Lancashire Combined Fire Authority
Audit Committee

Tuesday, 30 June 2026 in Main Conference Room, Service Headquarters, Fulwood commencing at 10.00 am.

If you have any queries regarding the agenda papers or require any further information, please initially contact Jen Kelly on telephone number Preston (01772) 866908 and she will be pleased to assist.

Agenda

Part 1 (open to press and public)

Chair's Announcement – Openness of Local Government Bodies Regulations 2014
Any persons present at the meeting may photograph, film or record the proceedings, during the public part of the agenda. Any member of the press and public who objects to being photographed, filmed or recorded should let it be known to the Chair who will then instruct that those persons are not photographed, filmed or recorded.

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 - 6)**

For decision:

4. **Annual Governance Statement (Pages 7 - 52)**

5. **Internal Audit - Charter and mandate (Pages 53 - 64)**

6. **Compliments and complaints (Pages 65 - 70)**

For noting:

7. **Accounting Estimates (Pages 71 - 78)**

8. **Financial Statements Update (Pages 79 - 88)**

9. **Risk Management (Pages 89 - 120)**

10. **Internal Audit - Annual report 2025-26 (Pages 121 - 138)**

11. **Internal Audit - Monitoring report (Pages 139 - 146)**

12. **External Audit - Audit progress report and sector updates (Pages 147 - 170)**

13. **Date of Next Meeting**

The next scheduled meeting of the Committee has been agreed for 10:00 hours on **Thursday 1 October 2026** in the Main Conference Room, Service Headquarters, Fulwood.

Further meetings are: scheduled for 15 December 2026
proposed for 25 March 2027

14. **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 Chair of the meeting is of the opinion that the item should be considered as a matter of urgency. Wherever possible, the Monitoring Officer should be given advance warning of any Member's intention to raise a matter under this heading.

Lancashire Combined Fire Authority
Audit Committee

Thursday, 26 March 2026, at 10.00 am in the Main Conference Room, Service Headquarters, Fulwood.

Minutes

Present:	
Councillors	
J Ash	
M Clifford (Chair)	
J Hugo (Vice-Chair)	

Officers
S Brown, Director of Corporate Services (LFRS) J Meadows, Head of Finance (LFRS) A Latham, Financial Accountant (LFRS) D Howell, Monitorig Officer (LFRS) S Hunter, Member Services Manager (LFRS) L Barr, Member Services Officer (LFRS)
In attendance
L Luddington, External Audit, Grant Thornton C Wallace, External Audit, Grant Thornton A Dalecki, Internal Audit, Lancashire County Council L Rix, Internal Audit, Lancashire County Council Oldendorp, Internal Audit, Lancashire County Council

25-25/26	**Apologies for Absence**
	Apologies for absence were received from County Councillors S Asghar, P Buckley, L Hutchinson, and R Walsh.
26-25/26	**Disclosure of Pecuniary and Non-Pecuniary Interests**
	None received.
27-25/26	**Minutes of the Previous Meeting**
	Resolved: - That the Minutes of the last meeting held on 11 December 2025 be confirmed as a correct record and signed by the Chair. The minutes were proposed by County Councillor J Ash, and seconded by County

	Councillor J Hugo.
28-25/26	**External Audit - Auditors Plan 2025-26**
	Liz Luddington, Key Audit Partner, and Curtis Wallace, Public Sector Audit Manager presented the Audit Plan 2025/26. It was noted that the external auditors were required to produce an annual audit plan, setting out the areas intended for review during the year. Members considered the Audit Plan which included key matters that impacted on the audit, details of significant risks identified and the key aspects of proposed response to the risk, other matters, progress against prior year recommendations, Grant Thornton's approach to materiality, IT audit strategy, value for money arrangements, audit logistics and team, audit fees, independence and non-audit services, and communication of audit matters with those charged with governance. The proposed audit fee was £105.938k (last year's fee was £106.053k). The report identified significant risk areas were i) Management of override of controls, ii) The revenue cycle includes fraudulent transactions, iii) The expenditure cycle includes fraudulent transactions, iv) Valuation of land and buildings, and vi) valuation of the pension fund net liability. Liz Luddington explained that the Audit would commence earlier this year with a date for completion of the Audit in November 2026, in time for the January deadline. The Chair asked if there were any indications that fees would increase. Curtis Wallace advised that the fees were set and there were no risks that would indicate that fees would be increased. The only reason for an increase in fees would be if an unplanned area of work were needed which was above normal procedures. The Director of Corporate Services (DoCS) asked for clarification on the potential outcome of a failure to meet the backstop date of 30 November. Liz Luddington confirmed that in the worst-case scenario, a qualified opinion could be issued due to insufficient time to gather all evidence required. An exception form would allow the failure of meeting the deadline without being officially non-compliant. Following a disclaimed opinion, sample sizes would increase in the following year. It was difficult to gain assurance 'build back' and it would usually take a 2-3 year cycle to complete the extra work. In response to a query from the DoCS regarding Grant Thornton's capacity to complete the audit, Liz Luddington advised that this year had been a trial run and there was a focus on delivery in the firm. The Audit would commence earlier and there was a pooling of teams where departments would be paired with one manager across both. The work would be continuous with no audit running alone. Work to meet the deadline would commence as soon as the ledger closed. Councillor J Hugo asked if the Fire Authority was on track to meet the deadline. Liz Luddington confirmed that they had met the deadline for the current year so by

	starting the audit earlier, there should be no issue. Curtis Wallace added that interim testing had taken place on the sample selection, Councillor J Hugo moved to note the report and presentation; seconded by County Councillor J Ash. **Resolved:** That the Audit Committee agreed the external audit plan for 2025/26.
29-25/26	**Internal Audit Plan 2026-27**
	The Internal Auditors were required to produce an Annual Audit Plan, which set out areas they intended to review during the year. The plan amounted to a total resource of 70 audit days in 2026/27 which equated to an overall cost of £30,531 (the daily rate for auditors would be £418 and audit managers £495), which was consistent with previous years. A proposed plan was presented by Laura Rix, Senior Auditor. The Internal Audit annual plan was a critical tool for ensuring that Internal Audit effectively supported the organisation's objectives. By adhering to the new Global Internal Audit Standards, the plan ensured a risk-based, strategically aligned approach that enhanced governance, risk management, and control processes. Internal Audit focus should be proportionate and appropriately aligned. The plan would remain fluid and subject to ongoing review and amendment in consultation with senior management within the Lancashire Fire and Rescue Service, to ensure it continued to reflect the organisation's needs and risks. Any significant amendments to the plan would be reported to the Audit Committee. The deployment of audit resources was proposed as follows: - Governance and business effectiveness 5 days Service delivery and support 24 days Business Processes 24 days Other components of the audit plan 17 days Total 70 days The Chair commented that a Constitution Working Group had been created with Terms Of References (TORs) being reviewed as per page 47 of the agenda pack. He noted that 5 days had been allocated for governance, and he asked for further information. Sarah Oldendorp, Audit Manager, explained that a discussion had taken place with the Chair and Vice-Chair regarding the TORs to enable joint working with Members. Days allocated could be adjusted where required. In response to a question from the Chair as to whether 70 audit days would be sufficient, Sarah Oldendorp advised that the number of days was based on the previous year and she was confident that Key Financial Systems could be completed on reduced days which allowed 2 additional days for health and wellbeing, and contaminants. Andrew Dalecki, Head of Internal Audit, stated that he was confident, for the size of the organisation, that the number of days was

	appropriate, however, this could be flexible if required. County Councillor J Ash asked why the number of days for contaminants had increased to 2. Sarah Oldendorp explained that some audits had gone over the number of days in that area, so they had increased the number of days. The Chair asked and Laura Rix confirmed that there was a positive relationship with Officers in the Service and there had been no challenges. County Councillor J Ash moved to agree the Internal Audit Plan for 2026/27; seconded by Councillor J Hugo. **Resolved: -** That the Audit Committee agreed the Internal Audit Plan for 2026/27.
30-25/26	**External Audit - Progress with External Audit Recommendations**
	The Director of Corporate Services (DoCS) presented the External Auditor's Progress with the Recommendations in the Auditor's Annual Report Year ending 31 March 2025. Under the National Audit Office Code of Audit Practice, the external auditors were required to consider whether the Service had in place, proper arrangements to secure economy, efficiency, and effectiveness in its use of resources. The Audit Committee received the Auditor's Annual Report on 11 December 2025. The report brought together a summary of all the work the auditors had undertaken for Lancashire Fire and Rescue Service during 2024/25. The core element of the report was the commentary on the Value For Money (VFM) arrangements. The report included an assessment of three criteria: Financial Sustainability, Governance and Improving economy, efficiency and effectiveness. No significant weaknesses or improvement recommendations were made in relation to Financial Sustainability or Improving economy, efficiency and effectiveness, and two improvement recommendations were made in relation to Governance. The recommendations were set out in Appendix 1 in the agenda pack. **Resolved**: - That the Committee noted the progress made.
31-25/26	**Internal Audit Monitoring Report Quarter 4**
	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 ended 11 March 2026 was presented by Laura Rix, Senior Auditor. To date, 60 days had been spent this financial year on completion of the 2025/26 plan, equating to 86% of the total planned audit activity of 70 days. The table in the report showed the current status of all audit work. The Chair queried the 2 day allocation for Cyber Security given its complexity. Laura Rix stated that a full audit was not needed as follow-up activities were light touch.

	Resolved: - That the Committee noted the report.
32-25/26	**Risk Management**
	The Director of Corporate Services presented the report to Members. Lancashire Fire and Rescue Service (LFRS) continued to strengthen its approach to organisational risk, aligning policy and practice with ISO 31000:2018 and National Fire Chief's Council (NFCC) sector guidance. Risk management remained embedded within quarterly Executive Board and Corporate Performance Board discussions, enabling ongoing scrutiny, targeted mitigation, and informed decision-making. The Corporate Risk Matrix and summary register included at Appendix A of the agenda pack reflected a stable overall risk position, with some movement during the reporting period. Notably, the loss of funding risk (2a) had reduced following increased funding certainty and was no longer within the priority reduction zone. As a result, retention and recruitment of on-call staff and the replacement of the existing mobilising system remained the most significant areas of organisational exposure. The Service continued to monitor internal, national, and geopolitical developments that could impact risk exposure or service delivery, with any material changes incorporated into the Corporate Risk Register through established processes. Members noted that the top two risks identified in the risk register were: • Loss of staff due to industrial action • Failing Pager messages The three decreased risks were: • Complete removal of the Day Crew Plus (DCP) duty system • Major lack of effective Management of personal data • Loss of funding Overall, the risk landscape remained consistent and well-controlled, with targeted adjustments reflecting operational change, sector context, and maturing mitigation rather than new or escalating threats. Following the internal audit of the Service's risk management framework, which provided a reasonable level of assurance, work was ongoing to address the three agreed areas of development: training, risk register consistency, and reporting. Progress to date had focused on identifying the most effective and proportionate approach to risk management training for risk owners and members, alongside improving consistency in action setting, review, and reporting across risk registers. This included alignment with emerging national approaches within the fire sector to support standardisation and continued maturity. Implementation remained on track, with delivery of improvements forming part of the Service's wider risk maturity trajectory towards April 2026. As part of the next review cycle, the Service would also look to further align its approach with HM

	Treasury's Orange Book: Management of Risk – Principles and Concepts, ensuring continued alignment with recognised best practice. Councillor J Hugo commented that she was pleased that the ongoing conflict in the Middle East was being monitored and was recognised as a risk due to fuel availability and organisational resilience. The Chair acknowledged that rising fuel prices would have an impact on the budget. The DoCS explained that the Service had a general reserve of £6m which was available to help with any financial pressures which were not accounted for in the budget. In response to a query from County Councillor J Ash regarding the 'Failing Pager Messages' risk and whether the pager referred to an app, the DoCS stated that pagers were a mixture of physical pagers moving towards apps. The increase in the 'Failing Pager Messages' risk reflected a temporary rise in likelihood during the transition to new mobilisation arrangements. The DoCS advised Members that he would invite the Digital, Data and Technology (DDAT) team to the next meeting to provide an update on pagers and the technology used. **Resolved: -** That the Committee: - i) Endorsed the Service's risk management arrangements: and ii) Noted the latest position reflected in the Corporate Risk Matrix and Register.
33-25/26	**Date of Next Meeting**
	The next meeting of the Committee would be held on 30 June 2026 at 10:00 hours in the Main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood. Further meeting dates were noted for 01 October 2026 and agreed for 15 December 2026.

M Nolan
Clerk to CFA

LFRS HQ
Fulwood

Lancashire Combined Fire Authority
Audit Committee
Meeting to be held on Tuesday 30 June 2026

Annual Governance Statement 2025/26
(Appendices A, B and C refer)

Contact for further information: Steven Brown - Director of Corporate Services
Telephone: 01772 866804

Executive Summary
The Authority is required to prepare and publish an Annual Governance Statement (AGS) alongside its Statement of Accounts. The AGS must be supported by an annual review of the effectiveness of the Authority's governance framework and system of internal control. The self-assessment, AGS and Local Code of Corporate Governance set out the key elements of that framework, the assurance sources considered, and the Authority's overall conclusion on the effectiveness of its arrangements.

The overall conclusion is that the Authority's governance arrangements remain sound and continue to operate effectively. No significant governance issues have been identified. The report does, however, recognise that good governance is not static and identifies areas where arrangements will continue to be strengthened, including policy review, programme governance, assurance reporting, productivity and efficiency oversight, and the tracking of audit and improvement actions.

Members are asked to endorse the updated documents on the basis that they provide a clear and evidence-based account of the Authority's governance arrangements, while also demonstrating that identified improvements are being managed through established governance, assurance and performance arrangements.

Recommendation
The Committee is asked to:
- Note and endorse the self-assessment at Appendix A and the Annual Governance Statement at Appendix B, including the conclusion that no significant governance issues have been identified.
- Recommend that the Chair of the Authority signs the Annual Governance Statement as formal confirmation of the Authority's governance assurance for 2025-26.
- Note and endorse the updated Local Code of Corporate Governance at Appendix C as the framework against which the Authority's governance arrangements will continue to be reviewed.

Background

1. The Lancashire Combined Fire Authority remains committed to maintaining high standards of governance, transparency and accountability in the delivery of its services. As part of that commitment, the Authority has reviewed its governance arrangements through the updated self-assessment, Annual Governance Statement and Local Code of Corporate Governance.

2. The self-assessment at Appendix A considers the Authority's governance arrangements against the core principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) framework and concludes that all key elements remain assessed as good. The supporting commentary has been updated to reflect current governance arrangements, sources of assurance and areas where governance continues to be strengthened.

3. The Annual Governance Statement at Appendix B explains how the Authority's governance framework operated during the year ended 31 March 2026 and up to the date of approval of the Statement of Accounts. It describes the systems, processes and assurance arrangements that support lawful decision-making, risk management, stewardship of resources and delivery of priorities.

4. The Statement reflects continued strengthening of governance during the year, including ongoing review of the constitutional and policy framework, the development of programme and change governance, and the embedding of arrangements to oversee performance, productivity, efficiency and value for money. This is important because it demonstrates that the Authority's governance arrangements are not only compliant, but are also being actively used to support delivery, improvement and accountability.

5. The updated Annual Governance Statement also reflects the outcome of the Service's latest full inspection by His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS), published on 14 August 2025. The inspection assessed Lancashire Fire and Rescue Service across 11 areas and concluded that the Service had achieved six Outstanding and five Good ratings. The report included one Area for Improvement relating to Equality Impact Assessments, which is being progressed through established improvement and assurance arrangements.

6. The updated Local Code of Corporate Governance at Appendix C sets out the principles, values and arrangements through which the Authority directs and controls its business and demonstrates accountability to the communities it serves. It provides the framework against which governance is reviewed annually and supports continual strengthening of arrangements in light of organisational learning, inspection findings, assurance activity and good practice developments.

7. The governance review confirms that no significant governance issues have been identified. However, assurance activity has highlighted areas where arrangements should continue to be strengthened, particularly the timeliness and completeness of policy and governance document review, and the clarity of committee reporting on internal audit follow-up and recommendation tracking. These matters have been accepted and are being progressed through the Authority's ongoing governance improvement activity. This balanced conclusion is important as it avoids overstating assurance while making clear that improvement actions are recognised and being managed.

8. The revised appendices also reflect the role of the Corporate Programme Board and supporting programme boards, the Productivity and Efficiency Plan, and the Organisational Assurance Team in strengthening oversight of improvement activity, delivery, assurance and value for money. These arrangements provide a clearer line of sight between strategic priorities, delivery activity, assurance findings and reporting to senior officers and members.

9. Members are therefore asked to note and endorse the self-assessment and Annual Governance Statement, which together provide reasonable assurance that the Authority's governance arrangements remain sound, effective and subject to continuing review and improvement.

10. Members are also asked to note and endorse the updated Local Code of Corporate Governance and to recommend that the Chair of the Authority signs the Annual Governance Statement as formal confirmation of the Authority's commitment to good governance and effective accountability.

Financial Implications

11. The Annual Governance Statement forms part of the Authority's overall framework for sound financial management, stewardship of public funds and value for money. The report does not create any direct additional financial commitments beyond those reflected within existing governance, assurance and reporting arrangements. Continued strengthening of governance, internal control and assurance supports the Authority in managing financial risk and demonstrating that resources are being used lawfully, effectively and in line with approved priorities.

