had to complete and the time it took to complete this work due to revisiting planning, increased risk around management's assumption and estimates, more detailed work on financial resilience, and remote working.	6,000
Final Total		34,419



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LANCASHIRE COMBINED FIRE AUTHORITY

AUDIT COMMITTEE

Meeting to be held on 23 March 2021

INTERNAL AUDIT MONITORING REPORT (Appendix 1 refers)

Contact for further information:

Keith Mattinson – Director of Corporate Services – telephone 01772 866804.

Executive Summary

The attached report sets out the current position in respect of the internal audit plan for 2020/21.

Recommendation

The Committee is asked to note/endorse the report.

Information

The internal auditors produce 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 26 February 2021 is attached as Appendix 1, and will be presented by the Head of Internal Audit.

Financial Implications

None

Human Resource Implications

None

Equality and Diversity Implications

None

Business Risk Implications

None

Environmental Impact

None

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	<u>Date</u>	Contact
None		
Reason for inclusion in Part II, if appropriate:		

Appendix 1

Lancashire Combined Fire Authority

Internal Audit Service

Monitoring report for the period ended

26 February 2021

1 Purpose of this report

- 1.1 The Internal Audit Plan for 2020/21 was approved by the Audit Committee in July 2020. This report details the progress to date in undertaking the agreed coverage.

2 Internal audit work undertaken

- 2.1 Work carried out during the period 1 April 2020 to 26 February 2021 was in accordance with the agreed audit plan. To date, 63 days have been spent this financial year on completion of the 2020/21 plan, equating to 90% of the total planned audit activity of 70 days.
- 2.2 An outline of the scope and findings from the work completed to date is included in the following paragraphs.

Key Financial Systems – Accounts payable, Accounts receivable and General ledger

- 2.3 Our report was finalised in December 2020, and opinions of *substantial* assurance were provided across each financial system.
- 2.4 Financial Regulations and relevant policies are in place and up to date, and accessible for all staff to view. Furthermore, the monitoring of expenditure and the recovery of debts is appropriately carried out. These controls contribute significantly to mitigating risks and reducing errors. Segregation of duties is also maintained, and documentation is appropriately authorised.
- 2.5 Expenditure with suppliers is monitored by the Procurement Manager to ensure that tendering arrangements and contracts are in place for supplies or services exceeding the Contract Standing Order threshold.
- 2.6 Of the three low risk actions which were agreed following our 2019/20 review, we found that two have been implemented whilst the remaining action relating to the documented authorisation of a contract extension remains outstanding.

Payroll and Human Resources (HR)

- 2.7 Our report was issued in February 2021, with an opinion of *substantial* assurance.
- 2.8 A strong control environment is maintained over payroll and HR processes, so as to ensure that valid appointments are correctly established, and the right amount is paid to individuals at the right time. Monitoring arrangements are in place to prevent and detect any anomalies or errors that might arise.

Treasury management

- 2.9 Our report was issued in January 2021, and we provided *substantial* assurance over the controls in place surrounding treasury management. The Treasury service at LCC carries out the treasury function for the LCFA in line with the agreed Treasury Management strategy and practices. Investments made on behalf of the LCFA comply with the prudential indicators set out within the strategy and are approved by senior officers and noted by the Resources Committee. Cash flow forecasting is carried out on a daily basis to support investment and borrowing decisions.

Safeguarding

- 2.10 We can provide an opinion of *substantial* assurance that the framework of control is adequately designed and effectively operated overall.
- 2.11 In particular:
- A comprehensive policy and procedure document is in place and accessible, which clarifies the mechanisms for making referrals, the roles and responsibilities of all staff in relation to safeguarding and the data protection rules to adhere to;
 - The designated mailbox for safeguarding referrals is administered by the Prevention Support Team who record and monitor the status of referrals made, also ensuring that they are valid and appropriately completed.
- 2.12 We identified three low residual risk actions, representing areas for improvement, relating to the further rollout of training, ensuring the timely completion of mandatory training and the revisiting of the National Fire Chiefs Council Safeguarding self-assessment checklist.

Business Continuity - follow up

- 2.13 Our previous review in February 2019 provided *moderate* assurance that the framework of control was adequately designed overall to manage business continuity in the event of a disruptive event. A small number of areas for improvement were identified, primarily around the creation of a test record and expanding the provision of training to Station Managers.
- 2.14 Based on the information and explanations provided to us we are satisfied that all actions have been appropriately implemented.

Home Fire Safety Checks – follow up

- 2.15 Our initial review in July 2020 examined the effectiveness of the case management arrangements operated by Lancashire Fire and Rescue Service in relation to the scheduling of Home Fire Safety Checks and assessed the adequacy of the arrangements in place to manage demand.
- 2.16 Overall, we provided moderate assurance that the framework of control was adequately designed and effectively operated, although some actions were required, primarily around the recording of outcomes to enhance aspects of it and ensure it is operated effectively throughout.
- 2.17 We are pleased to note that each of the actions raised have been satisfactorily implemented.

3 Overall summary and assurance provided

- 3.1 We have set out in the table on the following pages a brief summary of the position of each review during the period. This sets out the planned and actual days we have spent on each review to date.
- 3.2 We also provide a summary of the assurance we are able to provide in relation to each system or operational area of business where work has been finalised.

System adequacy: We define a system as adequate if its design enables it to achieve its core control objectives which, if operating as intended, serve to manage its inherent risks.

System effectiveness: We define a system as operating effectively if, after testing or other supporting evidence has been found, it is operating as intended.

- 3.3 The assurance we provide over any area of control falls into one of four categories and these are defined at Appendix 1.

Use of this report

- 3.4 This report has been prepared solely for the use of Lancashire Combined Fire Authority and it would therefore not be appropriate for it or extracts from it to be made available to third parties other than the external auditors. We accept no responsibility to any third party who may receive this report, in whole or in part, for any reliance that they may place on it and, in particular, we expect the external auditors to determine for themselves the extent to which they choose to utilise our work.

Lancashire Combined Fire Authority
Internal Audit Service - Monitoring report for the period ended 26 February 2021

Page 31

Review area	Audit days			Assurance		Comments
	Planned	Actual	Variation	Adequacy	Effectiveness	
Governance and business effectiveness						
Governance, risk management and control arrangements	3	1.5	1.5	O/S	O/S	An overall opinion on the adequacy and effectiveness of governance, risk management and control arrangements will be reported as part of the 2020/21 Annual Report of the Head of Internal Audit. Our fieldwork is in progress.
Service delivery and support						
Safeguarding	10	14	(4)	✓	✓	Our report was issued in February 2021, with three low residual risk actions being raised.
				Substantial assurance		
Compliance with General Data Protection Regulations and data protection standards	10	12	(2)	O/S	O/S	Our fieldwork is nearing completion.
Business processes						
Accounts payable	7	7	0	✓	✓	Our composite report covering each of these systems was issued in December 2020. No areas for improvement were identified.
				Substantial assurance		
Accounts receivable	4	3.5	0.5	✓	✓	
				Substantial assurance		
General ledger	4	3.5	0.5	✓	✓	
				Substantial assurance		
HR and Payroll	10	7	3	✓	✓	Our report was issued in February 2021. No areas for improvement were identified.
				Substantial assurance		

Review area	Audit days			Assurance		Comments
	Planned	Actual	Variation	Adequacy	Effectiveness	
Pensions administration	1	0	1	O/S	O/S	Assurance will be obtained from the annual assurance report, to be prepared by the Local Pensions Partnership Administration Limited in relation to compliance with the Code of Practice 14: Governance and administration of public service pension schemes, issued by the Pensions Regulator in April 2015.
Treasury management	4	6	(2)	✓	✓	Our report was issued in January 2021. No areas for improvement were identified.
				Substantial assurance		
Follow up audit activity						
Business Continuity Planning	1	0.5	0.5	N/A	N/A	Our audit report was issued in October 2020. We have obtained appropriate information and evidence to confirm that the two medium and two low risk actions raised in our audit report dated February 2019 have been implemented.
Home Fire Safety Checks	2	0.5	1.5	N/A	N/A	Our audit report was issued in November 2020. We have obtained appropriate information and evidence to confirm that the two medium and four low risk actions raised in our audit report dated July 2020 have been implemented.
Optimising rota management project	1	0	1	N/A	N/A	This work is scheduled for completion later in quarter 4.

Review area	Audit days			Assurance		Comments
	Planned	Actual	Variation	Adequacy	Effectiveness	
<i>Other components of the audit plan</i>						
Management activity	10	7.5	2.5	N/A	N/A	Work in the period has included: <ul style="list-style-type: none"> • Production of the 2019/20 Annual Report of the Head of Internal Audit; and • Preparation of the Audit Committee monitoring reports. • Reissue of the Internal Audit Charter and Engagement Letter. • Preparation of the 2021/22 Internal Audit Plan. • General management and quality assurance.
National Fraud Initiative	3	0	3	N/A	N/A	Work during the period has involved support with the data collection process.
Total days	70	63	7			

Audit assurance levels and residual risks

Appendix 1

The assurance we can provide over any area of control falls into one of four categories as follows:

Substantial assurance: the framework of control is adequately designed and/ or effectively operated overall.

Moderate assurance: the framework of control is adequately designed and/ or effectively operated overall, but some action is required to enhance aspects of it and/ or ensure that it is effectively operated throughout the service, system or process.

Limited assurance: there are some significant weaknesses in the design and/ or operation of the framework of control that put the achievement of the service, system or process' objectives at risk.

No assurance: there are some fundamental weaknesses in the design and/ or operation of the framework of control that could result in failure to achieve the service, system or process' objectives.

We categorise the issues we raise in the context of the residual risk to which the service is exposed. The actions are therefore defined as 'extreme', 'high', 'medium' or 'low' in relation to the residual risk they are designed to address and fall into the following categories:

Extreme residual risk: critical and urgent in that failure to address the risk could lead to one or more of the following: catastrophic loss of services, loss of life, significant environmental damage or significant financial loss, with related national press coverage and substantial damage to reputation. *Remedial action must be taken immediately.*

High residual risk: critical in that failure to address the issue or progress the work would lead to one or more of the following: failure to achieve organisational objectives, significant disruption to business or to service users, significant financial loss, inefficient use of resources, failure to comply with law or regulations, or damage to reputation. *Remedial action must be taken urgently.*

Medium residual risk: failure to address the issue or progress the work could impact on operational objectives and should be of concern to senior management. *Prompt specific action should be taken.*

Low residual risk: matters that individually have no major impact on achieving the service's objectives, but where combined with others could give cause for concern. *Specific remedial action is desirable.*

LANCASHIRE COMBINED FIRE AUTHORITY

AUDIT COMMITTEE

Meeting to be held on 23 March 2021

RISK MANAGEMENT

(Appendix 1 refers)

Contact for further information:

Keith Mattinson – Director of Corporate Services– telephone 01772 866804.

Executive Summary

The report highlights action taken in respect of corporate risk since these were last reported to the Audit Committee.

Decision Required

The Committee is asked to note the actions taken and endorse the revised corporate risk register.

Information

The latest review of the corporate risk register has identified one new risk which warrants consideration for inclusion on the corporate risk register: -

Changes to Emergency Response Driver Training leading to a reduction in trained appliance drivers and hence impacting pump availability

A new Fire Standard for Emergency Response Driver Training has been published. This requires more training for new drivers within the sector, requiring: -

- Current instructors added to a register and new instructors will need to complete a formal pathway;
- A 10-day course with an element of night driving for all new appliance drivers;
- A 10 or 15-day Initial Response course for flexi-officers depending on current competency in response driving;
- Longer courses for special appliances which are not LGV.

All of these will see a marked increase in the length of a driving course, which may require additional instructor resource and we are currently reviewing the impact on driving instructors and hence the need for additional capacity within the Team.

In terms of the initial driving course the extension of time from 5 days to 10 days not only increases instructor time, but may lead to difficulties in the on-call service as personnel will not be able to take the time away from primary employment to undertake training leading to a decline in on-call appliance availability.

As this only applies to new drivers the impact will be felt gradually over a period of time as personnel leave the service and are replaced. This will be more significant in the on-call service as turnover rates are much higher. We will monitor the impact in the on-call service over time to ensure that new entrants are able to undertake the relevant training and therefore are able to drive appliances.

At the moment this is considered a medium risk, but may increase over time as personnel leave the service and new entrants are required to comply with the new standard.

Existing Risks

Of the existing risks 9 have been reviewed, and an updated corporate risk register is attached as appendix 1, with changes summarised below: -

		Update since last meeting	Proposed Risk Score	
1	Insufficient resources due to poor funding settlement, inability to make required savings, additional financial pressures such as RDS pensions etc., plus council tax limits via local referendum resulting in Authority being unable to set a balanced budget	We had previously anticipated a new 4-year Spending Review being published, however due to uncertainty this has been delayed. As such 21/22 is a one-year settlement, with a four-year settlement anticipated later this year. Running alongside this is a Fair Funding and the prospect of moving to a 75% Business Rates Retention model, both of which will impact future funding, have also been put on hold. As such it is impossible to predict what future funding will look like, which is reflected in the Medium-Term Financial Strategy. The budget for 22/23 and beyond assumes a funding increase of 1.5% each year, and based on assumptions contained within the Medium Term Financial Strategy shows a funding gap of up to £1.0m in subsequent years. The Authority holds sufficient reserves to meet this in the short to medium term, until March 2024.	Remains at 16	High

2	Premises Risk Information: That operational staff do not have available adequate and reliable premises information to efficiently resolve operational incidents: Risk information is provided to operational staff based on premises information and premises risk are identified on a continuous basis although this is not consistent throughout the Service.	No change, not due to report till 30/11/21	9	Medium
3	Insufficient staffing resources, due to Industrial Action, to deal with operational demand and fulfil statutory responsibilities	No change, not due to report till 31/7/21	12	Medium
4	Lack of availability of water supplies for fire fighting prevents effective fire fighting resulting in additional damage to property and increased risk to life.	Previously discharged		
5	The increasing age profile of operational staff could adversely affect our ability to deliver effective emergency response.	Previously discharged		
6	Operational staff do not have the required skills to operate safely at an incident with the potential to result in F/F injuries or fatalities.	No change, not due to report till 31/7/21	9	Medium
7	Failure of key ICT systems resulting in disruption to services	No change, not due to report till 31/7/21	9	Medium
8	Loss of corporate reputation through negative publicity	Emergency communication plan and toolkit covers all aspects of risk including business continuity issues, emergencies and broader reputational risk, and fulfils requirements of the	Remains at 9	Medium

		<p>Lancashire Resilience Forum emergency communications plan. Plan regularly tested during exercises. Effective reactive press office and proactive media activity to build positive reputation including on-call arrangements for out-of-hours cover. Media and social media training forms part of middle manager development programme and is delivered to individuals and teams as required throughout the year. This was reduced during the pandemic however a number of social media training sessions were held in 2020 via Microsoft Teams. Corporate use of social media is embedded in communication plans with policy and guidance in place. Scanning and planning function helps anticipate and plan for specific reputational risks and daily media monitoring highlights inaccurate reporting and emerging issues that that need to be addressed or corrected. This activity is communicated to members of service management team via a daily media summary email.</p> <p>Work on processing and storing images has been delayed due to the pandemic, however an updated social media guidance will include a holding position on images until it can be resolved</p>		
9	Retention and recruitment of RDS staff impacts on RDS appliance availability	Overall vacancy levels remain consistent at approx. 18%, despite this on-call pump availability for the first 6 months the year was in excess of 90%, reflecting that	9	Medium

		<p>the establishment provides for 7 riders at any time. Work continues between Retained Support Officers (RSOs) and HR on the recruitment of on-call staff. For those who fail the on-call course the RSO's continue to maintain contact and undertake developmental work with a view to attendance on subsequent courses. RSOs/HR additionally monitor success of on-call recruitment initiatives.</p> <p>There are two current RSO post vacancies that the Service will look to fill to further support recruitment within Areas.</p>		
10	Lack of workforce planning resulting in significant over/under provision of staff and resulting impact on service and finances	Previously discharged		Medium
11	Lack of compliance with legislation resulting in prosecution or compliance order	Previously discharged		
12	Ineffective Health and Safety in the workplace, resulting in prosecution, intervention fees etc.	No change, not due to report till 30/11/21	9	Medium
13	Lack of effective Information management impacting on service delivery and support or leading to a breach of data protection/freedom of information or a loss of sensitive/personal information	Work is ongoing through a number of key projects to align many aspects of this work. This is being covered through the CorVu replacement project and the records management and intranet replacement project, both of which are Corporate Programme Board items. Amendments have been made to the district plans and intelligence profiles to assist with the planning and	Remains at 9	Medium

		reporting functions, with a longer-term view of further developing this area of work. The records officer role has now drafted the associated policies to support the above workstreams and with the introduction of MS365 a more robust and secure mechanism will be in place to effectively manage data.		
14	Delayed mobilisation, impacting on service delivery	No change, not due to report till 30/11/21	9	Medium
15	High levels of staff absence due to outbreak of ebola.	Previously discharged		
16	Lack of clarity on future of FRS, leading to inertia	Previously discharged		
17	Failure of ESMCP to deliver a viable communication facility.	No change, not due to report till 31/7/21	9	Medium
18	Inability to maintain service provision in spate conditions	Previously discharged		
19	Failure to maximise the opportunities that technological advances present due to a lack of capacity within the ICT department, and an inability of staff to keep pace with new development that are implemented	No change, not due to report till 31/7/21	9	Medium
20	Loss of support for Vector Incident Command product with the product name Command Support System (CSS) leading to ineffective command function at large incidents	A project has now commenced to deliver a new command software solution and has developed a draft specification, with a view to going out to procurement at the start of the new financial year.	Remains at 9	Medium
21	Risk of rapid external fire spread in high rise premise resulting in a major incident	No change, not due to report till 30/11/21	10	Medium

22	Failure to maximise collaborative opportunities presented by Policing and Crime Act 2017	No change, not due to report till 30/11/21	9	Medium
23	Lack of leadership capacity impacting on delivery of services	No change, not due to report till 31/7/21	9	Medium
24	Insufficient preparation for inspection programme leading to opportunities being lost in terms of national learning and Lancashire's ability to effectively communicate its progress and awareness	Previously discharged		
25	The outcome of the EU court ruling on the Matzak case relating to on-call arrangements in Belgium has a detrimental impact on service provision and/or cost.	Previously discharged		
26	Increase in costs of and/or lack of availability of goods and services, following Brexit	We continue to monitor impact, to date this has been minimal in regards to impact of goods being received and increase in costs.	Remains at 12	Medium
27	Increase in costs associated with changes to pensionability of allowances	Following a High Court decision on allowances within the fire service, which provided a different interpretation to both the historical basis and to previous decisions of the Pensions Ombudsman, the pensionability of various allowances changed with associated cost implications. The Service agreed eligibility with the FBU going forward and this has been implemented. The question of backdating remains unresolved. The current situation is the Service has responded positively to the FBU request	Remains at 16	High

		for 6 years backdating for relevant allowances (primarily DCP) but the Union has not currently accepted this offer. Since the offer the Pensions Ombudsman has determined an individual case for an active employee within Lancashire and the implications for both the Service and employees is being worked through. This includes liaison with our pension provider in respect of potential remedy implications. Once we have determined the appropriate action we will need to provide administrative resource to resolve.		
28	Discontinued or long-term malfunction in the KPI management software product (CORVU)	No change, not due to report till 30/11/21	6	Low
29	High levels of staff absence due to pandemic.	Following implementation of Business Continuity Plans, staff absence levels peaked as expected during mid-January, following the Christmas / New Year relaxation of lockdown arrangements. The highest levels of staff absence were evident between 13 th and 15 th January 2021, at which time 92 staff were absent, with 15 confirmed C-19 cases, 50/51 self-isolating, and 4 with suspected C-19 (awaiting test results). This compares to staff absences which typically run at c.40 cases across the Service at any given time.	Reduce to 15	High