Legal Implications

12. The Authority is required to prepare and publish an Annual Governance Statement under the Accounts and Audit Regulations 2015. The Statement also reflects the principles of the CIPFA and SOLACE framework for delivering good governance in local government. The report supports compliance with these requirements and reflects the respective roles of the statutory officers in maintaining, reviewing and reporting on the Authority's governance arrangements.

Business Risk Implications

13. Effective governance arrangements are an important part of the Authority's wider risk management framework. The updated documents provide assurance regarding decision-making, internal control, oversight of performance and use of resources, while also identifying areas where governance arrangements should continue to be strengthened. Failure to maintain effective governance could increase the risk of poor decision-making, weak accountability, non-compliance or reduced public confidence; the annual review process helps mitigate those risks.

Environmental Impact

14. There are no direct environmental implications arising from this report. Environmental considerations will continue to be addressed through relevant governance, policy, procurement and decision-making processes where applicable.

Equality and Diversity Implications

15. The updated governance documents reference the Area for Improvement identified by HMICFRS in relation to Equality Impact Assessments. This matter is being progressed through established improvement and assurance arrangements. More generally, equality implications continue to be considered through the Authority's governance, decision-making and policy review processes, helping to ensure that decisions are transparent, inclusive and supported by appropriate assessment where required.

Human Resource Implications

16. There are no direct human resource implications arising from this report. Workforce-related governance issues will continue to be managed through the Authority's established policy, assurance, equality and decision-making arrangements where relevant.

Local Government (Access to Information) Act 1985

List of background papers

Reason for inclusion in Part 2 if appropriate:

Appendix A: Self-Assessment
Appendix B: Annual Governance Statement
Appendix C: Local Code of Governance

Appendix A

Self Assessment

Key elements of governance	Assessment	Comments
Developing codes of conduct which define standards of behaviour for members and staff, and policies dealing with whistleblowing and conflicts of interests and that these codes and policies are communicated effectively	Good	Set of values agreed by the Authority – STRIVE (Service, trust, respect, integrity, valued and empowered) Constitutional standing orders reviewed Member and employee codes of conduct Register of interests, and on-going declaration of these Register of gifts and hospitality Appropriately qualified Monitoring Officer to the Authority Anti-bribery and whistle-blowing policies in place Register of complaints and compliments Minimal number of complaints No substantiated complaints against the service
Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.	Good	All Committee and Authority reports contain section on financial implications. Legal implications are contained within the body of every report as appropriate. The Treasurer (Director of Corporate Services) and Monitoring Officer examine all reports to the Authority and its committees to enable legal and financial implications to be considered and provision included where appropriate.

Key elements of governance	Assessment	Comments
		The Monitoring Officer and Treasurer (Director of Corporate Services) attend Authority and Committee meetings to provide advice as required.
Documenting a commitment to openness and acting in the public interest, and compliance with the principles of Data Transparency	Good	Compliance with Transparency code Publication scheme on the website. Compliance with Freedom of Information (FOI) requirements Pay Policy Statement approved by the full Authority and published on the service website Annual Report Annual Assurance Statement Public meetings Publication of information on website, including Committee agenda and minutes Information Management Strategy updated
Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.	Good	Comprehensive communication and consultations strategies in place Positive evidence of proposals being amended following outcomes of consultation Annual report Key documents published on internet

Appendix A

Key elements of governance	Assessment	Comments
		Constructive dialogue with representative bodies Register of complaints and compliments, no substantiated complaints against the service Annual Assurance Statement available on the website The External Auditor's Annual Report did not identify any significant weaknesses in arrangements. Internal Audit provided substantial assurance regarding the adequacy of design and effectiveness in operation of the organisation's frameworks of governance, risk management and control. His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) published the outcome of the Service's latest full inspection on 14 August 2025. The inspection assessed the Service across 11 areas and concluded that it had achieved six 'Outstanding' and five 'Good' ratings, making it the only service in the country to receive a minimum rating of 'Good' in every inspection area. The report also included one Area for Improvement relating to Equality Impact Assessments, which is being progressed through established improvement and assurance arrangements.
Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning. Translating the vision into objectives for	Good	New Community Risk Management Plan agreed covering 2022-27 Annual Service Plan, setting out Vision, Activities, Priorities and Values. Key Performance Indicators (KPIs) identified for each of our priorities

Key elements of governance	Assessment	Comments
the authority and its partnerships		Suite of strategies and policies regularly reviewed. Consultation and Communication Strategy setting out how we will consult with public and service users Assessment of compliance with National Framework Effective Corporate Programme Board arrangements, split into 5 areas:- - Business Process Improvement Programme - Organisational Change and Improvement Programme - Fleet and Equipment Programme - Modern Ways of Working Programme - Capital Projects Programme. All major projects and reviews follow similar format and report to the Corporate Programme Board Terms of reference for all Programme Board items agreed at outset and delivery against these monitored on a quarterly basis
Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision making in partnerships, information provided to decision makers and robustness of data quality.	Good	Appropriate governance arrangements are in place, including the Combined Fire Authority and its committees, supported by Standing Orders, the Scheme of Delegation, Financial Regulations, Contract Standing Orders and associated governance documents. The Chief Fire Officer, Treasurer and Monitoring Officer each play a distinct role in supporting lawful and effective decision-making, with regular statutory

Key elements of governance	Assessment	Comments
		officer involvement in the governance process. During the year, further work has been undertaken to refresh aspects of the constitutional and policy framework to ensure it remains current, clear and aligned to good practice. Business continuity arrangements remain in place in respect of systems and information, including regular back-up and storage of data, supported by ICT disaster recovery arrangements.
Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money.	Good	Comprehensive performance management information is presented regularly to the Service Management Team and Performance Committee. KPIs are agreed and monitored through established reporting arrangements, and the Authority publishes an Annual Service Report each year. Performance, productivity and improvement activity are increasingly supported by formal programme and change governance, including the Corporate Programme Board, and programme Boards. The Organisational Assurance Team, within Planning, Performance and Assurance, is now an established part of the Service's assurance framework and supports internal assurance activity, preparedness visits, HMICFRS liaison and the tracking of improvement actions. Comprehensive financial reporting arrangements are in place, supported by the Medium-Term Financial Plan and balanced budget. A Productivity and Efficiency Plan has been developed to provide a clearer line of sight between service improvement activity, savings, productivity measures and the use of resources, supporting oversight by members and strengthening the Authority's value for money arrangements. Service reviews and productivity activity continue to identify opportunities to improve value for

Key elements of governance	Assessment	Comments
		money and direct resources to priority areas.
Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements.	Good	Committee terms of reference are in place, supported by Standing Orders, the Scheme of Delegation and Financial Regulations. Member and officer roles are supported through the Member-Officer Protocol, job descriptions, member briefings and induction and training arrangements. The Authority recognises the importance of effective member oversight, informed scrutiny and independent assurance. During the year, opportunities have also been considered to strengthen the audit and governance elements of the constitutional framework, including committee remit, assurance reporting and scrutiny arrangements. Strategy Group meetings continue to provide members with an opportunity to discuss developments in a less formal setting, supported by regular briefings before committees and as required.
Ensuring the authority's financial management arrangements conform with the governance requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management (FM) Code and the CIPFA Statement on the Role of the Chief financial Officer in Local Government and, where they do not, explain why and how they deliver the same impact.	Good	Self-assessment against the CIPFA FM Code undertaken and reported to Audit Committee. Self-assessment of the role of the Treasurer is compliant with the governance requirements set out in CIPFAs Statement on the Role of the Chief Financial Officer in Local Government. Qualified Treasurer, sits on the Executive Board and reports directly to Chief Fire Officer (CFO). Regular appraisal, with updated process implemented. Contract standing orders, financial regulations, budget holder instructions in place and regularly reviewed. Comprehensive budget setting and monitoring arrangement in place, linked to corporate objectives and priorities. Budget is delegated appropriately

Appendix A

Key elements of governance	Assessment	Comments
		and aligned with operational responsibility.
Ensuring effective arrangements are in place for the discharge of the monitoring officer function.	Good	The Monitoring Officer role is undertaken by an appropriately qualified and experienced officer and forms a key part of the Authority's governance framework. The Monitoring Officer is engaged in the review of reports, attendance at committees and the wider constitutional refresh, helping to ensure that governance arrangements remain lawful, current and effective. Regular liaison with the CFO and Treasurer supports timely advice and coordinated statutory officer oversight.
Ensuring effective arrangements are in place for the discharge of the head of paid service function.	Good	CFO is the head of paid service Regular appraisal with Chair.
Providing induction and identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training	Good	Member Training and Development Committee. All Members subject to a one to one to identify training and development needs. Specific Member training budget to address outcomes of this. Senior Officers subject to appraisal system, including identification of training and development needs.
Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability.	Good	Comprehensive Risk Management Strategy. Corporate Risk Register. Corporate Programme Board items include an assessment of risk. Strategic Business Continuity Plan (BCP) in place and tested on a regular

Appendix A

Key elements of governance	Assessment	Comments
		basis. Departmental Business Impact Assessments and Recovery Plans in place. Specific BCP training provided to Heads of Dept. Additional resilience built into ICT network. Appropriate insurance arrangements.
Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained.	Good	Anti-fraud policy. Up to date Fraud risk assessment in place. Full compliance with National Fraud Initiative.
Ensuring the assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit and, where they do not, explain why and how they deliver the same impact.	Good	Internal Audit is outsourced to Lancashire County Council. Internal Audit Charter in place. Internal Audit Service Quality Assurance and Improvement Programme process agreed. Lancashire County Council Internal Audit comply with CIPFA statement. Head of Internal Audit has direct access to Audit Committee, Treasurer, Clerk and Chief Fire Officer as well as Members of the Authority
Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities.	Good	An Audit Committee is established with agreed terms of reference covering the core functions of an audit committee. Members have access to both internal and external auditors and are provided with the opportunity to discuss issues without officers being present. During the year, the Authority has also considered opportunities to strengthen its audit and governance arrangements further, including committee remit, independent technical

Key elements of governance	Assessment	Comments
		support and the handling of risk, assurance and scrutiny matters through the wider constitutional review.
Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations	Good	Audit Committee established. All core functions of an Audit Committee are covered by the existing terms of reference. Head of Internal Audit has direct access to Audit Committee, Treasurer, Monitoring Officer and Chief Fire Officer as well as Members of the Authority. Audit Committee have access to both Internal and external auditors, and are provided with an opportunity to discuss issues without Officers being present. External audit identified no significant weaknesses in arrangements but did highlight areas for improvement in relation to the timeliness and completeness of policy and governance document review and the clarity of member reporting on internal audit follow-up and recommendation tracking. These matters have been accepted and incorporated into the Authority's ongoing governance improvement programme.
Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the authority's overall governance structures.	Good	Statement of Intent signed with Lancashire Constabulary and North West Ambulance Service (NWAS). Collaboration Group established, with regular reports to members.
Staff resources are adequate in numbers and skills to deliver the service objectives.	Good	Workforce Development Strategy agreed.

Key elements of governance	Assessment	Comments
The roles and responsibilities of staff and members have been clearly defined and are understood, and appropriate guidance and training are in place		Agreed establishment in line with approved budget. Agreed process for revising establishment. Job descriptions in place. Appropriate recruitment checks undertaken. Staff induction process in place, incorporating LearnPro module. Code of conduct in place and provided to all staff as part of induction. Appropriate performance management arrangements Appraisal system in place, including identification of training and development needs. Use of:- • Coaching and Mentoring • Leadership Conferences Operational Assurance Audit Team to review:- • operational preparedness • operational response • operational learning Regular staff surveys undertaken, the outcome of this was published and, where relevant, acted upon Regular and programmed station staff visits by the Executive Team to meet and receive feedback from all staff. 'Star' awards in place where staff nominate 'star' colleagues who live our values, and based on a judging panel awards are given to staff (and

Key elements of governance	Assessment	Comments
		publicised throughout the organisation). Updated Intranet incorporates social networking to connect staff across the service.
There are adequate contingency procedures to ensure that services can be resumed in case of emergency. Contingency procedures are well communicated	Good	Strategic BCP in place and tested on a regular basis. Departmental Business Impact Assessments and Recovery Plans in place. Specific BCP training provided to Heads of Department. BCP is considered as a standing item on SMT. BCP plan tested on a regular basis, and amended as required. Active member of Lancashire Resilience Forum. Appropriate BCP arrangements in place in respect of systems and information.
Processes have been established to ensure that corporate and local service policies and procedures are implemented effectively and are periodically reviewed	Good	A system of internal control is in place and policies and service orders are subject to review through established arrangements. During the year, further work has been progressed to refresh elements of the constitutional and policy framework in order to ensure that key governance documents remain current, complete and aligned to best practice. Internal and external assurance work has helped identify areas where policy review, assurance reporting and tracking of actions should be strengthened further, and these matters are being addressed through the Authority's governance improvement activity.

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Statement on annual governance arrangements by the Chair of the Combined Fire Authority, the Treasurer to the Combined Fire Authority and the Chief Fire Officer

Scope of Responsibility

The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and that resources are used economically, efficiently and effectively. In discharging this responsibility, the Authority has in place a framework of governance comprising the systems, processes, culture and values by which it is directed and controlled and through which it accounts to the public, service users, employees and other stakeholders. During the year, the Authority has continued to review and strengthen this framework, including through the ongoing refresh of its constitutional and policy framework, the continued development of member and officer governance arrangements, and the embedding of programme and performance governance to support service improvement, productivity and efficiency.

The Authority has continued to develop its arrangements for overseeing organisational performance, transformation and value for money. This includes the use of corporate programme governance, performance reporting, budget monitoring, workforce planning and service improvement arrangements to support delivery of priorities. The continued development of modern ways of working and productivity-focused improvement activity has strengthened the Authority's ability to monitor delivery, manage change and track benefits in a more structured and transparent way.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

The Authority approved and adopted an updated Local Code of Corporate Governance in 2018, which was reviewed by the Audit Committee in June 2026. It aligns with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Delivering Good Governance in Local Government Framework 2016. Included within the Code are the following core principles:

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
2. Ensuring openness and comprehensive stakeholder engagement
3. Defining outcomes in terms of sustainable economic, social, and environmental benefits
4. Determining the interventions necessary to optimise the achievement of the intended outcomes
5. Developing the entity's capacity, including the capability of its leadership and the individuals within it

6. Managing risks and performance through robust internal control and strong public financial management
7. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

(A copy of the code, setting out the core and supporting principles, what the Authority commits itself to do and how it will do this can be found on our website at Code of Corporate Governance | Lancashire Fire and Rescue Service.

This statement explains how the Authority has complied with the code and also meets the requirements of regulation 6(2) of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework
The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Authority for the year ended 31 March 2026 and up to the date of approval of the 2025-26 Statement of Accounts.

The Governance Framework
The Authority's Local Code of Corporate Governance sets out its framework for corporate governance. The key elements of the systems and processes that comprise the Authority's governance arrangements, in accordance with the seven principles of the Local Code of Corporate Governance, include:

- The Community Risk Management Plan (CRMP) sets out the direction of the Service and how we will make Lancashire safer. It is informed by the greatest risks to the people and communities of Lancashire which are identified in our strategic assessment of risk. The plan describes our aim, priorities, equality objectives and values, alongside how we will prevent, protect and respond to the risks in Lancashire. The current plan covering 2022-2027 can be found on our website at Community Risk Management Plan 2022-2027 | Lancashire Fire and Rescue Service (lancsfirerescue.org.uk).

- Lancashire Fire and Rescue Service has six core strategies: our People, Prevention, Protection, Response, Financial and Digital Strategies. Our prevention, protection and response activities address the fire and rescue related

risks that are identified in those strategies and outline the measures in place and actions we take to make Lancashire safer. Each strategy is periodically reviewed and evaluated to ensure we are delivering against our outlined objectives and are doing so in the most efficient and effective way. Wherever necessary, changes will be made within each strategy to ensure we operate in line with our aim, priorities and values.

- The Strategic Assessment of Risk (SAoR) underpins our Community Risk Management Plan (CRMP) by helping to ensure that risk management drives decision-making within Lancashire. This document can be found on our website at Strategic assessment of risk 2025-2026 | Lancashire Fire and Rescue Service.

- The Annual Service Plan details the activities we will undertake to deliver the strategy set out in our CRMP. The current plan was approved this year and can be found on our website at Annual Service Plan 2026 - 2027 | Lancashire Fire and Rescue Service;

- The Lancashire Combined Fire Authority's consultation strategy has been in place since the integrated risk management planning arrangements were introduced in 2003 Consultation Strategy | Lancashire Fire and Rescue Service;

- A comprehensive performance management framework is in place, with the Performance Committee and Service Management Team receiving regular reports on performance against targets and any corrective action taken to address variances. The Authority also publishes an Annual Service Report each year.

- The Authority maintains formal programme and change governance arrangements to oversee major projects, transformation activity and improvement work. These arrangements include the Corporate Programme Board, this oversees the Business Process Improvement Programme, Organisational Change and Improvement Programme Board, Capital Projects Programme, Fleet and Equipment Programme and Modern Ways of Working Programme, which together support oversight of delivery, management of interdependencies, review of risks, allocation of resources and monitoring of progress across key organisational priorities.