		<p>In early December 2020, LFRS accessed a provision of Lateral Flow Tests and began a pilot rollout across a number of locations aimed at early identification and isolation of asymptomatic cases of C-19. An ambitious rollout plan followed which resulted in LFT provision being made available in a self-sustaining manner across all 39 fire stations, Service Headquarters, Service Training Centre. As at 15th January 2021, 4277 LFT have been conducted with our workforce, resulting in a number of positive cases being identified and measures then implemented to reduce risk to their closest colleagues.</p> <p>Interim BCP debrief conducted internally to capture learning from the first few months of the pandemic. Further internal and LRF debriefs to be progressed once BCP arrangements stood down.</p>		
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Financial Implications

None

Human Resource Implications

None

Equality and Diversity Implications

None

Environmental Impact

None

Business Risk Implications

The improvement in risk management arrangements should result in reduced business risk

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact
None		
Reason for inclusion in Part II, if appropriate:		

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	KEY RISKS	RISK MITIGATION/CONTROLS IN PLACE	LIKELIHOOD	IMPACT	RESIDUAL RISK	ACTIONS RECOMMENDED	BY WHEN	BY WHOM	RISK OWNER	DIRECTORATE
1	Insufficient resources due to poor funding settlement, inability to make required savings, additional financial pressures such as pay, pensions etc., plus council tax limits via local referendum resulting in Authority being unable to set a balanced budget.	<p>We had previously anticipated a new 4-year Spending Review being published, however due to uncertainty this has been delayed. As such 21/22 is a one-year settlement, with a four-year settlement anticipated later this year.</p> <p>Running alongside this is a Fair Funding and the prospect of moving to a 75% Business Rates Retention model, both of which will impact future funding, have also been put on hold.</p> <p>As such it is impossible to predict what future funding will look like, which is reflected in the Medium-Term Financial Strategy.</p> <p>The budget for 22/23 and beyond assumes a funding increase of 1.5% reach year, and based on assumptions contained within the MTFS shows a funding gap of up to £1.0m in subsequent years.</p> <p>The Authority holds sufficient reserves to meet this in the short to medium term, until March 2024.</p>	4	4	16	Continue to monitor position and review implications arising from Spending Review, Fair funding review and Local Retention of Business Rates. Continue to identify savings opportunities	31/03/2022	DoCS	DoCS	Corp Serv
2	Premises Risk Information: That operational staff do not have available adequate and reliable premises information to efficiently resolve operational incidents: Risk information is provided to operational staff based on premises information and premises risk are identified on a continuous basis although this is not consistent throughout the Service.	<p>The gathering of operational risk information is a key activity within LFRS. The service has adopted an integrated approach to managing the risk; thereby ensuring safe systems of work for all employees.</p> <p>LFRS will undertake incident pre planning and the gathering of operational risk information to enable:</p> <ul style="list-style-type: none"> *The prevention of injury and ill health of firefighters and other emergency responders *Management and mitigation of risks in the community *Continual improvement in the provision of, accurate, relevant and timely operational information *Compliance with the legal duties on Fire and Rescue Authorities in relation to operational risk information *Compliance with formal guidance and "best practice" models; and Audit and review mechanisms. <p>Premises based risks are assessed using the Provision of Risk Information to Staff (PORIS) methodology. The risk based information is formulated via an application on the iPad and categorised from Level 1 through to Level 5 (e.g. Top Tier COMAH Sites.)</p> <p>All known high risk premises are recorded on the system.</p>	3	3	9	A key priority through 20 / 21 is the maintenance via an agreed position developed with the FBU of a review programme of SSRI plans associated with built environment risks. Agreement was reached that this aspect of Service Delivery remained a Core Function and should be safeguarded during the C19 pandemic, given the potential that risk sites may very well have reviewed their own operating procedures and policies in light of the impact of the national crisis. REP are in addition undertaking assurance (dip samples) of Level 4 PORIS sites and have subsequently developed a series of best practice templates (L4 Tactical Plans) , along with a series of proposals to introduce such plans across the organisation.	30/11/2021	HoSD	DoSD	Serv Delivery

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			LIKELIHOOD	IMPACT	RESIDUAL RISK					
	KEY RISKS	RISK MITIGATION/CONTROLS IN PLACE				ACTIONS RECOMMENDED	BY WHEN	BY WHOM	RISK OWNER	DIRECTORATE
3	Insufficient staffing resources, due to Industrial Action, to deal with operational demand and fulfil statutory responsibilities.	LFRS has a separate contingency plan in place that is specific to industrial action. This has been reviewed and reissued to all SMT and relevant staff. The Home Office has undertaken an audit of our arrangements, with the final reported noting our arrangements.	3	4	12	Continue to monitor the position regarding national pay awards, pensions and related role map reviews.	31/07/2021	HoSD	DoSP	Strategy & Planning
4	Lack of availability of water supplies for fire fighting prevents effective fire fighting resulting in additional damage to property and increased risk to life.	The Service commissions, adopts, systematically inspects and repairs mains fed fire fighting hydrants across the County. We maintain operational plans that display the location of available hydrants and open water supplies. Accurate hydrant information now provided to FES. Hydrant inspections moved to a risk based programme. New SSI Hydrant Manager update - Central system (within FES) is now up and running with current information being available on appliance MDT's. Hydrant tech's now moved over to Toughbook's for hydrant management and reporting of defects. We have Strategic Hydrants (those with a flow rate of above 1,500 litres per minute), then Risk Category 1, 2 and 3. Strategic are tested annually, Risk 1 annually, Risk 2 every two years, and Risk 3 every three years. Defects are repaired either in-house by the Hydrant Technicians, or reported to United Utilities (Strategic being marked urgent). Strategic Hydrants are always flow tested and this is recorded on the hydrant asset in SSI. Other hydrants are dry tested Increased use of HVP for larger incidents.	2	3	6	Discharged				
5	The increasing age profile of operational staff could adversely affect our ability to deliver effective emergency response.	Fitness Assessments introduced and included as part of the Crew Training as of 1st April 14. Remedial action to ensure that acceptable levels of fitness are developed and maintained. Provision of facilities for physical exercise and training on operational stations. Currently staff are timetabled to take a fitness test, are subject to health monitoring and managers can refer staff to OHU if they have concerns. The Service provides a physiotherapy service, critical incident debriefing and counselling if needed.	3	2	6	Discharged				

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KEY RISKS	RISK MITIGATION/CONTROLS IN PLACE	LIKELIHOOD	IMPACT	RESIDUAL RISK	ACTIONS RECOMMENDED	BY WHEN	BY WHOM	RISK OWNER	DIRECTORATE
Operational staff do not have the required skills to operate safely at an incident with the potential to result in F/F injuries or fatalities.	Recruitment of Whole-time and RDS staff is undertaken against national standards. Initial and Continuation training delivery is based on National Occupational Standards (NOS), National Operational Guidance (NOG) and Training Specifications. Role related competencies have been identified and recorded within the PDR Pro system with appropriate retraining frequencies identified. Initial and Refresher training delivered to cover a wide range of specialist skills. Particularly risk Critical areas such as Breathing Apparatus are centrally assessed to ensure uniformity. An Operational Assurance policy is in place delivered through a dedicated Operational Assurance Team that continually assesses operational readiness through station visits, incident / exercise monitoring and debriefing. The team publishes a quarterly performance report to promote staff awareness of key operational performance issues. As well as internal learning sources, the team receives National Operational Learning (NOL) in relation to nationwide incidents, Rule 43 Letters and Joint Operational Learning from other blue light Services and Resilience Forum Partners. Such learning results in a range of actions including REC1 safety bulletins, changes to operational policy and training content (both courses and e-learning) and thus constant evolution/improvement in safety and effectiveness. A dedicated Incident Command Training team exists recognising the vital importance of this skill to safe and effective operations. Incident Commanders are now required to maintain a command license. Retained Support Officers have been appointed and their responsibilities include recruitment and training. The Service continues to invest in training props to ensure realistic hot fire training conditions. Through the Operational Assurance Group, Prevention, Protection and Response Task and Strategic Groups along with the Health, Safety and Environment Advisory Groups, internal and external learning are monitored and fed into the Training and Operational Review department to influence operational training.	3	3	9	Monitor effectiveness of Operational Assurance Performance Report in disseminating information	31/07/2021	HoTOR	DoSD	Serv Delivery

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KEY RISKS	RISK MITIGATION/CONTROLS IN PLACE	LIKELIHOOD	IMPACT	RESIDUAL RISK	ACTIONS RECOMMENDED	BY WHEN	BY WHOM	RISK OWNER	DIRECTORATE
7 Failure of key ICT systems resulting in disruption to services.	Separate BCP plans developed, including backup and recovery procedures, desktop exercise completed. Asset replacement policy in place, regularly reviewed. IT Firewall to prevent inappropriate access, moisture detection loop installed in SHQ plant room to identify any early threat of flooding Secondary ICT site constructed at STC to provide enhanced resilience, implementation of Active Directory to enhance security and control of user access, improved virus protection. Strategy to control use of USB devices implemented. Patch and update policy place to ensure servers and workstations are up to date with latest security developments. Wide Area Network (WAN) to all administrative and operations site. New Storage Area Network (SAN) to replicate all essential servers and data to the disaster recovery site at STC. Installed resilient link from STC to County Hall in order to maintain LCC/OCL supplied services in the event of a failure at SHQ or the link to County and also have extended the network to include the new control facility in Warrington.	3	3	9	Complete the implementation of the new WAN Start work to consolidate our 3 data centres to facilitate any potential SHQ relocation. Extend the use of Cloud services where appropriate. Achieve Cyber Essentials Plus. Upgrade Exchange infrastructure. Complete migration to windows 10 and Office 2019	31/07/2021	HoICT	HoICT	Strategy & Planning
8 Loss of corporate reputation through negative publicity.	Emergency communication plan and toolkit covers all aspects of risk including business continuity issues, emergencies and broader reputational risk, and fulfils requirements of the Lancashire Resilience Forum emergency communications plan. Plan regularly tested during exercises. Effective reactive press office and proactive media activity to build positive reputation including on-call arrangements for out-of-hours cover. Media and social media training forms part of middle manager development programme and is delivered to individuals and teams as required throughout the year. This was reduced during the pandemic however a number of social media training sessions were held in 2020 via Microsoft Teams. A media management tool is used to monitor media coverage about the service and a number of platforms are used to monitor and manage social media including, if required, social media activity by stations. Communication plans for corporate projects include internal communication where appropriate to ensure staff are well informed to reduce risk of misinformation. Corporate use of social media is embedded in communication plans with policy and guidance in place. Scanning and planning function helps anticipate and plan for specific reputational risks and daily media monitoring highlights inaccurate reporting and emerging issues that that need to be addressed or corrected. This activity is communicated to members of service management team via a daily media summary email.	3	3	9	Revised image consent forms have been produced in line with GDPR however social media guidelines are yet to be updated in respect of images and personal data, as a preferred method of processing and storing images has yet to be determined by the Service. Plan to update the social media guidance anyway with a holding position in teh interim. Revised media and social media training to be delivered	31/03/2022	HoCC	HoCC	People & Development