- The Authority has developed a Productivity and Efficiency Plan to provide a clearer and more structured framework for identifying, coordinating and monitoring activity intended to improve productivity, efficiency and value for money. The plan supports oversight of savings, service improvement, modern ways of working and related change activity, and is considered through the Authority's existing governance arrangements for performance, finance, programme delivery and member reporting.

- The Authority operates a Committee Structure aligned to strategic objectives, within agreed Terms of Reference, as follows:-

    - The Audit Committee - To advise on the adequacy and effectiveness of the Authority's Internal and External Audit Service and risk management

arrangements, which operates in line with the core functions identified in CIPFAs Audit Committees – Practical Guidance for Local Authorities.

- The Resources Committee - To consider reports and make decisions relating to financial, human resources and property related issues.
- The Planning Committee - To consider reports and make decisions relating to all aspect of planning arrangements, including consultation and communication arrangements.
- The Performance Committee - To consider reports and make recommendations on all aspects of performance management.
- The Appeals Committee -To hear relevant appeals, grievances and complaints.

- The Authority recognises the importance of effective member oversight, informed scrutiny and independent assurance. The committee structure, together with member development, officer support and the work of internal and external audit, supports transparent decision-making and constructive challenge. During the year, the Authority has been looking at how to improve the audit and governance side of the constitutional review, for example by updating the committee remit, considering an Independent Person, and strengthening how risk, assurance and scrutiny are handled.

- The Service has a clear management structure. The Executive Board, comprising the Chief Fire Officer (Head of Paid Service) and four Executive Directors, is responsible for strategic direction, monitoring performance and developing service plans in line with the Authority's overall objectives, supported by the Service Management Team.

- The Authority's governance arrangements are underpinned by its Constitution, Scheme of Delegation, Financial Regulations, Contract Standing Orders, Codes of Conduct, risk management arrangements, performance and financial management frameworks, and the work of its committees and statutory officers. The Chief Fire Officer, Treasurer and Monitoring Officer each play a distinct role in maintaining and reviewing the effectiveness of these arrangements, and governance continues to be strengthened through regular liaison between the statutory officers, review of key governance documents, and continued improvement of assurance, scrutiny and reporting arrangements. During the year, further work has been undertaken to refresh aspects of the constitutional framework and supporting policies to ensure they remain current, clear and aligned to good practice.

- Comprehensive suite of strategies and policies in place and regularly reviewed.

- Codes of Conduct for members and officers, and member-officer protocol, which set out clear expectations for standards of behaviour.

- Both the Monitoring Officer and the Treasurer are involved in the Authority's decision-making process and help ensure compliance with established policies, procedures, laws and regulations. All Authority reports are considered for human resources, financial, business risk, environmental and equality implications to identify key issues.

- The Treasurer's role and financial management arrangements align with the requirements set out in CIPFA's Statement on the Role of the Chief Financial Officer in Local Government and the Financial Management Code.

- Well publicised arrangements for dealing with complaints and whistleblowing, and for combating fraud and corruption.

- A Risk Management Strategy and framework which ensures that risks to the Service's objectives are identified and appropriately managed.

- Comprehensive Business Continuity arrangements in place and tested on a regular basis.

- A framework to review potential partnership arrangements utilising set criteria prior to entering such arrangements.

- Compliance with data transparency requirements, including publication of all key documents, committee agenda and minutes, pay policy and publication scheme on the internet.

- Regular assessment of training and development needs of both members and officers, including appropriate appraisal system. Sufficient budget to meet relevant training requirements; and

- Comprehensive service review process in place, comprising external views in the form of HMICFRS Inspection review, External Audit reviews, Internal Audit reviews and internal reviews undertaken by our own staff. Ultimately these culminate in the production, and publication, of an Annual Assurance Statement.

The Authority has also taken into account the outcomes of service inspection and internal service review activity. These sources provide further assurance regarding the overall strength of the Authority's governance, leadership and performance arrangements, whilst also helping to identify specific areas where processes, documentation or oversight can be further improved. The Authority is committed to ensuring that learning from inspection, audit and self-assessment is reflected in its governance framework and improvement activity.

Review of effectiveness

In reviewing the effectiveness of its governance framework, the Authority has considered evidence from a range of assurance sources. These include the work of members and committees, the activities of the statutory officers, internal audit, external audit, inspection findings, performance and financial monitoring, risk management, and the views of senior officers responsible for governance and

control. Taken together, these sources provide reasonable assurance that the Authority's governance arrangements remain generally sound and continue to operate effectively, whilst also identifying areas where further improvement and modernisation are required.

A Statement of Assurance was approved by the Authority in February 2026. It sets out the effectiveness of the governance arrangements for which the Authority is responsible, including the system of internal control. The statement covers all the principles set out in the Authority's Code of Corporate Governance. It identified no material weaknesses in the Authority's corporate governance arrangements; overall, the arrangements were assessed as at least adequate and, in most areas, good.

In maintaining and reviewing the effectiveness of the Authority's governance arrangements the following have been considered:-

- A review of minutes of the Executive Board, Audit Committee and Authority to ensure that periodic monitoring and reviews are being reported appropriately and governance issues are addressed.

- We updated our Strategic Assessment of Risk that underpins our Community Risk Management Plan (CRMP) by ensuring that risk management drives decision-making within Lancashire. We undertook an emergency cover review (ECR) in 2022 to ensure that its emergency response remains effective and efficient, and that the Service is well equipped to respond to future challenges.

- His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) published the outcome of the Service's latest full inspection on 14 August 2025. The inspection assessed Lancashire Fire and Rescue Service across 11 areas and concluded that the Service had achieved six 'Outstanding' and five 'Good' ratings. This included being the only service in the country to receive a minimum rating of 'Good' in every inspection area. The report highlighted the Service's strong performance in keeping people safe and secure from fire and other risks, and recognised strengths including its understanding of risk, protection activity, use of resources, culture and workforce. The report also included one Area for Improvement relating to Equality Impact Assessments, which the Service is taking forward through its established improvement and assurance arrangements.

- A new Annual Service Plan has been published, providing clarity, both internally and externally, on our priorities set out in the CRMP and describes what our ambitions are for each priority, as well as setting out the projects and actions that will be delivered, developed or reviewed during the coming year against each of our priorities. This is supported by Local Delivery Plans.

- Statement of Intent: Enhanced Collaboration agreed between Lancashire Fire and Rescue Service (LFRS), Lancashire Constabulary and Northwest Ambulance Services. Collaboration group established with regular reports to Members.

- The Organisational Assurance Team, within Planning, Performance and Assurance, is now an established part of the Service's assurance framework and

has a broader remit than operational assurance alone. The team is responsible for HMICFRS liaison, operational preparedness, and undertaking internal assurance activity across the organisation based on trends, themes and emerging needs. It identifies and shares good practice, supports improvement, and tracks actions through to completion. The team works closely with the Operational Assurance Team (under Training and Operational Review), which leads on operational learning and response, including the quarterly operational assurance performance summary. A programme of preparedness visits is managed through the Organisational Assurance Team, building on the operational audit activity previously in place.

- Performance appraisals incorporating values is undertaken throughout the Service.

- Internal audit services were provided by Lancashire County Council, which complies with the Public Sector Internal Audit Standards. The Head of Internal Audit is required by professional standards to provide an opinion on governance, risk management and control, thereby providing assurance that the risks to the Authority's objectives are being adequately and effectively managed. As part of the 2024-25 internal audit plan, auditors undertook a range of reviews and gave an overall opinion that they could "provide substantial assurance regarding the adequacy of design and effectiveness in operation of the organisation's frameworks of governance, risk management and control."

- The Authority's external auditors are Grant Thornton. Auditors of fire authorities in the UK have specific legal responsibilities under the Local Audit and Accountability Act 2014. Under section 20(1)(c) of that Act, auditors are required to assess whether fire authorities have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources. The Code of Audit Practice, issued by the National Audit Office (NAO), requires auditors to provide a value for money commentary focusing on financial sustainability, governance, and the Authority's arrangements to improve economy, efficiency and effectiveness. A summary of their key judgements is provided below:

    - Financial Sustainability – "No significant weaknesses in arrangements identified".

    - Governance – "No significant weaknesses in arrangements identified".

    - Improving economy, efficiency and effectiveness - "No significant weaknesses in arrangements identified".

On 17 December 2025, Grant Thornton gave an unqualified opinion on the Authority's financial statements for the year ended 31 March 2025.

The Authority has considered the findings of both internal and external assurance activity during the year. While no significant weaknesses in governance were identified, assurance work highlighted areas where arrangements should be strengthened further, particularly in relation to the timeliness and completeness of policy and governance document review and the clarity of committee reporting on

internal audit follow-up and recommendation tracking. Management has accepted these improvement areas and has incorporated them into the Authority's ongoing governance improvement programme.

Significant governance issues

On the basis of the review of the sources of assurance and the opinions of both the external and internal auditors set out in this statement, the Authority has concluded that there are no significant governance issues to report.

Approved:

Ged Mirfin	Jon Charters	Steven Brown
County Councillor G Mirfin, Chairman, Lancashire Combined Fire Authority [DATE]	J Charters, Chief Fire Officer, Lancashire Fire and Rescue Service [DATE]	S Brown, Treasurer, Lancashire Combined Fire Authority [DATE]

Code of Corporate Governance

The Lancashire Combined Fire Authority is committed to upholding the highest standards of governance in the delivery of its services to the public. This Local Code of Corporate Governance describes the principles, values and arrangements through which the Authority directs and controls its business and demonstrates accountability to the communities it serves. It brings together the systems, processes, culture and behaviours that support effective decision-making, proper stewardship of public resources, lawful action, transparency, organisational performance and continuous improvement.

The Code reflects the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework: Delivering Good Governance in Local Government (2016) and should be read alongside the Authority's Constitution, Scheme of Delegation, Financial Regulations, Contract Standing Orders, Codes of Conduct and other key governance documents. The Authority recognises that good governance is not static. The Code therefore provides the basis for annual review, self-assessment and continual strengthening of governance arrangements in light of organisational learning, assurance findings, inspection outcomes and good practice developments.

Good governance depends not only on formal rules and structures, but also on effective leadership, constructive challenge, robust assurance, sound financial management, ethical conduct and clear accountability. The Authority is committed to maintaining and continuously improving these arrangements so that governance remains proportionate, transparent, resilient and fit for purpose.

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Supporting Principles	To meet the requirement of this principle the Authority will	This will be evidenced by
Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law		
Behaving with integrity	Ensuring members and officers behave with integrity and lead a culture were acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation	Code of Ethics Codes of conduct Induction for new members and staff on standard of behaviour expected Financial Regulations, Procedures and Standing Orders Performance appraisals Protocol on Member-Officer relations HR policies and procedures Established governance through the Equality, diversity, inclusion and culture board (EDIC)
	Ensuring members take the lead in establishing specific standard values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)	Authority STRIVE (Service, trust, respect, integrity, valued and empowered) values underpinned by Leadership Framework Community Risk Management Plan (CRMP) Annual Service Plan
	Leading by example and using these values as a framework for decision making and other actions	Declarations of interests Protocol on Member-Officer relations Procedural Standing Orders Committee terms of reference Member complaints Annual Governance Statement Annual Assurance Statement

Supporting Principles	To meet the requirement of this principle the Authority will	This will be evidenced by
	Demonstrating, communicating and embedding the values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	Whistleblowing policy Complaints policy Disciplinary Procedure Bullying and Harassment Policy Members and officers code of conduct refers to a requirement to declare interests Minutes show declarations of interest were sought and appropriate declarations made Register of interests (members and staff) Register of gifts and hospitality Annual Governance Statement Annual Assurance Statement
Demonstrating strong commitment to ethical values	Seeking to establish, monitor and maintain the organisation's ethical standards and performance	Code of Ethics Bullying and Harassment Policy Codes of conduct Authority STRIVE values Annual appraisals
	Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation	Codes of conduct Authority STRIVE values Annual appraisal
	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values	Annual appraisal Procurement strategy
	Ensuring that external providers of services on behalf of the organisation are required to act with	Partnership framework Procurement strategy

Supporting Principles	To meet the requirement of this principle the Authority will	This will be evidenced by
	integrity and in compliance with high ethical standards expected by the organisation	
Respecting the rule of law	Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations	Standing orders Financial regulations Statutory officers
	Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	Job description/specifications Compliance with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2015) Scheme of delegation
	Dealing with breaches of legal and regulatory provisions effectively	Clerk to the Authority Contract standing orders
	Ensuring corruption and misuse of power are dealt with effectively	Financial regulations Contract standing orders Anti-fraud policies and procedures

Supporting Principles	To meet the requirement of this principle the Authority will	This will be evidenced by
Principle B: Ensuring openness and comprehensive stakeholder engagement		
Openness	Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	Annual Service Report Freedom of Information Act publication scheme Annual Governance Statement Annual Assurance Statement Compliance with Transparency code Authority website
	Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided	Publication of Committee agendas and minutes Public meetings
	Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear	Authority and Committee timetable Authority Agenda and Minutes
	Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action	Consultation strategy

Supporting Principles	To meet the requirement of this principle the Authority will	This will be evidenced by
Engaging comprehensively with institutional stakeholders	Effectively engaging with stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	Consultation strategy
	Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	Partnership framework Blue Light Collaboration Board
	Ensuring that partnerships are based on: • trust • a shared commitment to change • a culture that promotes and accepts challenge among partners • and that the added value of partnership working is explicit	Partnership framework
Engaging stakeholders effectively, including individual citizens and service users	Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.	Consultation strategy
	Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement	Consultation strategy

Supporting Principles	To meet the requirement of this principle the Authority will	This will be evidenced by
	Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs	Consultation strategy
	Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account	Consultation strategy
Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits		
	Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions	CRMP Annual Service plan
	Specifying the intended impact on, or changes for, stakeholders including citizens and service users.	CRMP Annual Service plan Emergency Cover Review (ECR)
	Delivering defined outcomes on a sustainable basis within the resources that will be available	'Measuring Progress' Performance reports
	Identifying and managing risks to the achievement of outcomes	Risk management policy Corporate Risk Register

Appendix C

Supporting Principles	To meet the requirement of this principle the Authority will	This will be evidenced by
Sustainable economic, social and environmental benefits	Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision	Medium term Financial Strategy Capital programme
	Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints	CRMP Medium Term Financial Strategy Corporate Risk register Member briefings
	Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs	Consultation strategy
	Ensuring fair access to services	Equality Impact Assessments

Supporting Principles	To meet the requirement of this principle the Authority will	This will be evidenced by
Determining the interventions necessary to optimise the achievement of the intended outcomes		
Determining interventions	Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided	Committee report template Member briefings
	Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts	Consultation strategy CRMP Annual Service Plan Budget/Financial strategy
Planning interventions	Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets	Authority and Committee timetable Calendar of dates for developing and submitting plans and reports that are adhered to Four Programme Boards overseen by a Corporate Programme Board to provide a

Supporting Principles	To meet the requirement of this principle the Authority will	This will be evidenced by
		structured governance framework for major projects, change activity and improvement work. Authority and Committee timetable Calendar of dates for plans and reports Annual Service Plan Productivity and Efficiency Plan
	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	Consultation strategy Representation body consultation
	Considering and monitoring risks facing each partner when working collaboratively including shared risks	Partnership framework Blue Light Collaboration Board
	Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured	Performance reporting Planning Committee submissions Corporate programme Board Annual Service Report

Supporting Principles	To meet the requirement of this principle the Authority will	This will be evidenced by
	Ensuring capacity exists to generate the information required to review service quality regularly	Performance reporting Corporate Programme Board projects Utilising benchmarking information where appropriate
	Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan	Budget and Medium Term Financial plan Productivity and Efficiency Plan
	Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	Budget and Medium term financial plan Productivity and Efficiency Plan
Optimising achievement of intended outcomes	Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints	CRMP Annual Service Plan Budget and Financial strategy
	Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term	Budget and Medium term financial plan Productivity and Efficiency Plan

Supporting Principles	To meet the requirement of this principle the Authority will	This will be evidenced by
	Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	Budget and Medium term financial plan Productivity and Efficiency Plan
	Ensuring the achievement of 'social value' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is "the additional benefit to the community...over and above the direct purchasing of goods, services and outcomes"	Procurement Strategy, this operationalises the Public Services (Social Value) Act 2012, committing to: Encouraging suppliers to offer employment, training, and work experience opportunities within local communities Maximising local spend within Lancashire and the North West region Promoting fair employment practices, including working towards the Voluntary Living Wage and supporting diversity and inclusion

Supporting Principles	To meet the requirement of this principle the Authority will	This will be evidenced by
		Reducing environmental impact through circular procurement and carbon footprint reduction
Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it		
Developing the entity's capacity	Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness	Performance reports
	Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently	Service reviews
	Recognising the benefits of partnerships and collaborative working where added value can be achieved	Partnership framework
	Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	People Strategy Organisational Development plan

Supporting Principles	To meet the requirement of this principle the Authority will	This will be evidenced by
Developing the capability of the entity's leadership and other individuals	Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained	Job descriptions Member-officer protocol Member briefings Management Development Programme Team Brief Training and Organisational Development Plan
	Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	Scheme of delegation Standing orders Financial regulations Terms of reference
	Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority	Scheme of delegation Standing orders Financial regulations Terms of reference
	Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: • ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching	Strategy Group Member Training and Development Working Group Organisational Development Plan Induction programme Appraisals Personal development plans Recruitment and Selection Procedures Organisational Assurance Team Modern Ways of Working programme

Supporting Principles	To meet the requirement of this principle the Authority will	This will be evidenced by
	individual and organisational requirements is available and encouraged • ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis • ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external	Lessons learned from inspection, audit and self-assessment
	Ensuring that there are structures in place to encourage public participation	Consultation strategy
	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections	Member Training and Development Working Group Training and Organisational Development Plan Induction programme Appraisals 360 degree feedback Personal development plans Coaching and Mentoring
	Holding staff to account through regular performance reviews which take account of training or development needs	Member Training and Development Working Group Training and Organisational Development Plan Induction programme Appraisals Personal development plans

Supporting Principles	To meet the requirement of this principle the Authority will	This will be evidenced by
		Debrief process Quarterly performance reviews across Service Delivery
	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing	Occupational Health Unit Fitness advisor MIND blue light programme Events and Campaigns Wellbeing Support Dogs Employee Voice Groups Employee Assistance Programme
Principle F: Managing risks and performance through robust internal control and strong public financial management		
Managing risk	Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making	Risk management policy Corporate risk register
	Implementing robust and integrated risk management arrangements and ensuring that they are working effectively	Risk management policy Corporate Risk Register
	Ensuring that responsibilities for managing individual risks are clearly allocated	Risk management policy Corporate Risk Register

Appendix C

Supporting Principles	To meet the requirement of this principle the Authority will	This will be evidenced by
Managing performance	Monitoring service delivery effectively including planning, specification, execution and independent post implementation review	Performance Reporting Corporate Programme Board Organisational Assurance Team Preparedness visits Annual Service Report Productivity and Efficiency Plan
	Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook	Committee timetable Committee report template Member briefings
	Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making	Committee terms of reference Audit and governance arrangements Member training and development Statutory officer advice Committee reporting and assurance processes
	Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement	Committee timetable Committee report template Member briefings Performance Reporting Corporate Programme Board

Appendix C

Supporting Principles	To meet the requirement of this principle the Authority will	This will be evidenced by
Robust internal control	Aligning the risk management strategy and policies on internal control with achieving the objectives	Risk management strategy Internal Audit plan External Audit Plan Audit reports
	Evaluating and monitoring the authority's risk management and internal control on a regular basis	Risk management policy Annual Governance Statement Annual Assurance Statement
	Ensuring effective counter fraud and anti-corruption arrangements are in place	Anti-fraud policy National Fraud Initiative
	Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	Annual governance statement Annual Assurance Statement Internal audit Audit Committee
	Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment and that its recommendations are listened to and acted upon	Audit Committee Terms of reference Internal and external audit reporting Training Review of audit and governance arrangements Assurance follow-up reporting Constitutional review activity

Supporting Principles	To meet the requirement of this principle the Authority will	This will be evidenced by
Managing data	Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data	Designated data protection officer Data protection policies and procedures
	Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies	Data sharing agreements Data sharing register
	Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring	Data validation procedures
Strong public financial management	Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance	Budget or Medium term financial plan Productivity and Efficiency Plan Financial Management Code
	Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	Budget monitoring reports

Supporting Principles	To meet the requirement of this principle the Authority will	This will be evidenced by
Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability		
Implementing good practice in transparency	Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand	Annual report Compliance with Data Transparency requirements Pay Policy Accessibility Service Order
Implementing good practices in reporting	Reporting at least annually on performance, value for money and the stewardship of its resources	Annual report Annual financial statements Annual Governance Statement Annual Assurance Statement
	Ensuring members and senior management own the results	Appropriate approvals by officers and members
	Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)	Annual Governance Statement Annual Assurance Statement Governance improvement actions Internal and external audit findings Self-assessment and follow-up reporting

Supporting Principles	To meet the requirement of this principle the Authority will	This will be evidenced by
	Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate	Annual governance statement Annual Assurance Statement
	Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations	Annual report Budget and Medium term financial plan Productivity and Efficiency Plan
Assurance and effective accountability	Ensuring that recommendations for corrective action made by external audit are acted upon Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon	Annual Audit Report Annual Internal Audit Report Internal Audit Monitoring Reports Compliance with the Public Sector Internal Audit Standards Audit Committee reporting Governance improvement programme Action tracking and follow-up arrangements
	Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	Latest His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) inspection outcome Organisational Assurance Team Annual Assurance Statement Fire Standards activity Internal and external audit Peer review and constitutional review activity National Fire Chiefs Council (NFCC) engagement

Supporting Principles	To meet the requirement of this principle the Authority will	This will be evidenced by
	Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement	Annual Governance statement Annual Assurance Statement
	Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met	Partnership framework

Lancashire Combined Fire Authority
Audit Committee
Meeting to be held on Tuesday 30 June 2026

Internal Audit Charter and Mandate
(Appendix A refers)

Contact for further information: Steven Brown - Director of Corporate Services
Telephone Number 01772 826804

Executive Summary

The Internal Audit Charter and Mandate establishes the framework within which Lancashire County Council's Internal Audit Service operates to best serve the Combined Fire Authority and to meet its professional obligations under applicable professional standards. The Charter and Mandate has been reviewed for 2026-27 by the Head of Service – Internal Audit (Head of Internal Audit) and updated to reflect the Global Internal Audit Standards and the associated UK public sector application requirements, which replaced the previous Public Sector Internal Audit Standards from April 2025. It is presented to the Audit Committee for approval.

Recommendation

The Committee is asked to approve the 2026-27 Internal Audit Charter and Mandate.

Information

The attached Appendix A sets out the 2026-27 Internal Audit Charter and Mandate. The document defines the purpose, authority and responsibility of the internal audit activity; confirms reporting lines and access rights; and explains the arrangements for independence, objectivity, resources, competency and quality assurance.

Financial Implications

There are no direct financial implications arising from this report. The Charter and Mandate confirms the arrangements for internal audit resources and oversight.

Legal Implications

The Charter and Mandate supports compliance with the Local Government Act 1972, the Accounts and Audit Regulations 2015, the Global Internal Audit Standards and the Application Note: Global Internal Audit Standards in the UK Public Sector.

Business Risk Implications

Approval of an up-to-date Charter and Mandate supports effective governance, risk management and internal control arrangements. The risk of not approving the document is that the Authority's internal audit arrangements may not be clearly aligned to current professional standards and expectations.

Environmental Impact

None.

Equality and Diversity Implications

None.

Human Resource Implications

None.

Local Government (Access to Information) Act 1985
List of background papers

Internal Audit Charter and Mandate 2026/27

Appendix A: Audit Charter and Mandate

Lancashire Combined Fire Authority

Internal Audit Charter and Mandate

Introduction

This charter establishes the framework within which Lancashire County Council's Internal Audit Service operates to best serve the Combined Fire Authority and to meet its professional obligations under applicable professional standards. It defines the purpose, authority and responsibility of internal audit activity, establishes the Internal Audit Service's position in relation to the Combined Fire Authority; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

It will be subject to periodic review by the Head of Service – Internal Audit (Head of Internal Audit) and presented to the Audit Committee for approval.

Relevant Regulations and Interpretation

The Chartered Institute of Public Finance and Accountancy (CIPFA) is the relevant standard setter for Internal Audit in local government in the United Kingdom. As at April 2025, the Global Internal Audit Standards (GIAS) and the Application Note: Global Internal Audit Standards in the UK Public Sector replaced the Public Sector Internal Audit Standards (PSIAS).The Internal Audit Service therefore operates in accordance with this mandatory definition, code, standards, and advice.

The new GIAS are organised into five domains: Purpose, Ethics and Professionalism, Governing the Internal Audit Function, Managing the Internal Audit Function, and Performing Internal Audit Services. These domains encompass 52 standards that provide comprehensive guidance for Internal Audit practices. The principles within these domains emphasise the importance of serving the public interest, maintaining ethical conduct, ensuring effective governance, managing audit functions efficiently, and performing audit services with due diligence.

Authority and Requirement for Effective Internal Audit

The authority and requirement for Internal Audit in local government is established under the Local Government Act 1972 and the Accounts and Audit Regulations 2015. Specifically:

Local Government Act 1972:

Section 151: Requires every local authority to make arrangements for the proper administration of their financial affairs, which includes measures to prevent and detect fraud.

Accounts and Audit Regulations 2015:

Part 2, Section 3: Mandates that local authorities must have sound systems of internal control, which include arrangements for the management of risk, control, and governance processes, encompassing counter fraud measures.

Authority and Requirement for Effective Counter Fraud Arrangements

Local Government Act 1972:

Section 151: Requires every local authority to make arrangements for the proper administration of their financial affairs, which includes measures to prevent and detect fraud.

Section 222: Empowers local authorities to prosecute or defend legal proceedings if it is considered expedient for the promotion or protection of the interests of its inhabitants. This includes prosecuting individuals who commit fraud against the authority.

Accounts and Audit Regulations 2015:

Part 2, Section 3: Mandates that local authorities must have sound systems of internal control, which include arrangements for the management of risk, control, and governance processes, encompassing counter fraud measures.

Definitions

The Institute of Internal Auditors (IIA) defines Internal Auditing as:

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.

In relation to the Combined Fire Authority, the board is defined as the Audit Committee.

Senior management is represented by the Executive Board which consists of the Chief Fire Officer, the Deputy and Assistant Chief Fire Officer, the Director of Corporate Services and the Director of People and Development.

Responsibilities

Role of Internal Audit

The Regulations set out that the Combined Fire Authority must ensure that they have a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that financial and operational management is effective; and includes effective arrangements for the management of risk.

The Combined Fire Authority has taken the decision to outsource their internal audit provision to Lancashire County Council's Internal Audit Service. However,

responsibility for maintaining an adequate and effective system of internal audit remains with the Combined Fire Authority.

Internal Audit provides independent, objective assurance and consulting services designed to add value and improve an organisation's operations. It helps organisations achieve their objectives by systematically evaluating and improving the effectiveness of risk management, control, and governance processes. This service adds value by:

- Identifying areas for improvement
- Ensuring compliance with laws and regulations
- Providing insights that enhance decision-making and organisational performance

Responsibilities of Key Stakeholders

Board and Audit Committee:

- Ensure the Internal Audit function is independent and has sufficient resources.
- Approve the Internal Audit Charter, risk-based audit plan, and Internal Audit resources.
- Oversee the performance and effectiveness of the Internal Audit function.

Chief Executive Officer (CEO) and Senior Management:

- Support the Internal Audit function by providing access to necessary information and resources.
- Ensure that management actions are taken in response to Internal Audit recommendations.
- Foster an organisational culture that values Internal Audit and risk management.

Head of Audit (CAE):

- Develop and maintain a risk-based audit plan.
- Ensure the Internal Audit function adheres to the IIA standards and other relevant standards.
- Report on the Internal Audit function's performance and findings to the board and audit committee.

Internal Auditors:

- Conduct audits in accordance with the IIA standards and the Internal Audit charter.
- Maintain objectivity, integrity, and confidentiality.
- Communicate audit findings and recommendations clearly and effectively.
- Maintain professional competence through continuous training and development.

External Auditors:

- Collaborate with the Internal Audit function to enhance audit coverage and efficiency.

- Consider the work of Internal Auditors when planning and conducting external audits.
- Share relevant findings and insights with the Internal Audit function.

These responsibilities ensure that the Internal Audit function operates effectively and adds value to the organisation by providing assurance and insights on governance, risk management, and control processes.

Independence, Objectivity, and Integrity

Everyone in the public sector must comply with the Nolan Principles, which include selflessness, integrity, objectivity, accountability, openness, honesty, and leadership. However, Internal Audit has additional requirements for independence, objectivity, and integrity.

Independence

- Internal Auditors must be free from conditions that threaten their ability to perform their duties impartially. This means:
  - **Organisational Independence**: The Internal Audit function must report functionally to the board or audit committee, ensuring it has the authority to act independently.
  - **Individual Independence**: Internal Auditors must avoid conflicts of interest and not engage in activities that could impair their unbiased judgment.

Objectivity

- Internal Auditors must maintain an unbiased mental attitude and avoid conflicts of interest. This requires:
  - **Professional Judgment**: Internal Auditors should not subordinate their judgment to others and must make decisions based on objective criteria.
  - **Impartiality**: Auditors must perform their work without any bias, ensuring that their findings and recommendations are based solely on evidence.

Integrity

- Internal Auditors must adhere to high ethical standards and be honest and forthright in their work. This involves:
  - **Ethical Conduct**: Auditors must act with integrity, ensuring their actions and decisions are in the best interest of the organisation.
  - **Professional Competence**: Auditors must maintain their professional knowledge and skills through continuous training and development,

ensuring they stay updated with the latest auditing standards and practices.

These additional requirements ensure that Internal Auditors can provide reliable and objective assurance and consulting services, thereby enhancing the effectiveness of governance, risk management, and control processes within the organisation.

Reporting Lines and Relationships

Functional Reporting

The Head of Internal Audit reports functionally to the Audit Committee. This ensures that the Internal Audit function operates independently from management and can provide unbiased assurance.

Organisational Reporting

The Head of Internal Audit has direct access to senior management within the Lancashire Fire and Rescue Service. This access ensures that the Internal Audit function can communicate important findings and recommendations directly to those in positions of authority.

Regular Access to the Audit Committee

The Head of Internal Audit has regular access to the chair of the Audit Committee, which typically meets at least four times a year. The Head of Internal Audit reports to each meeting of the committee under its terms of reference. The committee is responsible for approving the annual audit plan and overseeing the performance of the Internal Audit function.

These reporting requirements, as set out in the Global Internal Audit Standards (GIAS), ensure that the Internal Audit function can operate independently and effectively, providing valuable insights and assurance to the organisation.

Access to Information

Right of Access for Internal Audit

Internal Auditors respect the value and ownership of information they receive and the reports they produce, and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so. They are prudent in the use and protection of information acquired in the course of their duties and shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the authority's legitimate and ethical objectives.

The Internal Audit function has unrestricted direct access to all records, This right of access is essential to ensure that Internal Auditors can carry out their responsibilities without any limitations or hindrances.

Access to Records

Internal Auditors have the authority to access all records, documents, data, and correspondence relating to the Lancashire Fire and Rescue Service, regardless of the format in which they are held (physical form or electronically). This includes any unofficial funds operated by an employee as part of their duties. This access allows auditors to gather the evidence needed to evaluate the effectiveness of risk management, control, and governance processes, or to aid any investigation.

Access to Premises

Internal Auditors have the authority to enter any premises or land of the organisation to conduct audits. This includes access to all departments, offices, and facilities, ensuring that auditors can observe operations and verify the existence and condition of assets.

Access to Personnel

Internal Auditors have the authority to interview any employee or officer of the organisation to provide such explanations, information or other assistance concerning any matter under examination as part of any audit engagement This access is crucial for understanding processes, identifying potential issues, and obtaining insights that may not be evident from documents alone.

Access to Property

Internal Auditors have the authority to require any employee of the Lancashire Fire and Rescue Service to produce cash, stores, or any other property under his or her control.

Access to Computer Systems

Internal Auditors have the authority to access all computer systems as and when required. This ensures that auditors can review electronic records, data, and systems to perform comprehensive audits.

These rights of access are fundamental to the Internal Audit function's ability to provide independent and objective assurance. Any restrictions on access to records, premises, personnel, or computer systems would impair the audit function's independence and objectivity, thereby reducing its effectiveness.

Internal Audit Resources and Effectiveness

Sufficiency of Resources

The Internal Audit function shall be provided with sufficient resources, including professional audit staff possessing the necessary knowledge, skills, experience, and professional qualifications to effectively fulfil its responsibilities. This includes resources for counter fraud and investigation work designed to comply with the four pillars of the Fighting Fraud and Corruption Locally strategy: Govern, Acknowledge, Prevent, and Pursue.

Continuous Professional Development

The Internal Audit staff shall engage in continuous professional development to maintain and enhance their competencies, ensuring they remain current with industry standards and best practices.

Access to Specialised Skills

The Internal Audit function shall have access to specialised skills from within or outside the organisation as necessary to address specific audit requirements and complexities, including counter fraud and investigation activities.

Independence and Objectivity

Internal Audit resources shall be independent and objective, free from any conflicts of interest, to ensure unbiased and effective audit activities.

Adequate Budget

The Internal Audit function shall be allocated an adequate budget to meet its objectives and execute its audit plan effectively, ensuring the necessary resources are available, including those required for counter fraud and investigation work.

Responsibility for Internal Audit Resources

The responsibility for ensuring that Internal Audit resources are in place lies with the Combined Fire Authority as well as the Audit Committee. The Audit Committee reviews and approves the Internal Audit plan and resource requirements, ensuring that the Internal Audit function is adequately resourced.

Section 10.01 of the GIAS requires the Head of Internal Audit to seek budget approval from the Audit Committee. However, senior management is responsible for allocating and approving service budgets. Despite this, the Audit Committee plays a crucial role in ensuring that sufficient budget and resources are allocated to Internal Audit. They can raise concerns with management if they believe additional budget and resources are necessary to support the internal audit function effectively.