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KEY RISKS	RISK MITIGATION/CONTROLS IN PLACE	LIKELIHOOD	IMPACT	RESIDUAL RISK	ACTIONS RECOMMENDED	BY WHEN	BY WHOM	RISK OWNER	DIRECTORATE
9 Retention and recruitment of RDS staff impacts on RDS appliance availability.	RDS recruitment and retention working group established. Increased RDS basic recruits course population from 12 to 24. Quicker access to BA course on completion of recruit training. TOR support throughout the RDS probationary period. Enhanced retained pay scheme introduced and reviewed regularly. The service allows shorter RDS contracts to improve appliance availability. Encourages dual contract staff to contribute to the RDS. RDS availability targets now reduced to 95%. Proactive recruitment by SDM's. Joint working between HR and service delivery to enhance current recruitment processes. RDS Strengthening & Improving programme in place with the focus on supporting staff through their developmental stages and improving efficiency and effectiveness of recruitment work. A new Recruitment Vehicle has been established. RSO activity around both development and recruitment are paying off with improved levels of support being given across all required skill sets to those in the Service and those looking to join us.	3	3	9	RSO's continue to embed 'core skills' workshops on stations and STC staff routinely delivering Incident Command skills across a variety of topics to RDS staff to improve competency as well as sense of feeling valued. Activity around RDS recruitment campaigns will continue to develop. Work continues between Retained Support Officers (RSOs) and HR on the recruitment of on-call staff. For those who fail the on-call course the RSO's continue to maintain contact and undertake developmental work with a view to attendance on subsequent courses. RSOs/HR additionally monitor success of on-call recruitment initiatives.	31/03/2022	HoSD	HoSD	Serv Delivery
10 Lack of workforce planning resulting in significant over/under provision of staff and resulting impact on service and finances.	A mechanism of workforce planning has now been agreed and this will be reviewed on annual basis. As part of the development of the workforce plan a review of retirement profile is considered which is the main reason for turnover for those staff on grey book terms and conditions, this information is used to plan recruitment and enables us to plan effectively ensuring enough staff. Further to the turnover last year, an internal recruitment campaign and associated recruitment resulted in recruitment to 27 posts. A further recruitment campaign is being conducted for 2017/18 which will be completed by mid-May. Our approach to training and organisational development ensures that staff have the necessary ability, skills and training in order to be able to undertake the job role. In terms of managing the risks associated with over establishment, all posts are checked against the post book prior to advertising. Where a post is not established it needs to go through specific authorisation and establishment process which ensures that we control the number of posts we recruit.	2	3	6	Discharged				

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			LIKELIHOOD	IMPACT	RESIDUAL RISK		BY WHEN	BY WHOM	RISK OWNER	DIRECTORATE
	KEY RISKS	RISK MITIGATION/CONTROLS IN PLACE				ACTIONS RECOMMENDED				
11	Lack of compliance with legislation resulting in prosecution or compliance order.	Clerk of Authority reviews all Committee reports for legality and advises CFA. Clerk and Solicitor review new legislation. Government notify of all new requirements Horizon scanning.	2	2	4	Discharged				
12	Ineffective Health and Safety in the workplace, resulting in prosecution, intervention fees etc.	<ul style="list-style-type: none"> • Health and Safety Management System (HSMS) in place certified to ISO 45001:2018 to develop, maintain and continuously improve the HSMS. • Operational Assurance Programme. • HSA3 – workplace inspection programme. • Publication of risk information – Health and Safety Risk and Opportunities Register resulting in service objectives and targets, Generic Risk Assessments, Service Orders, Standard Operating Procedures etc. • External audit and scrutiny through External Auditors. • Health, Safety and Environment Advisory Group / Health and Safety Consultation Meeting monitor performance. • Annual SHE Report presented to CFA. • LFRS SHE Audit and Development Plan to develop, maintain, ensure compliance, review and continuously improve the HSMS. 	3	3	9	Following the independent audit of Health and Safety and Environmental Management Systems carried out as part of our ISO 45001 and ISO 14001 certification process non-conformances and opportunities for improvement are collated together into the SHE Audit Improvement Action Plan and monitored to conclusion through the Health, Safety and Environment Advisory Group.	30/11/2021	HoSHE	HoSHE	People & Development

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	KEY RISKS	RISK MITIGATION/CONTROLS IN PLACE	LIKELIHOOD	IMPACT	RESIDUAL RISK	ACTIONS RECOMMENDED	BY WHEN	BY WHOM	RISK OWNER	DIRECTORATE
13	Lack of effective Information management impacting on service delivery and support or leading to a breach of data protection/freedom of information or a loss of sensitive/personal information.	A revised structure to deliver Information Management has been implemented. Nominated Data Protection and Freedom of Information Lead Officers to ensure legal obligations met. All freedom of information requests considered by Exec Board. Data encryption in place. Information Management related projects are progressing as scheduled with governance from Programme Board and DCFO as Sponsor. Compliance with the Data Protection Act (DPA) and General Data Protection Regulation (GDPR) remains a priority. A data protection LearnPro module; this will further support the Service in effective information management by increasing staff awareness. The Service has also provided specialist data protection and GDPR training to increase staff knowledge and engagement with the subject matter. Data protection has been added as a standard agenda item to several key Papers in the Service. The appointment of a DPO not only aligns the Service with legislative obligations but also provides the oversight inherent to that post.	3	3	9	Work is ongoing through a number of key projects to align many aspects of this work. This is being covered through the CorVu replacement project and the records management and intranet replacement project, both of which are Corporate Programme Board items. Amendments have been made to the district plans and intelligence profiles to assist with the planning and reporting functions, with a longer-term view of further developing this area of work. The records officer role has now drafted the associated policies to support the above workstreams and with the introduction of MS365 a more robust and secure mechanism will be in place to effectively manage data.	31/03/2022	HoServ Develop	DoSP	Strategy & Planning
14	Delayed mobilisation, impacting on service delivery.	System uses AVLS to locate the nearest available pump, based on anticipated 'run time'. 2014 saw the implementation of a new Global ITN road speed setting developed from historical evidence provided by Cheshire FRS. This implementation along with changes to Station geographical locations, the removal of road restrictions (imposed on the ITN by the developers) and the development of new response plans has seen an improvement in mobilising with appliances arriving with greater accuracy between the proposed and actual run times. Restrictions have been imposed on the system to ensure non critical incidents are attended by the host station whilst preventing a lengthy run time and/or a slow response time. This restriction ensures both the spread of resources is maintain and the continued use of RDS whilst preventing Whole time appliances being taken out of higher risk areas, this also reduces the need for standby/closing in moves.	3	3	9	New road speed algorithms have been deployed at NWFC, ensuring a more accurate travel time is factored into mobilisation decisions. The system is also being updated to reflect historic turn-in times. Both of these changes should enhance mobilisation and ensure that the appropriate appliance is deployed to incidents.	30/11/2021	HoServ Develop	DoSP	Strategy & Planning

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	KEY RISKS	RISK MITIGATION/CONTROLS IN PLACE	LIKELIHOOD	IMPACT	RESIDUAL RISK	ACTIONS RECOMMENDED	BY WHEN	BY WHOM	RISK OWNER	DIRECTORATE
15	High levels of staff absence due to outbreak of Ebola.	On-going liaison with LCC Emergency Planning Dept and LRF. Separate BCP plans developed re large scale staff absence. Enhanced sickness and absence policy implemented. OHU department to provide advice to managers/staff.	1	4	4	Discharged				
16	Lack of clarity on future of FRS, leading to inertia.	<p>The Sir Ken Knight review highlighted a need to review governance arrangements relating to FRAs identified several potential governance models, regional, national, mergers, ambulance, police etc. responsibility for Fire Service has transferred from CLG to Home Office</p> <p>The Policing and Crime Bill (which is currently going through Parliament) introduces measures which require the police, fire and rescue, and ambulance services to collaborate with one another.</p> <p>As a minimum, the legislation requires 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 FRA. Alternatively, PCCs have the option of putting forward a business case which may 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 appear to be:-</p> <ul style="list-style-type: none"> • remain as we are • move towards a PCC 	2	3	6	Discharged				

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	KEY RISKS	RISK MITIGATION/CONTROLS IN PLACE	LIKELIHOOD	IMPACT	RESIDUAL RISK	ACTIONS RECOMMENDED	BY WHEN	BY WHOM	RISK OWNER	DIRECTORATE
17	Failure of ESMCP to deliver a viable communication facility.	<p>Emergency Services Mobile Communication Programme (ESMCP) is a national project which will deliver a replacement communications and data service using 4G technology. The new broadband data services will replace the existing private mobile radio system provided by Airwave. Main contracts awarded to EE and Motorola for the network and network equipment respectively. Since the signing of the contract, there has been considerable work done by the suppliers, central programme team and emergency services in the regions.</p> <p>In 2019/20 the Programme awarded contracts to 2 suppliers for the creation and delivery of fixed vehicle devices for use in the fire appliances and wider fleet. The NW region is working closely with these providers to ensure the equipment meets our technical and end user requirements. In April 2020 the Programme made available equipment that has enabled LFRS to commence with the testing of coverage in order to gain the required assurances that the provision of network coverage is to contractual criteria and fit for purpose.</p>	3	3	9	<p>Work is ongoing at both a service and regional level in order to prepare for transition to ESMCP. This is focussed upon coverage, transition planning, device support requirements and integration with existing systems such as MDT.</p> <p>LFRS is managing the project with a dedicated Project Manager through Home Office allocated funding and key staff members such as Head of ICT are aligned to relevant work packages. Significant progress cannot be achieved until after the HO issue the revised National Transition Plan.</p>	31/07/2021	DoSP	DoSP	Strategy & Planning

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	KEY RISKS	RISK MITIGATION/CONTROLS IN PLACE	LIKELIHOOD	IMPACT	RESIDUAL RISK	ACTIONS RECOMMENDED	BY WHEN	BY WHOM	RISK OWNER	DIRECTORATE
18	Inability to maintain service provision in spate conditions	<p>Robust Business Continuity arrangements The published 2017-2022 LFRS Integrated Risk Management Plan recognises the impacts of wide area flooding (P2 increasing weather related events) as does our SOR for 2017. Ensure ESMCP specification recognises communication needs identified Training for LFRS FDOs regarding National Resilience Asset mobilisation and associated Command Support has been delivered, testing via an exercise to be completed</p> <p>LFRS vehicle fleet amended with multi-purpose (4x4) vehicles suitable for use in wide area flooding placed within the fleet, further purchases to follow in 2017/18 to extend the provision to 10.</p> <p>The enhancement of staff PPE with provision of flood suits and associated training is complete.</p> <p>The Lancaster accommodation side (not appliance bay etc.) has been built with flood defences and other mitigation works as per flood risk assessment. Other works include elevating all Station Mobilisation Cabinets that are in Flood risk areas.</p>	3	2	6	Discharged				
19	Failure to maximise the opportunities that technological advances present due to a lack of capacity within the ICT department, and an inability of staff to keep pace with new development that are implemented	<p>ICT Asset Mgt Plan in place, which identifies replacement timeframes for existing systems.</p> <p>Revised ICT Strategy presented to Resources Committee in March 2018 and includes work stream to improve user experience.</p> <p>BPIP consider all new ICT systems/developments, as part of this consideration is given to capacity planning in terms of ICT resource and impact on end users</p> <p>CPB consider outcomes from BPIP</p> <p>Additional Systems Engineering posts are now filled with the individuals already having a positive impact on the back log of work. Creation of Digital Transformation as a standalone department will allow ICT to focus on core infrastructure and increase development capacity once fully staffed.</p>	3	3	9	<p>Upgrade Exchange infrastructure. Complete migration to windows 10 and Office 2019</p> <p>They have continued to develop bespoke packages, such as Assurance Monitoring System.</p> <p>Currently recruiting additional staff for Digital Transformation department created in June 2020</p> <p>Introducing 4 apprentice roles across ICT and DT.</p>	31/07/2021	HoICT	DoSP	Strategy & Planning

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	KEY RISKS	RISK MITIGATION/CONTROLS IN PLACE	LIKELIHOOD	IMPACT	RESIDUAL RISK	ACTIONS RECOMMENDED	BY WHEN	BY WHOM	RISK OWNER	DIRECTORATE
20	Loss of support for Vector Incident Command product with the product name Command Support System (CSS) leading to ineffective command function at large incidents	The CSS software application (Vector Incident Command) we run on our command units to manage the incident command system, went into administration and the Intellectual Property Rights (IPR) for the software were bought at auction by Telent, who are the prime contractor for the NWFC ICT mobilising and communication. Telent have presented to say they will ensure that the original Vector developments as promised under the NWFC contract will be delivered. However developments have been very slow	3	3	9	A new project has now commenced to deliver a new command software solution and work is on-going to develop the specifications to move the Service forward towards procurement.	31/03/2022	HoServ Develop	DoSP	Strategy & Planning
21	Risk of rapid external fire spread in high rise premise resulting in a major incident	Understanding the range of hazards present in the high rise built environment continues to evolve with new and emerging risks continually being identified both locally and nationally. The latter are shared by the NFCC Protection Policy Reform Unit (incorporating the Building Safety Team), Home Office and MHCLG. Intelligence which in turn steers targeting and inspection activity. Albeit with restrictions on LFRS' ability to fully manage risk in this area due to limitations imposed by current legislation. National policy reform is underway, but still has considerable distance to travel, involving revised Building Regulations, amendments to the Fire Safety Order in 2012 (giving FRS enforcement powers for cladding and flat front doors) and the new Building Safety Bill in 2022 (making FRS a joint regulator with HSE and Building Controls). In 2020/21 (until Dec) LFRS Inspectors are undertaking the MHCLG commissioned 'Building Risk Review' of all 75 High Rise residential premises in Lancashire to identify if any hazards exist beyond the use of ACM cladding. Such hazards include other unsatisfactory cladding systems, combustible balconies, and compartmentation breaches etc. All High Rise owners and managers have been written to signposting the Government Cladding Remediation Fund.	2	5	10	A Protection Transformation Team has been established which includes responsibility to oversee the Building Risk Review (BRR). Revised governance for Fire Protection will be introduced to drive reform with introduction of dedicated AM for P&P and GMs for Prevention and Protection. Comprehensive program is in place to fill all roles and upskill the Protection Workforce to meet the complex demands of the FSO and FSB Future Risk Based Inspection Programs will be informed by the findings of the BRR. Inspectors will work with building owners, managers, and residents, to secure appropriate risk mitigation resorting to enforcement only when justified and necessary to do so. Comprehensive program is in place to fill all roles and upskill the Protection Workforce to meet the complex demands of the FSO and FSB.	30/11/2021	HoServ Develop	DoSP	Strategy & Planning

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	KEY RISKS	RISK MITIGATION/CONTROLS IN PLACE	LIKELIHOOD	IMPACT	RESIDUAL RISK	ACTIONS RECOMMENDED	BY WHEN	BY WHOM	RISK OWNER	DIRECTORATE
22	Failure to maximise collaborative opportunities presented by Policing and Crime Act 2017	Well-developed relationships with Lancashire Constabulary and NWS Regular meetings to discuss issues/opportunities Collaboration already taking place i.e. EMR, Gaining Entry, Missing Persons, Air Support (Drone), Site Sharing etc. Statement of Intent agreed and signed off at Deputy Chief Officer level between LFRS and Lancashire Constabulary External training for both organisations Senior Management Teams delivered by Shares Services Architects. Work areas considered and a 32 item collaboration log has been created. Blue Light Collaboration Board has been extended to NWS and both Programme and Sponsor level attendance at meetings is from the 3 blue light services	3	3	9	3 core projects to be progressed to scope report status:- • multi officer role • response arrangements • public order training at Washington hall Further roll out of EMR is dependent upon outcome of national pay negotiations In order to evaluate the effectiveness of the collaboration work to date consultants have been commissioned to carryout a review of the work to date. This work has been delayed due to the ongoing Covid 19 Pandemic and findings will be considered once the report is completed.	30/11/2021	HoSD	DoSP	Strategy & Planning

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	KEY RISKS	RISK MITIGATION/CONTROLS IN PLACE	LIKELIHOOD	IMPACT	RESIDUAL RISK	ACTIONS RECOMMENDED	BY WHEN	BY WHOM	RISK OWNER	DIRECTORATE
23	Lack of leadership capacity impacting on delivery of services	<p>Workforce plan agreed and implemented which clearly identifies our challenges and workforce profile</p> <p>Recruitment policy in place which reviews the success of recruitment campaigns against the knowledge and skills gap</p> <p>Appraisal system in place, to establish opportunities for development feedback, identification of training needs, development opportunities and talent</p> <p>Leadership Development programmes in place, including in house leadership development, ILM (Institute of Leadership and Management) ELP (Executive Leadership Programme), Leading into the Future (A cross sectoral leadership programme) etc.</p> <p>Coaching and mentoring system introduced</p> <p>Action Learning Sets introduced</p> <p>Leadership Conferences delivered</p> <p>Promotion Board in place with clear development and promotion pathways established for operational staff</p>	3	3	9	<p>New performance management/appraisal system introduced.</p> <p>A more formal approach to Talent Management has been introduced which aspires to be an open, transparent approach and encourages individuals and line managers to reflect on their current position, for feedback to be given and opportunities for development identified through a lifetime/career conversation if this is something the individual wishes to pursue.</p> <p>Leadership development programmes continue to be delivered.</p> <p>Future workforce needs are reviewed on an ongoing basis, this is particular relevant in light of potential impact of transitional pension arrangements</p>	31/07/2021	HoHR	DoPD	People & Development
24	Insufficient preparation for inspection programme leading to opportunities being lost in terms of national learning and Lancashire's ability to effectively communicate its progress and awareness	<p>Resources allocated to the required preparatory work to meet the needs of the HMICFRS inspection process.</p> <p>Creation of an internal review and subsequent self-assessment against the draft inspection criteria including the collation of key evidence and identification of any shortfalls of evidence. Completion of the HMICFRS returns including a corporate narrative overview, statements against the diagnostics covering effectiveness, efficiency and people including the submission of associated evidence.</p> <p>Inspection completed week commencing 9 July.</p> <p>Report due completion October (released at same time as other Tranche 1 reports)</p>	1	3	3	Discharged				
25	The outcome of the EU court ruling on the Matzak case relating to on-call arrangements in Belgium has a detrimental impact on service provision and/or cost.	<p>The case looked at the applicability of Working Time in connection with the Belgian Fire Service and their version of On Call Controls.</p> <p>Legal opinion is being sought in connection with the case to identify its impact in the UK. On more detailed examination, the case was not directly applicable to the UK, the issue in question was also resolved before further consideration by the Belgium Courts.</p>	1	5	5	Discharged				