Additionally, the Head of Audit will promptly communicate the impact of insufficient financial resources to the board and senior management, as per the GIAS requirements.

The Head of Internal Audit ensures that the Internal Audit Service has the necessary skills and competencies to perform their duties, including those related to counter fraud and investigation work. The committee ensures that the Internal Audit function remains independent and objective, and it monitors the implementation of the Internal Audit plan and the use of resources.

Section 4.1 of the GIAS requires the Head of Audit to report to the Audit Committee if resources are not adequate to fulfil the internal audit mandate effectively. This ensures that the Internal Audit function can operate independently and provide the necessary assurance and advisory services without any limitations

Competency

The Head of Internal Audit and audit managers are required to hold appropriate professional audit qualifications. These are defined as full membership of one of the institutes of the Consultative Committee of Accountancy Bodies (CCAB) or professional membership of the Chartered Institute of Internal Auditors (CIIA). It is expected that senior auditors will either hold or be close to and actively working towards full professional qualification but, exceptionally, they may be qualified by experience at a demonstrably professional level.

The county council's performance and development opportunities are applicable to all staff within the Internal Audit Service, which supports continuous staff development.

Quality Assurance and Improvement

The Head of Internal Audit operates a quality assurance and improvement programme that both monitors the ongoing performance of Internal Audit activity and periodically assesses the Internal Audit Service's compliance with the GIAS. This includes both internal and external assessments and is set out in a separate quality assurance and improvement programme.

The results of the quality assurance and improvement programme, including any areas of non-conformance with GIAS, are reported annually to the Audit Committee. This report will include information regarding:

- The scope and frequency of both the internal and external assessments.

- The qualifications and independence of the assessor(s) or assessment team, including potential conflicts of interest.
- Conclusions of assessors.
- Corrective action plans.

Non-Audit Work

The Head of Internal Audit shall maintain independence and objectivity in the performance of their duties. To ensure this, the Head of Internal Audit shall not have responsibilities for non-audit functions that could impair their professional judgment.

If the Head of Internal Audit does have responsibilities for non-audit functions such as the Investigation Service, clear segregation of duties and safeguards shall be in place to maintain the independence and objectivity of the Internal Audit function. Any such responsibilities shall be disclosed to the Audit Committee, which shall regularly review these arrangements to ensure the Internal Audit function remains independent and effective.

Title	
Version number	1.2
Document author(s) name and role title	Sarah Oldendorp - Audit Manager
Document owner name and role title	Sarah Oldendorp - Audit Manager
Document approver name and role title	Combined Audit Committee

Date of creation	-	**Review cycle**	-
Last review	June 2026	**Next review date**	March 2027 (in line with the Audit Plan)

Version	Date	Section or Reference	Amendment
1	09/06/26	Various	Changed Global Internal Audit Standards to GIAS where relevant
1	09/06/26	Review Cycle	Updated review dates
1	09/06/26	Document title	Added the Committee date to the document title
1	09/06/26	Document author(s) name and role title	Changed from Laura Rix to Sarah Oldendorp
1	09/06/26	Document owner name and role title	Changed from Laura Rix to Sarah Oldendorp

Lancashire Combined Fire Authority

Audit Committee

Meeting to be held on Tuesday 30 June 2026

Compliments and Complaints

Appendix 1 Overview of Complaints
Appendix 2 Ombudsman Complaints Handling Code

Contact for further information – Karen Jackson, Head of Admin Support
Telephone: 01772 866838

Executive Summary

For many years the Service has recorded compliments and complaints to help understand performance, identify learning, and ensure feedback is handled fairly and consistently. From 1 April 2026 the Local Government and Social Care Ombudsman expects organisations to follow a new Complaints Code. This seeks to ensure complaints are handled fairly, consistently and promptly, while using learning to improve services and strengthen public confidence. The Code also expects organisations to prepare an annual complaints performance and service improvement report for scrutiny and challenge, and that it should be reported through the organisation's governance arrangements.

This report gives the Audit Committee an overview of the Compliments and Complaints activity during 2025-26, for background information, and explains the changes the Service is making in response to the Local Government and Social Care Ombudsman Complaint Handling Code, which will be used by the Ombudsman when considering compliance from April 2026.

Recommendations

- Note the compliments and complaints activity for 2025-26.
- Endorse the revised complaint handling arrangements to align with the Ombudsman Complaint Handling Code.
- Support the introduction of enhanced governance and reporting arrangements.
- Note a further annual report including performance against the new Code and identified service improvements will be provided at the end of 2026-27.

Purpose of the report

This report provides the Audit Committee with an overview of compliments and complaints received during 2025-26, highlights the main themes emerging from that activity, and explains the new complaint handling arrangements being introduced in response to the Local Government and Social Care Ombudsman Complaint Handling Code. It is intended to provide members with assurance that complaints are being monitored, that learning is being identified, and that the Service is strengthening its arrangements in line with recognised good practice.

Overview of 2025-26 activity
The Service continued to receive both compliments and complaints during 2025-26. Compliments highlight where services are performing well, while complaints help identify where improvements are needed about where services are working well and help recognise good service. Complaints are equally valuable because they provide insight into where communication, operational practice or service processes may need to improve.

During 2025-26, complaints were managed through the Service's existing process. Complaints were logged and acknowledged, then referred to an appropriate Investigating Officer to review the issues and provide a response within the relevant timescales. Where a complainant remained dissatisfied, they could ask for the matter to be reviewed at an appeal stage. This section summarises the complaints received during the year and the key themes arising.

In 2025-26 the Service received 105 compliments and 65 complaints. Compliments were received across all areas of the Service. Complaint volumes have risen over the last three years, from 25 in 2023-24 to 46 in 2024-25 and 65 in 2025-26. While complaint numbers have increased, this does not necessarily indicate a decline in service quality. The increase is partly attributable to improved access to the complaints process, including increased use of digital channels. In part it reflects improved access to the complaints process, including the wider use of the Service website, and a clearer route for the public to raise concerns.

Appendix 1 sets out the breakdown of the complaints, the main messages from the 2025-26 data are:

- Complaint volumes have increased;
- Email and website routes are now the main channels for complaints;
- 41% (27) of complaints are 'Against the Service'
    - Complaints against the Service were spread across a wide range of issues, with Lancashire Fire and Rescue Service (LFRS) procedures the largest single category, alongside one-off concerns about inspections, communications, social media, signage and noise.
- 20% (13) of complaints are 'Against LFRS Staff'
    - Complaints against LFRS staff were mainly about behaviour and professional conduct.
- The two other significant areas relate to damage to property (10) and driving (11).
- Most complaints are resolved early and quickly.

While complaint volumes have increased, analysis does not indicate systemic service failure. Instead, themes point to opportunities to improve communication, consistency in procedures, and public interaction.

Changes arising from the Ombudsman Complaint Handling Code
The Local Government and Social Care Ombudsman has introduced a Complaint Handling Code to promote fairer, more consistent and more transparent complaint handling across local government. The Code is issued as advice and guidance for councils and is regarded by the Ombudsman as good practice for other bodies it investigates. The Ombudsman has confirmed that it will begin considering compliance with the Code from April 2026.

For the Service, the main practical changes are set out below.

- **Clearer distinction between service requests and complaints.** The revised approach recognises that not every expression of dissatisfaction should immediately be treated as a formal complaint. Where an issue can be addressed quickly through normal service delivery, it may be handled first as a service request. If the person remains dissatisfied with the response or the handling of that request, it should then become a complaint.

- **A standard two-stage complaint process.** Stage 1 complaints must be acknowledged within 5 working days and responded to within 10 working days. Stage 2 reviews must be acknowledged within 5 working days and responded to within 20 working days. Extensions are only intended for exceptional circumstances and should be explained clearly to the complainant.

- **Stronger governance and reporting.** The Code places greater emphasis on senior oversight, regular performance reporting, organisational learning and an annual self-assessment of compliance.

- **Greater focus on learning and improvement.** Complaint information should not only be used to respond to individuals, but also to identify themes, improve services and demonstrate a positive complaint-handling culture.

These changes mean the previous description of an informal, formal and appeal process needs to be updated so that the Service's arrangements are clearer, more consistent and better aligned to the Ombudsman's expectations. The revised Service Order and supporting templates in the appendices are intended to provide that updated framework.

Governance, assurance and future reporting

It is good governance for members to have visibility of complaint activity, particularly where themes may indicate wider service issues, reputational risk or opportunities for improvement. Regular oversight helps provide assurance that concerns are being handled fairly, that the Service is learning from feedback, and that complaint handling remains aligned with external expectations.

Going forward, reporting will be focused on the number of complaints received, broad themes, timeliness, outcomes, notable learning points and any service improvements made as a result.

The new Code also introduces an expectation of annual self-assessment and a complaints performance and service improvement report, with appropriate oversight by senior leaders and members responsible for complaints. That provides a stronger framework for future assurance reporting than the Service has previously operated.

Business risk

Failure to comply with the Ombudsman's Complaint Handling Code could result in adverse findings, reputational damage, and reduced public confidence. Increased complaint volumes may also place additional pressure on service capacity if not actively managed.

If complaints are not handled consistently, within timescales and in line with the Ombudsman's expectations, there could be reputational damage, reduced public

confidence, missed learning opportunities and adverse findings from external review. Strengthening the Service Order, clarifying responsibilities and improving oversight will help mitigate these risks.

Sustainability or Environmental Impact
There are no direct sustainability or environmental implications arising from this report.

Equality and Diversity Implications
Effective complaint handling supports fairness, accessibility and accountability for all members of the public. The revised approach should help ensure that concerns are dealt with more consistently and that learning is used to improve services for different groups. Any specific equality impacts arising from operational changes should be considered through normal service procedures.

Data Protection (GDPR)
This report itself does not require the processing of personal data beyond normal complaint administration arrangements already in place. Individual complaint cases continue to require careful handling of personal data in line with data protection requirements.

Appendix information should continue to be reviewed before publication to ensure that any personal or sensitive information is handled appropriately.

HR implications
There are no direct HR implications arising from the report itself. However, the revised process will require staff and managers involved in complaint handling to understand the new timescales, responsibilities and expectations for responses and escalation.

Financial implications
There are no significant direct financial implications arising from this report. The revised complaint handling arrangements will be delivered within existing resources. However, there is a potential risk of additional costs arising from complaint remedies or increased workload if complaint volumes continue to rise. These will be monitored and managed within existing budget frameworks.

Legal implications
The revised complaint handling arrangements are intended to align the Service more closely with the Local Government and Social Care Ombudsman Complaint Handling Code and associated good practice. Although the Code is issued as advice and guidance rather than a statutory code, the Ombudsman has confirmed that it will consider compliance when reviewing complaints from April 2026.

Local Government (Access to Information) Act 1985

List of background papers
Paper:
Date:
Contact:

Reason for inclusion in Part 2 if appropriate: Insert Exemption Clause

Appendix 1

Overview of Complaints

Nature of the complaint

Nature	2023-2024	2024-2025	2025-2026
Against LFRS Staff	13	25	13
Against the Service	2	12	27
Damage to property	1	6	10
Driving	8	-	11
Erroneous	-	3	-
External Associations	-	-	4
Query re procedure	1	-	-
Total	**25**	**46**	**65**

Table 1 – Nature of complaints

Service Area

Area	2023-2024	2024-2025	2025-2026
Central	10	8	4
Eastern	22	7	27
Northern	15	6	13
Pennine	16	11	15
Southern	24	15	19
Western	16	15	27
Total	**103**	**62**	**105**

Table 2 – Service area of complaints

Complaint volumes have increased, particularly in areas relating to service delivery and staff conduct. This suggests a need to ensure consistency in operational practice and communication, rather than indicating widespread service failure.

Appendix 2

Ombudsman Complaints Handling Code

The Ombudsman Complaints Handling Code 'the Code' implemented the 1 April 2026 sets out a process for organisations that will allow them to respond to complaints effectively and fairly. The purpose of the Code is to enable organisations to resolve complaints raised by individuals promptly, and to use the data and learning from complaints to drive service improvements. It will also help to create a positive complaint handling culture amongst staff and individuals.

Effective complaint handling enables individuals to be heard and understood. The starting point for this is a shared understanding of what constitutes a complaint. In most cases organisations should be able to put things right through normal service delivery processes.

All complaints into the Service will firstly be treated as a 'service 'request unless the severity of the complaint dictates otherwise.

A service request may be defined as: a request that the organisation provides or improves a service, fixes a problem or reconsiders a decision.

This provides the Service with opportunities to resolve matters to an individual's satisfaction before they become a complaint. All service requests will be logged, monitored and reviewed regularly.

If the individual is dissatisfied with the findings/outcomes, then the 'service request' will escalate to a complaint.

A complaint may be defined as: an expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the organisation, its own staff, or those acting on its behalf, affecting an individual or group of individuals.

A service request must become a complaint where:

- The individual expresses dissatisfaction with:
    - The response, or
    - The handling of the request

Complaint Stage 1: Complaints will be acknowledged and logged at stage 1 of the complaint's procedure within five working days of the complaint being received or within five working days of the noted dissatisfaction of the service request being received.

The Service should provide a full response to stage 1 complaints within 10 working days of the complaint being acknowledged. Any extension should be no more than 10 workings days without good reason, and the reason(s) should be clearly explained to the individual by the Investigating Officer.

At the conclusion of stage 1 details will be provided of how to escalate the matter to stage 2 if the individual is not satisfied with the response.

Lancashire Combined Fire Authority
Audit Committee
Meeting to be held on Tuesday 30 June 2026

Accounting Estimates 2025-26

Contact for further information:
Steven Brown - Director of Corporate Services - Telephone Number 01772 826804

Executive Summary
The requirements of International Standard on Auditing (UK) 540, Auditing Accounting Estimates and Related Disclosures, place particular emphasis on management's approach to identifying, measuring and disclosing accounting estimates, and on the Audit Committee's role in understanding the significant judgements applied in preparing the Statement of Accounts.

The estimates set out in this report have been reflected in the unaudited Statement of Accounts for 2025-26. They represent the areas where management judgement, specialist input or estimation uncertainty could have a material impact on the reported financial position.

Recommendation
The Committee is asked to note the significant accounting estimates and related judgements used in preparing the 2025-26 Statement of Accounts, and to take assurance from the management review, professional advice and governance arrangements described in this report.

Background
International Standard on Auditing (UK) 540, Auditing Accounting Estimates and Related Disclosures, was revised in December 2018 and applies to audits of financial statements for periods commencing on or after 15 December 2019. The revised standard strengthened the focus on estimation uncertainty, complexity, subjectivity, management bias and the adequacy of related disclosures.

The standard is relevant because a number of balances in the Authority's Statement of Accounts cannot be measured with absolute certainty and therefore require management judgement, specialist advice and the use of assumptions. Auditors are required to understand and evaluate the nature and extent of the oversight and governance arrangements in place over management's financial reporting process for accounting estimates.

Requirements
Those charged with governance, namely the Audit Committee, should understand which significant estimates are included within the Statement of Accounts. Significant estimates are those that:

- Require significant judgement by management to address subjectivity;
- Have high estimation uncertainty;
- Are complex to make;
- Had, or ought to have had, a change in method, assumptions or data compared to previous periods; or
- Involve significant assumptions.

The Statement of Accounts includes balances that are based on assumptions about future events or other matters that are inherently uncertain. Estimates are made having regard to historical experience, current trends and other relevant factors. As a result, actual outcomes may differ materially from those estimates.

The Statement of Accounts is prepared in accordance with the most recent edition of the Code of Practice on Local Authority Accounting in the United Kingdom (the Code), published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Significant Underlying Assumption for 2025-26
The Statement of Accounts is prepared on a going concern basis. This reflects the Authority's assessment that its financial position remains sustainable for the foreseeable future, having regard to the 2026-27 budget-setting process approved in February 2026, the Medium Term Financial Strategy, the reserves position and the statutory framework within which fire and rescue authorities operate.

Accounting standards require management to undertake an annual assessment of going concern. Although the Code recognises that local authorities can only be created or dissolved through statutory provision, the accounts must nevertheless be prepared on a going concern basis. Management has completed this assessment and is not aware of any material uncertainty that would prevent the Authority from continuing to provide services for the foreseeable future.

Significant Accounting Estimates for 2025-26

Nature of the estimate	**Estimate value; degree of uncertainty; methodology**
Valuation of land and buildings	2025-26 carrying value £113 million (2024-25: £116 million) The valuation basis applied to Lancashire Fire and Rescue Service (LFRS) assets is prescribed by the Code. Most property assets are valued using depreciated replacement cost (DRC) because they are specialised operational assets for which there is little or no directly comparable market evidence. DRC estimates the current cost

	of replacing the asset in its existing use and then adjusts this for age, condition and obsolescence. Land and buildings are valued by a Royal Institution of Chartered Surveyors (RICS) qualified valuer employed by Amcat Ltd. Physical inspections are undertaken on a rolling five-year basis, or sooner where significant capital works have been completed, with interim desktop valuations supported by appropriate indices for the remaining assets. Valuation uncertainty has reduced from the levels seen immediately following the pandemic, but market conditions remain influenced by inflationary pressures, construction cost movements and wider geopolitical factors affecting energy and materials prices. Management reviews the key assumptions underpinning the valuation process, considers significant movements in asset values year on year, and challenges the valuer where appropriate in order to satisfy itself that the reported valuations are reasonable. The gross property valuation gain for 2025-26 was £3.0 million (2024-25: £5.6 million). It is estimated that a 1% increase in DRC values will increase asset values by £1.1 million (2024-25: £1.2 million). Property assets are also assessed annually for impairment, taking account of asset condition, local market factors and changes in construction and labour costs relevant to DRC valuations. The gross downward revaluation recognised in 2025-26 was £4.4 million (2024-25: £2.0 million).
Depreciation of Property and Equipment	2025-26 carrying value £128 million (2024-25: £129 million) Assets are depreciated over their estimated useful lives. These estimates depend on assumptions about expected service life, usage patterns, condition and the level of repairs and maintenance required to keep assets in operational use.