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	KEY RISKS	RISK MITIGATION/CONTROLS IN PLACE	LIKELIHOOD	IMPACT	RESIDUAL RISK	ACTIONS RECOMMENDED	BY WHEN	BY WHOM	RISK OWNER	DIRECTORATE
26	Increase in costs of and/or lack of availability of goods and services, following Brexit	We are continuing to monitor any trends in terms of this, with a view to identifying the extent of any impact. If costs increase significantly in the short term we will need to drawdown reserves in order to deliver a balanced budget. We have not seen any evidence that the availability of essential goods/services has been affected at this moment in time.	3	4	12	We continue to monitor impact, to date this has been minimal in regards to impact of goods being received and increase in costs.	31/03/2022	HoProc	DoCS	Corporate Services
27	Increase in costs associated with changes to pensionability of allowances	Following a High Court decision on allowances within the fire service, which provided a different interpretation to both the historical basis and to previous decisions of the Pensions Ombudsman, the pensionability of various allowances changed with associated cost implications. The Service agreed eligibility with the FBU going forward and this has been implemented. The question of backdating remains unresolved. The current situation is the Service has responded positively to the FBU request for 6 years backdating for relevant allowances (primarily DCP) but the Union has not currently accepted this offer. Since the offer the Pensions Ombudsman has determined an individual case for an active employee within Lancashire and the implications for both the Service and employees is being worked through.	4	4	16	Continue to seek a remedy on backdating issues. Liaison with our pension provider in respect of potential remedy implications. Once we have determined the appropriate action we will need to provide administrative resource to resolve.	31/03/2022	DoPD	DoPD	People & Development
28	Discontinued or long term malfunction in the KPI management software product (CORVU)	Close contract management with the provider to ensure that the product remains functional and fit for purpose. Staff member will lead responsibility is highly trained in the product and can carryout some maintenance in order to support functionality. Some alternative work arounds identified that will be resource intensive and may not provide the existing quality of data and subsequent analysis.	3	2	6	Continue to review the systems utilised in the sector and comparable users in order to identify a replacement product in a timely manner. Carryout a review of alternative work solutions in order to ensure that CFA Performance reports and Service Delivery District level reports remain deliverable. Priorities the upskilling of the new GIS / analyst to reduce the single point of failure risk.	30/11/2021	HoSDD	DoSP	Strategy and Planning

CORPORATE RISK REGISTER

Mar 21

KEY RISKS		RISK MITIGATION/CONTROLS IN PLACE	LIKELIHOOD	IMPACT	RESIDUAL RISK	ACTIONS RECOMMENDED	BY WHEN	BY WHOM	RISK OWNER	DIRECTORATE
29	High levels of staff absence due to pandemic.	The pandemic BCP was implemented from March 2020 in response to Covid-19. IMT and various sub-groups were implemented to manage impacts including – enhanced monitoring of staff absence levels, notification processes, H & S guidance, appliance crewing models, increased home and remote working, re-defined core activities and support to LRF work streams. OHU department to provide advice to managers/staff. On-going liaison with LRF/Emergency Planning Depts. Staff absence levels peaked as expected during mid-January, following the Christmas / New Year relaxation of lockdown arrangements. LFRS accessed a provision of Lateral Flow Tests and began a pilot rollout across a number of locations aimed at early identification and isolation of asymptomatic cases of C-19. An ambitious rollout plan followed which resulted in LFT provision being made available in a self-sustaining manner across all 39 fire stations, Service Headquarters, Service Training Centre.	5	5	25	Interim BCP debrief conducted internally to capture learning from the first few months of the pandemic. Further internal and LRF debriefs to be progressed once BCP arrangements stood down.	30/11/2021	HoSDD	DoSP	Strategy and Planning
30	Changes to Emergency Response Driver Training leading to a reduction in trained appliance drivers and hence impacting pump availability	A new Fire Standard for Emergency Response Driver Training has been published. This requires more training for new drivers within the sector, requiring: - <ul style="list-style-type: none"> • Current instructors added to a register and new instructors will need to complete a formal pathway; • A 10-day course with an element of night driving for all new appliance drivers; • A 10 or 15-day Initial Response course for flexi-officers depending on current competency in response driving; • Longer courses for special appliances which are not LGV. All of these will see a marked increase in the length of a driving course. In terms of the initial driving course the extension of time from 5 days to 10 days not only increase instructor time, but may lead to difficulties in the On-Call service as personnel will not be able to take the time away from Primary Employment to undertake training leading to a decline in On-Call appliance availability.	3	4	12	All of these will see a marked increase in the length of a driving course, which may require additional instructor resource and we are currently reviewing the impact on driving instructor and hence the need for additional capacity within the Team. As this only applies to new drivers the impact will be felt gradually over a period of time as personnel leave the service and are replaced. This will be more significant in the on-call service as turnover rates are much higher. We will monitor the impact in the on-call service over time to ensure that new entrants are able to undertake the relevant training and therefore are able to drive appliances. This risk may increase over time as personnel leave the service and new entrants are required to comply with the new standard	31/03/2022	HoTOR	DoSD	Serv Delivery

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30

CORPORATE RISK REGISTER

Mar 21

KEY RISKS	RISK MITIGATION/CONTROLS IN PLACE	LIKELIHOOD	IMPACT	RESIDUAL RISK	ACTIONS RECOMMENDED	BY WHEN	BY WHOM	RISK OWNER	DIRECTORATE
HIGH				3		31/03/2022			
MEDIUM				17		31/07/2021			
MEDIUM/LOW				7		30/11/2021			
LOW				3	Discharged				
				<u>30</u>					

Scores

Likelihood

- 5 Certain, see next sheet
- 4 Very Likely, see next sheet
- 3 Likely, see next sheet
- 2 Unlikely, see next sheet
- 1 Rare, see next sheet

Impact

- Minor, see next sheet
- Noticeable, see next sheet
- Significant, see next sheet
- Critical, see next sheet
- Catastrophic, see next sheet

LANCASHIRE COMBINED FIRE AUTHORITY AUDIT COMMITTEE

Meeting to be held on 23 March 2021

EXTERNAL AUDIT - AUDIT PROGRESS REPORT AND SECTOR UPDATE (Appendix 1 Refers)

Contact for further information:

Keith Mattinson - Director of Corporate Services - Telephone 01772 866804.

Executive Summary

Attached as appendix 1 is an Audit Progress and Sector Update report produced by Grant Thornton, our external auditors

Recommendation

The Committee is asked to note and endorse the report.

Information

Attached as Appendix 1 is an Audit Progress and Sector Update report produced by the Grant Thornton, our external auditors which will be presented by the Engagement Lead.

The report sets out the following:-

- Progress at March 2021 – in relation to the financial statements and value for money conclusion;
- Audit Deliverables – which sets out what the auditors will do and their planned completion date;
- Sector Update – which provides an up to date summary of emerging national issues and developments to support the Authority/Committee. This covers areas which may have an impact on the organisation, they are not specific issues relating to this Authority. The most significant of these will be picked up as part of the accounts preparation work and reported accordingly.

Financial Implications

None

Human Resource Implications

None

Equality and Diversity Implications

None

Environmental Impact

None

Business Risk Implications

None

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact
None		
Reason for inclusion in Part II, if appropriate:		

Audit Progress Report and Sector Update

Lancashire Combined Fire Authority
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Audit Deliverables	5
Sector Update	6

Introduction



Andrew Smith

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This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a fire authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

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Engagement Manager

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Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk.

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress at March 2021

2020/21

We will now begin to look to the 2020/21 financial year and begin our planning processes for the audit.

Our formal work will begin in late March and early April and in the meantime we will:

- have regular discussions with management to inform our risk assessment for the 2020/21 financial and value for money audits
- review board papers and latest financial and operational performance reports
- consider any reports from regulators regarding your clinical / operational effectiveness.

We expect to issue our audit plan summarising our approach to key risks on the audit at the next Audit Committee.

Value for Money

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified / unqualified) approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Further detail on the NAO's revised approach to VFM work can be found here: <https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2019/12/AGN-03-Auditors-Work-on-Value-for-Money-Arrangements.pdf>

Due to the change in approach, a fee variation will be needed for 2020-21 and your Engagement Team should be in touch shortly to discuss this.

The new Code of Audit Practice issued by the NAO can be found here: https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2020/01/Code_of_audit_practice_2020.pdf

Other areas

Meetings

We met with Finance Officers in March as part of our regular liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Events

We provide a range of workshops, along with network events for members and publications to support the Authority. Your officers attended our Financial Reporting Workshop in February, which helped to ensure that members of your Finance Team were up to date with the latest financial reporting requirements for local authority accounts.

Further details of the publications that may be of interest to the Authority are set out in our Sector Update section of this report.

Audit Deliverables

2020/21 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2020/21.	April 2020	Complete
Audit Plan We are required to issue a detailed audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Authority's 2019-20 financial statements and a Conclusion on the Authority's Value for Money arrangements.	July 2021	Not yet due
Interim Audit Findings We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	July 2021	Not yet due
Audit Findings Report The Audit Findings Report will be reported to the September Audit Committee ahead of the 30 th September national deadline.	September 2021	Not yet due
Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.	September 2021	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	October 2021	Not yet due

Sector Update

Local Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

The Redmond Review

The Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting – “The Redmond Review” was published on 8 September.

The review has examined the effectiveness of local audit and its ability to demonstrate accountability for audit performance to the public. It also considered whether the current means of reporting the Authority’s annual accounts enables the public to understand this financial information and receive the appropriate assurance that the finances of the authority are sound.

The Review received 156 responses to the Calls for Views and carried out more than 100 interviews. The Review notes “A regular occurrence in the responses to the calls for views suggests that the current fee structure does not enable auditors to fulfil the role in an entirely satisfactory way. To address this concern an increase in fees must be a consideration. With 40% of audits failing to meet the required deadline for report in 2018/19, this signals a serious weakness in the ability of auditors to comply with their contractual obligations. The current deadline should be reviewed. A revised date of 30 September gathered considerable support amongst respondents who expressed concern about this current problem. This only in part addresses the quality problem. The underlying feature of the existing framework is the absence of a body to coordinate all stages of the audit process.”

Key recommendations in the report include:

- A new regulator - the Office of Local Audit and Regulation (OLAR) to replace the Financial Reporting Council’s (FRC) role and that of Public Sector Auditor Appointments (PSAA)
- Scope to revise fees - the current fee structure for local audit be revised to ensure that adequate resources are deployed to meet the full extent of local audit requirements
- Move back to a September deadline for Local Authorities - the deadline for publishing audited local authority accounts be revisited with a view to extending it to 30 September from 31 July each year
- Accounts simplification - CIPFA/LASAAC be required to review the statutory accounts to determine whether there is scope to simplify the presentation of local authority accounts.

The OLAR would manage, oversee and regulate local audit with the following key responsibilities:

- procurement of local audit contracts;
- producing annual reports summarising the state of local audit;
- management of local audit contracts;
- monitoring and review of local audit performance;
- determining the code of local audit practice; and
- regulating the local audit sector.

The current roles and responsibilities relating to local audit discharged by the Public Sector Audit Appointments (PSAA); Institute of Chartered Accountants in England and Wales (ICAEW); FRC; and The Comptroller and Auditor General (C&AG) to be transferred to the OLAR.

How you can respond to the Review

One of the recommendations was for local authorities to implement:

The governance arrangements within local authorities be reviewed by local councils with the purpose of:

- an annual report being submitted to Full Council by the external auditor;
- consideration being given to the appointment of at least one independent member, suitably qualified, to the Audit Committee; and
- formalising the facility for the CEO, Monitoring Officer and Chief Financial Officer (CFO) to meet with the Key Audit Partner at least annually.

Whilst Redmond requires legislation, in practice the second and third bullets are things which authorities could start doing now.

The full report can be obtained from the gov.uk website:

<https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-independent-review>

Code of Audit Practice and revised approach to Value for Money audit work - National Audit Office

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The most significant change in the Code is the introduction of a new 'Auditor's Annual Report', which brings together the results of all the auditor's work across the year. The Code also introduced a revised approach to the audit of Value for Money.

Value for Money - Key changes

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering governance, financial sustainability and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified / unqualified) approach to VfM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The new approach to VfM re-focuses the work of local auditors to:

- Promote more timely reporting of significant issues to local bodies
- Provide more meaningful and more accessible annual reporting on VfM arrangements issues in key areas
- Provide a sharper focus on reporting in the key areas of financial sustainability, governance, and improving economy, efficiency and effectiveness
- Provide clearer recommendations to help local bodies improve their arrangements.

Implications of the changes

Grant Thornton very much welcomes the changes, which will support auditors in undertaking and reporting on work which is more meaningful, and makes impact with audited bodies and the public. We agree with the move away from a binary conclusion, and with the replacement of the Annual Audit Letter with the new Annual Auditor's Report. The changes will help pave the way for a new relationship between auditors and audited bodies which is based around constructive challenge and a drive for improvement.

The following are the main implications in terms of audit delivery:

- The Auditor's Annual Report will need to be published at the same time as the Auditor's Report on the Financial Statements.
- Where auditors identify weaknesses in Value for Money arrangements, there will be increased reporting requirements on the audit team. We envisage that across the country, auditors will be identifying more significant weaknesses and consequently making an increased number of recommendations (in place of what was a qualified Value for Money conclusion). We will be working closely with the NAO and the other audit firms to ensure consistency of application of the new guidance.
- The new approach will also potentially be more challenging, as well as rewarding, for audited bodies involving discussions at a wider and more strategic level. Both the reporting, and the planning and risk assessment which underpins it, will require more audit time, delivered through a richer skill mix than in previous years.

The Code can be accessed here:

https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2020/01/Code_of_audit_practice_2020.pdf

Revised auditing standard: Auditing Accounting Estimates and Related Disclosures

In the period December 2018 to January 2020 the Financial Reporting Council issued a number of updated International Auditing Standards (ISAs (UK)) which are effective for audits of financial statements for periods beginning on or after 15 December 2019. ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

Additional information that will be required for our March 2021 audits

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2021 in all areas summarised above for all material accounting estimates that are included in the financial statements.

Based on our knowledge of the Authority we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings,
- Depreciation
- Year end provisions and accruals
- Valuation of defined benefit net pension fund liabilities

The Authority's s Information systems

In respect of the Authority's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Authority uses management experts in deriving some of its more complex estimates, e.g. asset valuations. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Authority (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.

Estimation uncertainty

Under ISA (UK) 540 (Revised December 2018) we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

- Where there is material estimation uncertainty, we would expect the financial statement disclosures to disclose:
- What the assumptions and uncertainties are;
- How sensitive the assets and liabilities are to those assumptions, and why;

- The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and
- An explanation of any changes made to past assumptions if the uncertainty is unresolved.

How can you help

As part of our planning risk assessment procedures we routinely make a number of enquiries of management and those charged with governance, which include general enquiries, fraud risk assessment questions, going concern considerations etc. Responses to these enquires are completed by management and confirmed by those charged with governance at an Audit Committee meeting. For our 2020/21 audit we will be making additional enquires on your accounting estimates in a similar way (which will cover the areas highlighted above). We would appreciate a prompt response to these enquires in due course.

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540_Revised-December-2018_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)

Future Procurement and Market Supply Options Review – Public Sector Audit Appointments

Public Sector Audit Appointments (PSAA) has commissioned an independent review of the sustainability of the local government audit market. The review was undertaken by an independent consultancy, Touchstone Renard.

PSAA note that the report “draws on the views of audit firms active in the local authority market as well as others that are not. In doing so it identifies a number of distinctive challenges in the current local audit market. In particular it highlights the unprecedented scrutiny and significant regulatory pressure on the auditing profession; the challenges of a demanding timetable which expects publication of audited accounts by 31 July each year; and the impact of austerity on local public bodies and its effect on both the complexity of the issues auditors face and the capacity of local finance teams”.

Key findings in the report include:

- A lack of experienced local authority auditors as the main threat to the future sustainability of the market.
- It will be difficult to bring the non-approved firms into the market.
- Of the nine approved firms, only five have current contracts with PSAA.
- Almost all of the approved firms have reservations about remaining in the market.
- Firms perceive that their risks have increased since bids were submitted for the current contracts.
- The timing of local audits is problematic.

Key issues for the next procurement round include:

- Number of lots and lot sizes.
- Lot composition.
- Length of contracts.
- Price:quality ratio.

The report notes that “PSAA will need to balance the views of the firms with wider considerations including the needs of audited bodies and the requirement to appoint an auditor to every individual body opting in to its collective scheme”.



The full report can be obtained from the PSAA website:

<https://www.psa.co.uk/wp-content/uploads/2020/03/PSAA-Future-Procurement-and-Market-Supply-Options-Review.pdf>

CIPFA – Financial Scrutiny Practice Guide

Produced by the Centre for Public Scrutiny (CfPS) and CIPFA, this guide provides guidance to councils and councillors in England on how they might best integrate an awareness of council finances into the way that overview and scrutiny works.

The impact of the COVID-19 pandemic on council finances, uncertainty regarding the delayed fair funding review and future operations for social care – on top of a decade of progressively more significant financial constraints – has placed local government in a hugely challenging position.

For the foreseeable future, council budgeting will be even more about the language of priorities and difficult choices than ever before.

This guide suggests ways to move budget and finance scrutiny beyond set-piece scrutiny 'events' in December and quarterly financial performance scorecards being reported to committee. Effective financial scrutiny is one of the few ways that councils can assure themselves that their budget is robust and sustainable, and that it intelligently takes into account the needs of residents.

Scrutiny can provide an independent perspective, drawing directly on the insights of local people, and can challenge assumptions and preconceptions. It can also provide a mechanism to ensure an understanding tough choices that councils are now making.

This paper has been published as the local government sector is seeking to manage the unique set of financial circumstances arising from the COVID-19 pandemic. This has resulted, through the Coronavirus Act 2020 and other legislation, in changes to local authorities' formal duties around financial systems and procedures.

The approaches set out in this guide reflect CfPS and CIPFA's thinking on scrutiny's role on financial matters as things stand, but the preparation for the 2021/22 budget might look different. CfPS has produced a separate guide to assist scrutineers in understanding financial matters during the pandemic



The full report can be obtained from CIPFA's website:

<https://www.cipfa.org/policy-and-guidance/reports/financial-scrutiny-practice-guide>

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LANCASHIRE COMBINED FIRE AUTHORITY

AUDIT COMMITTEE

Meeting to be held on 23 March 2021

INTERNAL AUDIT PLAN 2021/22

(Appendix 1 refers)

Contact for further information:

Keith Mattinson - Director of Corporate Services - Telephone 01772 866804

Executive Summary

The attached document sets out the final proposed Internal Audit Plan for 2021/22.

Recommendation

The Committee is asked to agree the Internal Audit Plan for 2021/22.

Information

The internal auditors are required to produce an Annual Audit Plan, setting out areas they intend to review during the year. A proposed plan is attached as Appendix 1, and will be presented by the Internal Audit Manager.

The plan utilises a total of 70 days in 2021/22, which is in line with the current year.

Financial Implications

Delivery of the plan will cost £23k which is in line with budget provision.

Human Resource Implications

None

Equality and Diversity Implications

None

Business Risk Implications

The audit plan is formulated taking account of the risks faced by the Authority, and as such is designed to ensure that the auditors review how the Authority is managing these risks and provide an assurance on this.