	Useful lives for property assets are determined by the Royal Institution of Chartered Surveyors (RICS) valuer, while useful lives for vehicles and equipment are determined by the relevant professional officers within Fleet Services. Management compares changes in useful lives with prior years to assess reasonableness. There have been no significant changes in asset lives during 2025-26. Property asset lives are generally assessed in ten-year bands up to a maximum of 50 years, while vehicle lives vary by type and are typically between four and 15 years. Useful life is an accounting estimate that reflects the period over which the asset's service potential is expected to be consumed. Assets may still have a residual disposal value at the end of that period; for example, a 12-year-old pumping appliance may still generate sale proceeds on disposal. If the useful life of an asset is reduced, the annual depreciation charge increases and the carrying value of the asset falls more quickly. This does not, in itself, create an immediate cash pressure, but it affects the accounting value reported in the balance sheet and the charges recognised in the Comprehensive Income and Expenditure Statement. The depreciation charge for 2025-26 is £6.6 million (2024-25: £6.6 million). It is estimated that the annual depreciation charge for property assets would increase by approximately £0.7 million for each one-year reduction in average asset life. Management has reviewed useful lives for reasonableness and no significant changes have been identified during 2025-26.
Valuation of both Firefighters' Pension Scheme and Local Government Pension Scheme (LGPS) pension liability	2025-26 gross liability value £577 million (2024-25: £588 million) The scheme liabilities are calculated by qualified actuaries using detailed membership data at a point in time, adjusted for known changes since the last full valuation. For the Local Government Pension Scheme (LGPS), this work is undertaken by Mercer; for firefighters' pensions it is undertaken by the Government Actuary's Department (GAD). The calculations rely on complex judgements, including discount rates,

	salary growth, pension increase assumptions and mortality assumptions. The principal actuarial assumptions are provided to management in advance of the year-end calculations, enabling review, scrutiny and challenge before the final valuations are reflected in the accounts. Management reviews both the assumptions and the year-on-year movement in liabilities for reasonableness, with any queries referred back to the actuaries for explanation or confirmation. It is estimated that, for both pension schemes combined, a 0.5% increase in the discount rate would decrease the liability by £40 million (2024-25: £42 million), a 1% increase in pay growth would increase the liability by £9 million (2024-25: £11 million), and a one-year increase in assumed life expectancy would increase the liability by £16 million (2024-25: £15 million). These sensitivities demonstrate the scale of estimation uncertainty in pension valuations. The assumptions are updated annually by the actuaries and are subject to management review before being incorporated into the accounts.
Valuation of Local Government Pension Scheme (LGPS) pension asset	2025-26 LGPS gross asset value £82.4 million (2024-25: £81.6 million). The value of LGPS scheme assets attributable to the Authority is calculated by Mercer. Asset values are derived from the fair value of the underlying pension fund investments at the year end, based on information provided through the pension fund valuation process. The Authority is attributed a proportionate share of the assets of the Lancashire County Pension Fund, consistent with other participating employers. Estimation uncertainty arises from the valuation of the underlying investments, particularly in relation to property and other less liquid asset classes, and from the allocation of the Authority's share of those assets at the year end. Management reviews the assumptions and movements in asset values for reasonableness and follows up any significant matters with the actuary where further explanation is required.

Holiday pay expenditure accrual	2025-26 expenditure accrual £0.7 million (2024-25: £0.7 million) At each year end, the Authority is required to estimate the value of employee benefits accrued but not taken, including annual leave, time off in lieu and flexitime. A range of systems and records is used to determine the underlying data, including payroll records for annual leave and support staff flexitime, together with the on-call availability system where relevant. The appropriate rates of pay are then applied to the outstanding balances to calculate the year-end accrual. This balance is not expected to result in additional cash payments to employees. It is an accounting adjustment to recognise the value of benefits earned but not taken at the balance sheet date, in accordance with the Code.

Table 1 – nature and value of estimates

Note: the values set out above relate to Lancashire Fire and Rescue Service (LFRS) only and exclude North West Fire Control (NWFC).

As an additional control, Executive Board is asked each year to consider whether there are any transactions, events, conditions or changes in circumstances that may require either the recognition of a further significant accounting estimate or disclosure as a contingent liability. This provides a formal management check that the estimates and disclosures remain complete and up to date.

Based on the confirmations received from Executive Board, the contingent liabilities note has been updated to reflect the current position. One additional contingent liability has been identified in 2025-26 in respect of on-call sick pay, with an estimated potential exposure of £300,000. This matter is disclosed as a contingent liability rather than recognised as a provision because the timing, likelihood and final value of any obligation remain uncertain.

Financial Implications

The accounting estimates set out in this report affect the values reported in the 2025-26 Statement of Accounts, including property valuations, depreciation charges, pension liabilities and employee benefit accruals. Most of these entries are accounting adjustments rather than immediate cash transactions, but they are material to the reported financial position and are therefore subject to external audit review.

Legal Implications

There are no specific legal implications arising directly from this report. The report supports the Authority's statutory and governance responsibilities in relation to the

preparation, scrutiny and approval of the Statement of Accounts in accordance with proper accounting practices.

Business Risk Implications
If the Authority's significant estimates and judgements are not appropriately identified, supported, challenged and disclosed, there is a risk of material misstatement in the Statement of Accounts, additional external audit challenge, delay to the audit opinion and reduced confidence in the Authority's financial reporting arrangements.

Environmental Impact
None.

Equality and Diversity Implications
None.

Human Resource Implications
None.

Local Government (Access to Information) Act 1985

List of background papers
None.

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Lancashire Combined Fire Authority
Audit Committee
Meeting to be held on Tuesday 30 June 2026

Financial Statements Update
(Appendix 1 refers)

Contact for further information: Steven Brown - Director of Corporate Services
Telephone Number: 01772 866804

Executive Summary
This report updates the Audit Committee on progress in preparing the Authority's 2025-26 unaudited Financial Statements. The latest draft core financial statements are included at Appendix 1 for information. These comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and Cash Flow Statement.

The statements remain subject to final quality assurance and external audit. They are not presented for approval at this stage, and the figures may change before the audited accounts are presented to the Committee.

Recommendation(s)
The Committee is asked to:-

- Note progress in preparing the Authority's 2025-26 unaudited Financial Statements;
- Note the Authority's latest draft core financial statements at Appendix 1; and
- The Committee is also asked to note that the figures remain subject to final quality assurance and external audit and may therefore change before the audited accounts are presented for approval.

Information
For the financial year 2025-26, the Authority must publish its draft accounts by the statutory deadline of 30 June 2026. The audited accounts are expected to be available by 30 November 2026, subject to completion of the external audit. This report provides the Committee with an update on the latest draft financial statements prepared for publication and audit.

There is no statutory requirement to present the unaudited accounts to the Committee before the external audit process commences. However, presenting the latest draft core financial statements provides members with early visibility of the Authority's financial position and supports transparent financial governance.

The Accounts and Audit (England) Regulations 2015 apply to the preparation, approval and audit of the Statement of Accounts and other financial statements. These regulations are based on International Financial Reporting Standards (IFRS), which seek to present accounts in a consistent format across the public and private sectors with the aim of improving transparency. The Authority's revenue outturn and statutory financial statements are prepared on different bases. The revenue outturn

reflects financial performance against the Authority's budget. The statutory financial statements then apply required accounting adjustments, including pension and asset valuation entries. These adjustments are necessary for compliance with accounting standards but do not all affect the Authority's available revenue funding. The table below summarises the adjustments required to the revenue outturn to reach the Total Comprehensive Income and Expenditure reported in the latest draft financial statements.

Reconciliation	£000
Revenue Outturn	**(335)**
Remove transfers to / from reserves	637
Adjustments for Capital Purposes	(57)
Net change for Pensions Adjustments	2,589
Other Differences	(1)
Deficit on provision of services	**2,834**
(Surplus)/Deficit on revaluation of fixed assets	1,458
Actuarial (gains)/losses on pension fund assets	(14,448)
Total Comprehensive Income and Expenditure	**(10,157)**

Table 1 – Adjustments required to the revenue outturn

The latest draft Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and Cash Flow Statement are set out in Appendix 1. Subject to final quality assurance processes, these will form part of the accounts submitted for external audit. The draft financial statements do not identify any immediate issue affecting the Authority's ability to deliver operational services.

Financial Implications

There are no new financial commitments arising directly from this report. The report presents the Authority's latest draft financial position for 2025-26. The draft statements remain subject to final quality assurance and external audit and may change before the audited accounts are presented for approval.

The report distinguishes between the Authority's revenue outturn and the statutory accounting position. Some of the largest adjustments relate to pension accounting and asset valuation movements. These affect the presentation of the financial statements but do not directly change the Authority's in-year revenue budget or operational spending power.

Legal Implications

The preparation, publication and audit of the Statement of Accounts are governed by the Accounts and Audit (England) Regulations 2015. The relevant statutory timetable is set out in the report. There are no additional legal implications arising directly from the recommendations.

Business Risk Implications

The main risks relate to completion of final quality assurance, incorporation of any outstanding figures, and any issues identified through external audit. These risks are being managed through internal review, compliance with the statutory timetable and engagement with the external auditor. Any material changes arising before completion of the audited accounts will be reported to the Committee.

Environmental Impact
None.

Equality and Diversity Implications
There are no direct equality and diversity implications arising from this report. The report is provided for information and does not propose changes to services, policies or staffing. The final published accounts should be made available in an accessible format in accordance with the Authority's usual publication arrangements.

Human Resource Implications
None.

Local Government (Access to Information) Act 1985

List of background papers

Not Applicable

Appendix 1: Core Financial Statements

Comprehensive Income and Expenditure Statement

-	Notes	2025-26 Gross Expenditure £000	2025-26 Gross Income £000	202526 Net Expenditure £000	2024-25 Gross Expenditure £000	2024-25 Gross Income £000	2024-25 Net Expenditure £000
Continuing operations:							
Service Delivery	-	27,485	(4,101)	23,383	25,881	(2,409)	23,473
Strategy and Planning	-	12,475	(348)	12,127	12,801	(642)	12,159
People and Development	-	2,201	-	2,201	2,231	-	2,231
Corporate Services	-	5,810	-	5,809	5,616	(6)	5,610
Fire-fighters Pensions	-	2,209	(33)	2,176	1,412	-	1,412
Overheads	-	11,800	(5,896)	5,904	10,875	(4,903)	5,971
Net Cost of Services	-	**61,980**	**(10,379)**	**51,601**	**58,816**	**(7,960)**	**50,856**
(Gain) or Loss on disposal of non-current assets	-	-	-	(74)	-	-	(116)
Financing and investment income and expenditure							
Interest payable and similar charges	-	-	-	1,220	-	-	1,272
Pensions interest cost and expected return on pensions assets	-	-	-	30,599	-	-	29,127
Interest receivable and similar Income	-	-	-	(2,120)	-	-	(2,291)
Taxation and non-specific grant income							
Council tax	-	-	-	(43,018)	-	-	(39,911)
Revenue Support Grant	-	-	-	(13,702)	-	-	(13,470)
Non-domestic rates redistribution	-	-	-	(17,125)	-	-	(16,740)
Business rates Section 31 grant	-	-	-	(4,484)	-	-	(5,673)
(Surplus) or Deficit on the provision of services	-	-	-	**2,834**	-	-	**3,054**

-	Notes	2025-26 Gross Expenditure £000	2025-26 Gross Income £000	2025-26 Net Expenditure £000	2024-25 Gross Income £000	2024-25 Gross Expenditure £000	2024-25 Net Expenditure £000
Surplus on revaluation of non-current assets	-	-	-	1,458	-	-	(3,645)
Actuarial (gains) and losses on pensions assets and liabilities	-	-	-	(14,448)	-	-	(67,199)
Other comprehensive income and expenditure	-	-		**(12,990)**	-	-	(70,845)
Total Comprehensive Income and Expenditure	-	-	-	**(10,157)**	-	-	**(67,791)**

Movement in Reserves Statement 2025-26

-	General fund* £000	Earmarked reserves £000	Total General Fund Balance £000	Capital grant unapplied reserve £000	Capital receipts reserve £000	Total usable reserves £000	Unusable reserves* £000	Total Authority reserves £000
Balance at 31 March 2025 carried forwards	**6,564**	**29,012**	**35,576**	**-**	**194**	**35,770**	**(470,932)**	**(435,162)**
Movement in reserves during 2025-26								
Surplus or (Deficit) on provision of services	(2,834)	-	**(2,834)**	-	-	**(2,834)**	-	**(2,834)**
Other comprehensive income and expenditure	-	-	**-**		-	**-**	12,990	**12,990**
Total comprehensive income and expenditure	**(2,834)**	**-**	**(2,834)**	**-**	**-**	**(2,834)**	**12,990**	**10,157**
Adjustments between accounting basis and funding basis under regulations								
Charges for depreciation and impairment of non-current assets	6,682	-	**6,682**	-	-	**6,682**	(6,682)	**-**
Amortisation of intangible assets	111	-	**111**	-	-	**111**	(111)	**-**
Disposal of assets	(74)	-	**(74)**	-	78	**4**	(4)	**-**
Provision for the repayment of debt	(670)	-	**(670)**	-	-	**(670)**	670	**-**
Capital expenditure charged against General Fund Balance	(6,105)	-	**(6,105)**	-	-	**(6,152)**	6,105	**-**
Amount by which the Code and the statutory pension costs differ	2,589	-	**2,589**	-	-	**2,589**	(2,589)	**-**

-	General fund £000	Earmarked reserves £000	Total General Fund Balance £000	Capital grant unapplied reserve £000	Capital receipts reserve £000	Total usable reserves £000	Unusable reserves £000	Total Authority reserves £000
Amount by which the Code and the statutory collection fund income differ	41	-	**41**	-	-	**41**	(41)	**-**
Accumulated absences	(43)	-	**(43)**	-	-	**(43)**	43	**-**
Adjustments total	**2,531**	**-**	**2,531**	**-**	**78**	**2,609**	**(2,609)**	**-**
Net increase or decrease before transfers to earmarked reserves	**(302)**	**-**	**(302)**	**-**	**78**	**(225)**	**10,381**	**10,157**
Transfers (to) or from earmarked reserves	662	(662)	**-**			**-**	-	**-**
Increase or (Decrease) in the year	**359**	**(662)**	**(302)**	**-**	**78**	**(225)**	**10,381**	**10,157**
Balance at 31 March 2026 carried forwards	**6,923**	**28,350**	**35,273**	**-**	**272**	**35,545**	**(460,550)**	**(425,005)**

Balance Sheet

-	Notes	At 31 March 2026 £000	At 31 March 202 £000
Long-Term Assets			
Property, Plant and Equipment	-	127,534	129,576
Intangible Assets	-	422	467
Long-Term Assets total	-	127,957	130,043
Current Assets			
Inventories	-	326	318
Short-Term Investments	-	39,115	49,540
Short-Term Debtors	-	11,113	7,925
Cash and Cash Equivalents	-	451	582
Current Assets total	-	51,005	58,365
Current Liabilities			
Grants Received in Advance	-	(440)	(4,581)
Other Short-Term Liabilities	-	(769)	(672)
Short-Term Creditors	-	(11,294)	(14,732)
Current Liabilities total	-	(12,503)	(19,984)
Long-Term Liabilities			
Provisions	-	(1,653)	(1,246)
Long-Term Borrowing	-	(2,000)	(2,000)
Other Long-Term Liabilities	-	(587,811)	(600,340)
Long-Term Liabilities total	-	(591,464)	(603,586)
Net Liabilities	-	**(425,005)**	**(435,162)**

-	Notes	At 31 March 2026 £000	At 31 March 2025 £000
Usable Reserves			
General Fund	-	(6,923)	(6,564)
Earmarked Reserves	-	(28,350)	(29,012)
Capital Grants Unapplied Account	-	-	-
Usable Capital Receipts Reserve	-	(272)	(194)
Usable Reserves total	-	(35,545)	(35,770)

-	Notes	At 31 March 2026 £000	At 31 March 2025 £000
Unusable Reserves			
Revaluation Reserve	-	(69,226)	(73,745)
Capital Adjustment Account	-	(46,898)	(43,858)
Pension Reserve	-	576,571	588,430
Collection Fund Adjustment Account	-	(550)	(591)
Accumulated Absences Adjustment Account	-	653	696
Unusable Reserves total	-	460,550	470,932

Total Reserves	-	**425,005**	**435,162**

Cash Flow Statement

-	Notes	2025-26 £000	2025-26 £000	2024-25 £000	2024-25 £000
Net deficit on the provision of services	-	(2,834)	-	(3,054)	-
Adjustments to net deficit on the provision of services for non-cash movements	-	(834)	-	30,251	-
Adjustments for items included in the net (deficit) on the provision of services that are investing and financing activities	-	(105)	-	(681)	-
Net cash flows from Operating Activities	-	-	**(3,773)**	-	**26,516**
Investing activities					
Purchase of property plant and equipment and other capital spend	-	(6,213)	-	(4,261)	-
(Increase) or Decrease in short-term	-	10,425	-	(26,040)	-
Receipts from investing activities	-	1,302	-	1,931	-
Net cash flows from investing activities	-	-	**5,514**	-	**(28,370)**
Financing activities					
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet Private Finance Initiative (PFI) contracts	-	(675)	-	(611)	-
Payments for financing activities	-	(1,197)	-	(1,249)	-
Net cash flows from financing activities	-	-	**(1,872)**	-	**(1,861)**
Net increase or (decrease) in cash and cash equivalents	-	-	**(131)**	-	**(3,715)**
Cash and cash equivalents at the beginning of the reporting period	-	-	582	-	4,297
Cash and cash equivalents at the end of the reporting period	-	-	**451**	-	**582**

Lancashire Combined Fire Authority

Audit Committee

Meeting to be held on Tuesday 30 June 2026

Risk Management

(Appendix A refers)

Contact for further information – Esma Alicehajic, Senior Business Continuity and Emergency Planning Officer
Telephone: 01772 866 6874

Executive Summary

Lancashire Fire and Rescue Service (LFRS) continues to strengthen its approach to organisational risk management, aligning policy and practice with ISO 31000:2018, National Fire Chiefs Council (NFCC) guidance, and HM Treasury's Orange Book: Management of Risk – Principles and Concepts. Risk management remains embedded within the Service's governance framework, supporting ongoing scrutiny, informed decision-making and proportionate allocation of resources to risk treatment.