Environmental Impact

None

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact
None		
Reason for inclusion in Part II, if appropriate:		

Lancashire Combined Fire Authority

Internal Audit Service

Internal Audit Plan: 2021/22

1 Introduction

- 1.1 This paper sets out a draft plan of work to be undertaken by the Internal Audit Service for the Combined Fire Authority for the coming financial year. The plan amounts to a total resource of 70 audit days, which equates to an overall cost of £23,450 (ex VAT) at our daily rate of £335.

2 The purpose of the audit plan

- 2.1 Responsibility for maintaining and reviewing the system of internal control and for implementing a system of governance and risk management rests with the Combined Fire Authority. However, the process by which the Annual Governance Statement is produced includes obtaining assurances on the effectiveness of key controls and internal audit provides one of the key sources of such assurance.
- 2.2 The Head of Internal Audit is required by professional standards to provide an opinion addressing governance, risk management and control and thereby to provide assurance that the risks to the objectives of Lancashire Combined Fire Authority are being adequately and effectively controlled.
- 2.3 The Audit Committee's terms of reference require it to review and approve the internal audit plan.

3 Statutory and professional requirements relating to internal audit

- 3.1 Internal audit's function is established by the Accounts and Audit Regulations 2015, which are supported by professional standards for internal audit in the public sector and an advisory note specifically for local government in the United Kingdom. The key requirements of the regulations and of the Public Sector Internal Audit Standards (PSIAS) are set out below.

Internal audit: "A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account public sector internal auditing standards or guidance." *Regulation 5. (1)*

Review of internal control system: "A relevant authority must, each financial year (a) conduct a review of the effectiveness of the system of internal control [...] and (b) prepare an annual governance statement." *Regulation 6. (1)*

Definition of internal auditing

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

"The provision of assurance services is the primary role for internal audit in the UK public sector. This role requires the chief audit executive to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control."

"Internal auditors must incorporate knowledge of controls gained from consulting engagements into evaluation of the organisation's control processes." *Public Sector Internal Audit Standards, 2017*

3.2 The regulations therefore establish the requirement for an internal audit function and its provision of an opinion on governance, risk management and control processes, following public sector internal auditing standards. Professional standards likewise mandate the provision of such an opinion. They also recognise that internal audit involves the provision of both assurance and consultancy services, but assurance is its primary function and any consultancy work must inform the assurance opinion.

4 Internal audit coverage to support an annual overall opinion

4.1 An internal audit plan designed to provide the evidence necessary to support an opinion on governance, risk management and control needs 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 serve to mitigate the most significant risks to an acceptable level;
- Coverage of the controls that operate 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.

5 Relationship to the risk management process

5.1 A risk-based audit plan will take into consideration the risks assessed as most significant by the organisation's managers and should seek to provide assurance over the operation of the controls that serve to reduce the most significant risks to the greatest degree.

5.2 Using the corporate risk register and working with the Director of Corporate Services, we have sought to identify the areas with the greatest inherent risk, where these risks are regarded as having been effectively mitigated by strong controls. These are the controls on which the Combined Fire Authority and Lancashire Fire and Rescue Service is placing the greatest reliance and over which it therefore needs the greatest assurance.

6 The Authority's 'lines of defence' and other sources of assurance

6.1 The Internal Audit Service is only the Combined Fire Authority's third line of defence in a model that represents management as the first line, responsible for directly assessing, controlling and mitigating risks; and any in-service compliance activity that confirms these controls as the second. Where such 'second line' compliance functions are available, we focus our audit work on assessing the control exerted by them rather than on repeating their work.

6.2 Where it is known that assurance will be provided from another body, (for example, Her Majesty's Inspectorate of Constabulary and Fire and Rescue Service, or the external auditors), the Internal Audit Service will not duplicate work but will take it into account if it is relevant to the overall opinion on

governance, risk management and control. We will ensure as far as possible that the committee is made aware of such assurance.

7 The audit approach adopted by the Internal Audit Service

- 7.1 The Internal Audit Service follows a risk-based audit methodology, working closely with managers to understand the risks to the service, system or process being audited and then testing the controls in place.
- 7.2 Whilst a service is in the process of transformation or remodelling, we can support the managers in the design of a control framework that will manage the risks to service objectives. This would represent consultancy rather than assurance work.
- 7.3 Where assurance is required over a control system that has not previously been audited in its present form, we will provide an opinion on both the adequacy of design and the effectiveness in operation of the controls in place.
- 7.4 Finally we may undertake compliance testing annually of systems we have previously audited because they are fundamental to the overall control framework.
- 7.5 Where managers can confirm that action has been taken as agreed during a previous audit to mitigate any high or medium risks identified we will seek evidence to support this, but other than obtaining management assurances, we will not generally follow up actions designed to mitigate only low risks.

8 Degrees of assurance

- 8.1 For 2021/22 we categorise our assurance levels, using the following definitions:

Assurance categories and definitions
Substantial assurance: the framework of control is adequately designed and/ or effectively operated overall.
Moderate assurance: the framework of control is adequately designed and/ or effectively operated overall, but some action is required to enhance aspects of it and/ or ensure that it is effectively operated throughout the service, system or process.
Limited assurance: there are some significant weaknesses in the design and/ or operation of the framework of control that put the achievement of the service, system or process' objectives at risk.
No assurance: there are some fundamental weaknesses in the design and/ or operation of the framework of control that could result in failure to achieve the service, system or process' objectives.

9 Deployment of audit resources

- 9.1 The plan is stated in terms of days input, which represents our best estimate of the way in which the audit resources will be deployed. The plan itself should however be viewed as a fluid document, with the specific content of individual

reviews being subject to revision if required following the more detailed scoping meetings held with client management teams prior to formal commencement of individual audit reviews.

9.2 The content and outline scope of each audit within the plan, as well as an estimate of the number of audit days considered appropriate, is provided in the table below:

Audit review	Outline audit scope	Days
<i>Governance and business effectiveness</i>		
Overall governance, risk management and control arrangements	<p>In addition to the direct assurance gained from the individual audit assignments listed below, we will additionally gain assurance as follows:</p> <ul style="list-style-type: none"> • We will consider the robustness of the risk management arrangements from our involvement and attendance at the meetings of the Audit Committee. • We will obtain assurance regarding the adequacy of governance arrangements, through our review of the minutes of key operational and decision-making boards across LFRS. 	3
<i>Service delivery and support</i>		
Recruitment: Wholetime and On Call firefighters	The review will consider whether current recruitment activity adopts a Positive Action approach and is efficient and effective at ensuring the right person is recruited to each individual role. The review will in particular consider whether on call contracts being offered are commensurate with need.	12
Training, learning and development	<p>This review will consider the adequacy and effectiveness of the controls in place to ensure that firefighters are able to demonstrate ongoing compliance with the competencies required of their individual roles, and in particular we will consider the completeness and accuracy of individual training records, the timely completion of initial training programmes and compliance thereafter with individual training renewal/ refresh periods.</p> <p>We will additionally consider if and how learning and development needs identified by the Operational Assurance Group are being addressed across the Service.</p>	12

Audit review	Outline audit scope	Days
Business processes		
Accounts payable	<p>The audit will consider whether there are adequate and effective controls in place to ensure:</p> <ul style="list-style-type: none"> • Compliance with financial regulations and the scheme of delegation. • Processes employed for the ordering, receipting and payment of goods and services are appropriate and efficient. • Inaccurate, illegitimate or duplicate orders/ invoices are not processed and paid. 	7
Accounts receivable	<p>The audit will consider whether there are adequate and effective controls in place to ensure:</p> <ul style="list-style-type: none"> • Invoices are raised on a timely basis for all goods and services provided. • Invoices are cancelled or written off appropriately. • Income is correctly accounted for. • Debtors are actively managed so as to reduce the level of bad debts and loss of income. 	4
General ledger	<p>The audit will consider whether there are adequate and effective controls in place to ensure:</p> <ul style="list-style-type: none"> • Access to the accounting systems is appropriately managed and controlled. • There are no unauthorised changes to the accounting records. • Financial data is complete, timely and accurate. • Misappropriations or errors are detected. 	4
HR/ Payroll	<p>The audit will consider whether there are adequate and effective controls in place to ensure:</p> <ul style="list-style-type: none"> • Access to the HR and payroll systems is appropriately managed and controlled. • Key HR and payroll data and information is securely retained. • No unauthorised or invalid appointments have been made and valid appointments have been correctly established. 	10

Audit review	Outline audit scope	Days
	<ul style="list-style-type: none"> • No unauthorised or inaccurate payments or adjustments to pay have been processed. • Staff are paid in a timely manner. • Payroll costs and deductions are correctly accounted for. 	
Treasury management	<p>The audit will consider whether there are adequate and effective controls in place to ensure:</p> <ul style="list-style-type: none"> • The regulatory framework/ internal treasury management strategy/ policy is followed. • Treasury management reports to members are accurate and clear. • Investment and borrowing decisions are based on accurate and complete cash flow forecasting data. • There is effective scrutiny of Treasury management activity by those charged with governance. 	4
Pension administration	<p>Assurance will be obtained from the work completed by the internal auditors of the Local Pension Partnership Limited, as well as from the annual assurance report, to be prepared by the Local Pensions Partnership Administration Limited in relation to compliance with the Code of Practice 14: Governance and administration of public service pension schemes, issued by the Pensions Regulator in April 2015.</p>	1
<i>Follow up audit activity</i>		
Safeguarding; and GDPR and data protection compliance	<ul style="list-style-type: none"> • The reviews will incorporate a self-assessment by management of the progress made in implementing agreed actions; and • Selective test checking of controls introduced to address identified unmitigated risk. 	2
<i>Other components of the audit plan</i>		
Management activity	<ul style="list-style-type: none"> • Attendance at meetings of the Audit Committee. • Production of the annual audit plan. • Preparation of the monitoring reports. • Preparation of the annual report of the Head of Internal Audit. • Liaison with external audit. 	8

Audit review	Outline audit scope	Days
National Fraud Initiative	<ul style="list-style-type: none">Support to LCFA with the NFI data matching process.	3
<i>Approved days</i>		70