The Corporate Risk Register continues to reflect a broadly stable overall position. Retention and recruitment of on-call staff (11f) and replacement of the existing mobilising system (11g) remain the highest-rated corporate risks. During the latest review cycle, one risk increased, one risk was archived, and two new strategic risks were added relating to the Emergency Services Mobile Communications Programme (ESMCP), Emergency Services Network (ESN) and Local Government Reorganisation (LGR).

During the reporting period, governance arrangements for strategic risk oversight were revised, with scrutiny of the Corporate Risk Register transferring from the Senior Management Team Corporate Programme Board to the Business and Development Board. This change strengthens the alignment between risk, organisational development and resource planning.

The Service has also continued to develop its risk management framework through closer alignment with HM Treasury's Orange Book. This includes enhancements to the Corporate Risk Register to improve visibility of risk treatment requirements, resource implications and associated financial considerations, enabling the financial and value-for-money consequences of risk treatment to be considered alongside operational risk exposure.

Recommendation(s)

The Audit Committee is requested to:

- endorse the Service's current risk management arrangements; and
- note the latest position reflected in the Corporate Risk Matrix and Summary Register at Appendix A.

Overview
Risk management remains a core component of organisational resilience, enabling Lancashire Fire and Rescue Service (LFRS) to anticipate, understand and respond effectively to uncertainty that may impact operational delivery, strategic objectives, financial sustainability or organisational reputation.

The Service continues to operate a tiered approach to risk identification, assessment and escalation, with departmental risk registers informing discussion at Directorate level before escalation to the Corporate Risk Register where risks exceed local tolerance thresholds or present wider organisational implications.

During the reporting period, governance arrangements for strategic risk oversight have been revised. Responsibility for scrutiny of the Corporate Risk Register has transferred from the Senior Management Team Corporate Programme Board to the Business and Development Board. This change is intended to strengthen strategic challenge, improve alignment between risk, organisational development and resource planning, and provide greater visibility of emerging risks, mitigation requirements and any associated resource implications at a corporate level.

Further work has also been undertaken to mature the Service's risk management arrangements. This has included reviewing the Corporate Risk Register against HM Treasury's Orange Book: Management of Risk – Principles and Concepts and incorporating additional fields relating to risk treatment planning, resource requirements and financial implications. These enhancements strengthen decision-making by ensuring that the costs, benefits, affordability and practicality of mitigation measures are considered alongside the level of risk exposure.

Current Risk Profile
The corporate risk landscape remains broadly stable, with no significant change to the Service's highest-rated risks. Retention and recruitment of on-call staff (11f) and replacement of the existing mobilising system (11g) continue to represent the most significant areas of organisational exposure. These risks remain influenced by long-term external factors and sector-wide pressures rather than deterioration in internal controls or mitigation activity.

The following changes have been identified since the previous report to the Combined Fire Authority.

Increased risks

Risk	Description
3d – Fuel	This risk has increased due to a rise in likelihood driven by ongoing geopolitical instability and increasing fuel prices. Whilst supply remains stable and fuel resilience arrangements are in place, previous events have demonstrated that public behaviour, including panic buying, can quickly exacerbate local shortages. The impact remains unchanged.

Archived risks

Risk	Description
1c – Inability to provide sufficient staff in leadership roles	This risk has been archived following continued improvements in workforce planning, leadership development and succession arrangements. Confidence has increased that leadership capacity can be effectively managed through existing business-as-usual processes.

New risks

Risk	Description
11k – ESMCP / ESN	This risk has been added to reflect ongoing uncertainty surrounding the national Emergency Services Mobile Communications Programme and transition to the Emergency Services Network. Given the reliance of emergency response on resilient communications, the risk will remain under corporate oversight until greater certainty is established regarding programme delivery, implementation timescales and operational impacts.
12c – Uncertainty and change arising from Local Government Reorganisation (LGR)	This risk has been introduced to reflect the uncertainty associated with Local Government Reorganisation, devolution proposals and potential future changes to Fire and Rescue Service governance arrangements. While the national picture continues to develop, the risk ensures the Service remains sighted on potential implications for governance, funding, partnerships and strategic priorities.

In addition to the movements above, the Service has continued to mature its risk management arrangements. Scrutiny of the Corporate Risk Register has transferred from the Senior Management Team Corporate Programme Board to the Business and Development Board, providing enhanced strategic oversight and alignment between organisational priorities, resource planning and risk exposure.

Further enhancements have also been made to the Corporate Risk Register following a review against HM Treasury's Orange Book: Management of Risk – Principles and Concepts. This includes the introduction of additional information relating to risk treatment options, resource requirements and associated financial implications. These changes provide improved visibility of the investment required to treat risks and support more informed decision-making regarding risk appetite, affordability and value for money.

The Service continues to monitor a range of emerging issues that may influence future risk exposure, including geopolitical instability, economic pressures, workforce challenges, national infrastructure programmes and wider public sector reform. Any material changes will be assessed and incorporated into the Corporate Risk Register through established governance arrangements.

Overall, the risk landscape remains stable and well-managed, with recent movements reflecting emerging strategic issues and changes in the external environment rather than any significant deterioration in organisational resilience.

Business risk
Failure to maintain an effective risk management system could result in significant operational, financial, legal and reputational impacts, and undermine the Service's ability to meet statutory duties and strategic objectives. The current arrangements are designed to provide proportionate assurance that material risks are identified, escalated and managed through established governance processes.

Sustainability or Environmental Impact
There are no direct sustainability or environmental impacts arising from this report. Where relevant, environmental risks and opportunities will continue to be considered through the Corporate Risk Register and associated risk treatment plans.

Equality and Diversity Implications
There are no direct equality and diversity implications arising from this report. Equality, diversity and inclusion considerations will continue to be assessed where individual risk treatment actions, policies or service changes require further development.

General Data Protection Regulation (GDPR)
Will the proposal(s) involve the processing of personal data? N

Human Resource (HR) implications
Improved consistency, governance and reporting will support managers in managing risks proactively, reducing the likelihood of impact on personnel and improving decision-making confidence. Workforce-related risks, including recruitment, retention, wellbeing and capability, will continue to be monitored through the relevant governance routes.

Financial implications
There are no immediate financial approvals arising from this report. However, the risk management system supports financial planning, value-for-money assessments and cost-benefit considerations linked to mitigation, transfer, treatment or acceptance of risk. Where risk treatment requires additional investment, this will be considered through the Medium-Term Financial Strategy (MTFS), budget monitoring and the appropriate decision-making route.

Legal implications
Well-governed risk management supports compliance with the Civil Contingencies Act 2004 and strengthens organisational assurance in relation to scrutiny and accountability frameworks. Specific legal implications arising from individual risk treatment actions will be considered separately where required.

Local Government (Access to Information) Act 1985

List of background papers

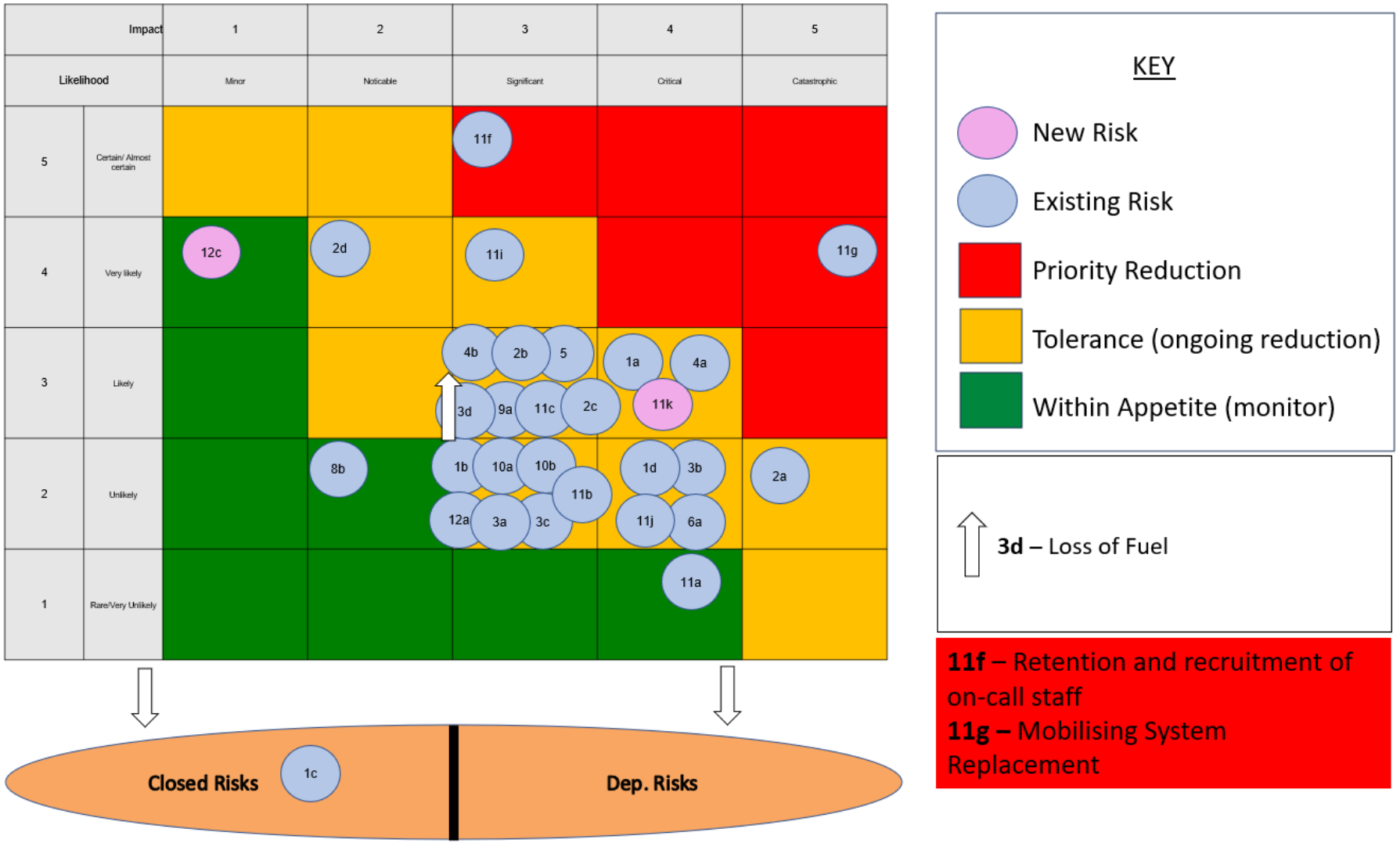
Paper: Corporate Risk Matrix and Summary Register
Date: 30 June 2026
Contact: Esma Alicehajic, Senior Business Continuity and Emergency Planning Officer

Reason for inclusion in Part 2 if appropriate: Not applicable.

Appendix A: Corporate Risk Matrix and Summary Register

Appendix A

Corporate Risk Matrix and Summary Register



Risk ID	Sub Risk ID	Risk Cause	Triggers	Actions
1		**Loss or lack of staff due to**	A widespread event or situation that leads to a significant loss of workforce availability and affects the ability to undertake normal business.	
	1a	Industrial Action	A local or national dispute with a major or multiple unions leading to staff undertaking partial performance or withdrawal of labour	1) Continue monitoring the position of trade unions on current and future potential disputes. 2) Continue to review operational response models and monitor the trade union position, including through the upcoming Service Review. 3) Develop an options paper in relation to the potential employment of a resilience workforce. 4) Continue to review, update and test business continuity plans relating to industrial action in line with the testing schedule or upon increased likelihood. 5) Continue reviewing and updating the costing of industrial action operations in line with the current economic position. 6) Exercise and test the resilience model. 7) Consider the financial implications of the resilience model aligned to the MTFS. 8) Complete and follow up any recommendations arising from the national resilience industrial action survey.

	1b	Inability to recruit or retain key staff	Decline in available workforce due to a number of factors a. long term illnesses b. high level of retirement c. Service cannot offer competitive salary d. poor levels of recruitment due to social, or financial pressures and capacity of current workforce to undertake promotion processes e. perception of service and culture discouraging applications f. ineffective recruitment programme	1) Continue to monitor through Workforce Planning arrangements. 2) Raise any shortfalls through Group Managers Meeting or Executive Board as applicable. 3) Evaluate the success of recruitment sources. 4) Financial pressures to be considered as part of workforce planning
	1c	Inability to provide sufficient staff in leadership roles	a. Further to pension changes and turnover there is a need to meet the demand for talented leaders with the ability to work in a changing operating environment	1) The Service continues to offer leadership development to supervisory and middle managers. 2) Advertise leadership vacancies externally.

	1d	Pandemic or ill-health epidemic	An ill-health epidemic or pandemic reducing ability of staff to attend or access to workplace, either due to their own illness, to prevent or reduce transmission and to care for dependants	1) Continuation of updating relevant plans and Health and Safety information in line with newest developments and research. 2) Explore the possibility of developing an early warning trigger mechanism from HR to inform response and emergency planning (REP) action or monitoring on potential increases sickness and absences, by end of quarter 4. 3) Combine learnings from COVID, Pegasus and LFRS Business Continuity Service Management Team (SMT) exercise, tracked through LFRS Assurance Management System (AMS), by end of quarter 4. 4) Continue monitoring developing epidemiological trends via Lancashire Resilience Forum (LRF) partners.
2		**Financial Pressures**	Insufficient funding or unbudgeted cost pressures that affect financial sustainability and the ability to maintain critical functions.	
	2a	Loss of funding	a. Government reduction of grant monies affecting income b. Change in Fair Funding Formula or Business Rates Retention impacting on LFRS share of funding c. Change in local or national economic circumstances resulting in reductions in Council Tax or Business Rates	1) Continue lobbying Government through local Members and MPs. 2) Responding to consultations.

	2b	Overspending and future financial pressures on the MTFS due to increases in the costs of goods, services and pay	a. Unexpected event that leads to rise in costs for goods and services and pay e.g. Fuel costs due to Ukraine war, Global recession b. higher than budgeted pay award	1) Use of the £0.6 million utility volatility reserve to help manage short-term movements in energy costs above budget; 2) Active management of contract indexation, including checking, challenging and validating inflation-related uplifts where appropriate; 3) Re-profiling discretionary non-pay spend where required to help contain in-year pressures; 4) Enhanced financial monitoring and exception reporting where forecast pressures exceed agreed triggers; and 5) Working through sector bodies and other channels to lobby Government for recognition of inflation pressures and any appropriate funding support.
	2c	Future financial pressures on MTFS due to changes in legislation	a. Changes in building regulations resulting in higher costs than assumed in the MTFS, for example Building Research Establishment Environmental Assessment Method (BREEAM) requirements. b. New environmental targets resulting in increased costs in the future. c. Net zero targets. d. Changes to employers' National Insurance contributions.	1) Continue to monitor potential impact, incorporating relevant assumptions into the draft MTFS. 2) Continue to regularly review any potential legislative changes. 3) Review the outcomes of the Spending Review, funding consultations and Autumn Budget.

	2d	Emerging risk associated with grey book pensions and overspending due to increase in costs and administrations associated with changes to pensions	a. Unexpected changes to the pension schemes due to court rulings.	1) Follow government guidance and legislative changes in relation to individual cases. 2) Record rationale for decision making. 3) Provide regular updates to Pension Board and Resources Committee.
3		**Loss of Utilities**	An event or situation, malicious or non-malicious, that causes a partial or total loss of a utilities services	
	3a	Telecommunications	Severe weather, Space weather, failure of equipment due to fault or malicious attack on national or local telecoms infrastructure at LFRS or North West Fire Control (NWFC). This could also be due to loss or withdrawal of contracts from suppliers.	1) Participate in the NWFC business continuity group to address communication back-up arrangements. 2) Implement recommendations from Operation Exercise Blackout. 3) Digital, Data and Technology (DDaT) to evaluate AtHoc Basic Connect licence requirements for LFRS. 4) Communicate the alternative Fire 999 number once established.

	3b (i)	Power outage - Generally	Severe weather, space weather, failure of equipment due to fault or malicious attack on national or local power infrastructure or supply chains. Local or national demand is above capacity leading to Rota load disconnections.	1) Draft a power outage tactical business continuity plan, informed by the outcome of Business Continuity Management Group workshops, by quarter 1 2026-27. 2) Conduct a cost-benefit analysis of strategically locating mobile generators across Lancashire by quarter 1 2026-27. 3) Produce an appendix to station business continuity plans providing guidance on the use of generators by quarter 1 2026-27.
	3b (ii)	Power outage - SHQ	Severe weather, space weather, failure of equipment due to fault or malicious attack on national or local power infrastructure or supply chains. Local or national demand is above capacity leading to Rota load disconnections.	1) ICT to review the condition of the uninterruptible power supply (UPS) to the main server room and provide a report by quarter 1 2026-27. 2) Property to review and discuss any recommended works or actions identified by the generator contractor by quarter 1 2026-27.
	3b (iii)	Power outage - Leadership and Development Centre (LDC)	Severe weather, space weather, failure of equipment due to fault or malicious attack on national or local power infrastructure or supply chains. Local or national demand is above capacity leading to Rota load disconnections	1) Isolation of photovoltaic (PV) panels on Hangar 54 - requires further investigation to resolve back feed to the generator issues 2) Electrical infrastructure upgrades and resilience to be part of project scope for the development of the site 3) Implementation of the recommendations from the LDC remedial power outage Incident 2024. (under review)

	3c	Water	Large scale failure of water company equipment due to fault or malicious attack on national or local processing and pumping infrastructure or supply chains, or failure of private company.	1) Conduct a gap analysis on water outage on a county-wide scale, including bottled drinking water, firefighting water, and hygiene requirements. 2) Consider service delivery and training requirements to reduce water needs as required. 3) Investigate multiagency reciprocal agreements
	3d	Fuel	Failure of equipment due to fault, incident, industrial action or malicious attack on national or local infrastructure or supply chains. Geopolitical issues affecting access to fuel from international sources. Public behaviour (panic buying as a result of any of above scenarios)	1) Ensure that bulk fuel storage is consistently maintained at a minimum average level of 75% across all six LFRS locations. 2) A comprehensive review of the light vehicle fleet has been completed, resulting in the diversification of vehicle types to better meet operational requirements at each station. This approach ensures that the fleet includes a range of vehicles, from standard saloon cars to 4x4s and alternatively powered models, thereby supporting the varied activities undertaken by the stations. The implementation of these changes is scheduled for completion by the end of quarter 2. 3) Review the third-party power supply report for stations to guide the next phase of electrification, and carry out the recommendations by the end of quarter 3.
4		**Loss of ICT**	Partial or total loss of physical or electronic or virtual ICT systems due to a fault, accidental damage or malicious attack.	

	4a	Cyber Security	Partial or total loss of electronic or virtual ICT systems due to a malicious attack.	1) A Cyber Security Strategy has been approved by Executive Board. This includes additional managed services to assist with monitoring the environment, investment in next generation perimeter defences such as next generation firewalls, and changes to working practices including stronger password controls and multi-factor authentication. 2) Continue to align with the National Cyber Security Centre best practice security framework as it develops. 3) Maintain an incident response retainer, providing access to a specialist company for potential incidents. 4) Introduce a managed detection and response (MDR) solution. 5) Invest in Local Resilience Forum cyber resilience arrangements. 6) Maintain a dedicated cyber security role. 7) Introduce penetration testing.

	4b	Failure of key ICT systems	Partial or total loss of physical or electronic or virtual ICT systems due to a fault, accidental damage or malicious attack.	1) Identify a pathway for Azure migration for data, storage and infrastructure. 2) Exploit cloud-based security controls and increase secure score across subscriptions. 3) Maintain monthly data backups to offline storage with an air gap. 4) Re-architect elements of the network through the firewall refresh to increase resilience and security. 5) Consider further investment to migrate virtual on-premise systems to cloud-based services, including Citrix and VMware.
5		**Death or Serious injury of**	An incident that causes the death or serious injury of a person either in or interacting with the Service	
	5a	A member of staff or contractor during work activities	An incident in the workplace related to general duties such as a member of staff involved in road traffic collision (RTC) whilst undertaking duties, slips trips and falls.	1) In March 2024, the Health and Safety and Environmental Management Systems underwent an independent audit as part of our ISO 45001 and ISO 14001 certification process. No non-conformances were identified with one opportunity for improvement suggested by the auditor.

	5b	A member of staff during operational activities	An incident enroute to, on an incident ground or in operational training scenario such as falling debris.	1) In March 2024, the Health and Safety and Environmental Management Systems underwent an independent audit as part of our ISO 45001 and ISO 14001 certification process. No non-conformances were identified with one opportunity for improvement suggested by the auditor.
	5c	A member of the public due to Service activities	An incident or situation that leads to the death or serious injury of a member of the public. During operational response, training activities or any other public interaction, or incident on Service premises. or Failure to appropriately assess, inform or safeguard the public from hazards and risks associated with fires	1) In March 2024, the Health and Safety and Environmental Management Systems underwent an independent audit as part of our ISO 45001 and ISO 14001 certification process. No non-conformances were identified with one opportunity for improvement suggested by the auditor.

	5d	Death of member of staff, visitor or contractor due to on service premises	An incident or situation on service premises or estate that leads to death or serious injury. Failure to provide appropriate risk assessment, first aid provision or training, damaged or faulty equipment or buildings or structures.	1) In March 2024, the Health and Safety and Environmental Management Systems underwent an independent audit as part of our ISO 45001 and ISO 14001 certification process. No non-conformances were identified with one opportunity for improvement suggested by the auditor.
	5e	Failure to identify and implement learning from past events.	Failure to properly investigate and implement actions following recommendations, from a near miss, death or serious injury to mitigate risk for the future	1) In March 2024, the Health and Safety and Environmental Management Systems underwent an independent audit as part of our ISO 45001 and ISO 14001 certification process. No non-conformances were identified with one opportunity for improvement suggested by the auditor.
6		**Change in national legislation requiring additional workloads to assess implement and embed.**	Change in national legislation requiring additional workloads, this might be due to a significant event requiring learning, new government initiatives or change in political landscape	
	6a	Changes to Emergency Response Driver Training which would increase the training requirements for driving	Change in Fire Standard for Emergency Response Driver Training requiring additional workloads in training	1) The increase in course duration for Emergency Response Driver Training is likely to come into force once section 19 of the Road Safety Act changes. However, the duration required under the new legislation is still unknown. This may be

				partially offset by changes to the trainer-to-student ratio. 2) A review of driver trainer contracts is taking place. 3) Monitor the impact over time to ensure that new entrants can undertake the relevant training and are able to drive appliances. 4) Scope options to further supplement and support the driving school to meet identified deficiencies. 5) Keep abreast of discussions through the Driver Training Advisory Group (DTAG) and Home Office around legislative changes. Latest intelligence suggests that the proposed changes do not appear to be imminent and NFCC is challenging the position. 6) As of 14 May 2026, section 19 has not been introduced. 7) Establish clear prioritisation criteria for driver training allocation to ensure operational risk is managed where training demand exceeds capacity. 8) Secure a second driving instructor from Service Delivery. 9) Explore alternative training delivery models, such as external driving school provision, regional collaboration, extended training hours or modular approaches, to increase throughput where required.
8		**Loss of Service Premises**	An event or situation, malicious or non-malicious, that causes a	

			partial or total loss of a fire service asset	
	8b	Control room	Severe weather, physical or technical attack or failure, general damage to building, denial of access (such as Protests or IA), failure of contracts with third party supplier (such as joint or co-located premises)	1) Continue involvement in North West Fire Control (NWFC) governance structures to assure operations and business continuity arrangements. 2) Continue involvement in NWFC business continuity arrangements and exercises. 3) Actively participate in NWFC Business Continuity Management Group meetings. 4) Monitor the upcoming testing of NWFC's secondary location and capture any learning.
9		**Failure to maximise opportunities**	An event or situation that could provide an opportunity to improve the Service, which if not utilised could have a negative impact on the Service's progress	
	9a	Technological advances	Failure to maximise the opportunities that technological advances present due to a lack of capacity within the ICT or DT department, and an inability of staff to keep pace with new developments that are implemented	1) Initiate and mature the Community Developer concept. 2) Continue to train, educate and develop users' digital skills. 3) Reassign key resource to progress a strategic technology workstream. 4) Undertake a planned review of DDaT resource and structure to align and optimise resource, provide progression routes with succession planning and remove single points of failure. 5) Executive Board will consider investment in DDaT resource following the above exercise, subject to compelling evidence of risk reduction and value for money.

10		**Failure to manage incidents or staff conduct effectively, including inadequate handling of complaints or disciplinary processes, leading to loss of public confidence or reputational damage.**	An incident or situation that results in loss of public or staff confidence due to employee conduct (in the workplace, personal life, or on social media), non-compliance with Service policies, the Core Code of Ethics, or EDI principles; compounded by negative media coverage or the Service's mismanagement of the response.	

	10a	Failure to provide appropriate communications on events, situations or incidents that could lead to a loss of public confidence in LFRS	An event or situation relating to, loss of public or staff confidence due to Employee conduct at work, in personal life and on social media, failure to adhere to service policy, core code of ethics or Equality, Diversity and Inclusion (EDI) and related negative press, or Sector events.	1) Social media sessions to be delivered jointly with HR to address corporate and personal use. 2) E-learning module on use of social media to be created for all staff.

	10b	Failure to implement appropriate people processes in response to staff misconduct or complaints.	Allegations or evidence of staff misconduct (such as bullying, harassment, discrimination). Failure to act in line with Service Values, Core Code of Ethics, Staff Code of Conduct or service policy. Delays or inconsistencies in investigations or decision making. Lack of transparency or perceived fairness in internal procedures	1) Continue delivering training for all line managers on investigative best practices. 2) Continue to strengthen and embed the quality assurance process for misconduct cases. 3) Address adequate capacity/resource in HR or management which could delay case progress, by quarter 4 2026-27. 4) Monitoring and evaluating the strengthening of the professional standards function following the introduction of a 12-month trial of a dedicated Group Manager to support investigation processes.
11		**Operational**	An event or situation that could impact on LFRS ability to respond effectively and efficiently.	

	11a	Rapid external fire spread in high rise premises	An event or situation relating to lack of prevention, protection and operational response leading to a major incident.	1) Continue built environment awareness training for operational and community safety staff. 2) Continue high-rise exercises involving LFRS staff. 3) Continue regulatory activity to ensure remediation of flammable external wall systems and other areas of non-compliance. 4) Implement activities identified through the extraordinary Operational Assurance Group focusing on Grenfell Tower Phase 2. 5) Implement actions arising from the Hong Kong fire, which identified external coverings that may lead to accelerated fire spread. 6) Assess whether Construction Design and Management (CDM) regulations are being appropriately considered through protection activity in relation to buildings under construction or renovation.

	11b	Complete removal of Day Crewing Plus (DCP)	A challenge from a Union to current local agreement.	1) Ongoing engagement with staff and Trade Unions. 2) Assess the impact of reverting some stations to DCP. 3) Trigger a need for an ECR with changes to duty systems possible.

	11c	Lack of required skills of operational staff	A situation where operational staff do not possess the required skill to operate safely at an incident	1) Monitor effectiveness of Operational Assurance Performance Report in disseminating information. 2) Operational Assurance Officers to be mobilised to provide additional assurance at incidents that meet specific criteria, broadly when the risk to FF's is increased. For example this includes operational discretion and critical incidents. 3) LDC continue to work closely with Service Delivery to ensure attendance on Safety Critical mandatory training, monthly performance reports are sent to Head of Service Delivery. 4) LDC trainers are skill graded to ensure they operate consistently in terms of identifying training needs. 5) Review of the internal quality assurance policy and inclusion of Station based assurance activity by qualified personnel in relation to training, by end of quarter 4. 6) Explore opportunities to formalise mentoring or support arrangements. 7) Internal Quality Assurance arrangements are now established for apprenticeships and will be progressively extended across all watches and operational units to ensure consistency, standardisation and oversight of training delivery.

	11f	Retention, development and recruitment of On Call staff	The failure to recruit and retain on-call staff caused by lack of on-call recruiting strategies, not being perceived as a desirable employer, not being competitive in pay rates, not providing enough flexibility to on-call staff with work arrangements.	1) Continue the programme of improvement to identify and make proposals across On Call aimed at improving recruitment, development and retention. 2) Maintain enhanced coordination between the On Call Support Officer Team Leader, Human Resources and Corporate Communications on recruitment targeting. 3) Continue wholetime “Have a Go” events to showcase the On Call role at targeted stations. 4) Implement changes to development requirements, including an approximate 50% reduction in evidence requirements. 5) Develop forward plans for On Call Station Managers to review turn-in and turn-out arrangements, maintenance of skills, levels of demand and employer engagement. 6) Move On Call to the mobile phone app, with additional back-up provided by pagers in areas where mobile signal is limited. Station action plans will accommodate options for either cluster crewing or extended turn-out. 7) Evaluate pay-as-you-go proposals to enable more flexible contracts. 8) Continue 365 recruitment and Area Hubs arrangements. 9) Develop an On Call Service Order to signpost Service guidance. 10) Promote the hybrid working model and consider expansion of green book hybrid working. 11) Continue to implement actions from the On Call academic study, including building on the training and development of On Call Unit

				Managers and Station Delivery Managers through a development day. 12) Implement three-person crewing proposals. 13) Consider the outcome of the National Joint Council On Call Pay Review consultation, including whether to expand this workstream to resolve issues around time off in lieu (TOIL). 14) Review the new model and the On Call Support Officer function, including redistribution of workstreams to deliver outcomes efficiently by the end of quarter 2 2026-27.

	11g	Replacement of the existing mobilising system as current solution comes to end of life	Delay in implementing the replacement mobilising system delays with supplier, milestone deliver from the FRSs', lack of consensus project implementation.	1) Establish the feasibility and cost of extending the contract with the current mobilising system supplier, pending legal advice and development of extension options. By quarter 1 2026-27, assurance will be gained on cost and timescales. 2) Identify options and contingencies for delivery of the new mobilising system. 3) Identify sources of additional budget where required. 4) Continue director-level engagement. 5) Maintain regular reporting via the project board. 6) Capture lessons learned. 7) Ensure the project team maintains engagement with the supplier. 8) Escalate matters to supplier senior leadership where required.
	11i	Unauthorised access, criminal damage or theft from stations, vehicles, or operational equipment, including during periods when staff may be present on site.	A spate of break-ins nationally targeting fire stations or vehicles, including when crew are present or nearby.	1. Review and update station security risk assessments for all premises 2. Prioritise investment in physical security enhancements at vulnerable or remote stations (such as lighting, CCTV, alarms) 3. Explore procurement of equipment with tracking or remote-disable features 4. Issue refreshed guidance on securing vehicles and equipment during and outside of operational hours 5. Capture and share lessons learned from recent incidents and near misses 6. Strengthen local police engagement for enhanced patrols, crime trend awareness, and response planning 7. Agree a policy for accessing CCTV systems

	11j	Failing Pager messages	Drill towers on station removed which moves the crews to Pagers and away from alerters	1) Continue internal work to identify routes away from pagers in favour of the app. 2) Ask crews to choose either pager or app where they do not wish to use their own personal devices. 3) Obtain a full report and mitigation plan from Critico. 4) Manage crew behaviour locally when receiving full incident details.

	11k	ESMCP or ESN	Although the project has now started to increase in pace, with further detail emerging around implementation packages and the associated funding model, recent correspondence from the Ministry of Housing, Communities and Local Government (MHCLG) dated 28 April 2026 confirmed that national delivery of the project is behind schedule. Current estimates indicate full migration by quarter 2 2030. This brings into the risk profile the end of the Competition and Markets Authority (CMA) price cap on Airwave costs on 1 January 2030. This could expose LFRS to a risk of significant cost increases for the period from January 2030 to April 2030. The full details are not yet known, although sector estimates suggest the potential national exposure could be in the region of £10 million per week.	1) Work is ongoing at service, regional and national levels to prepare for transition to ESN. This is focused on coverage, transition planning, device support requirements and integration with existing systems such as Mobile Data Terminals (MDT) and Computer Aided Dispatch (CAD). 2) Work is underway jointly between NFCC and MHCLG to understand the full impact and explore options to mitigate or support the sector. Given the significance of the risks, strategic leads from MHCLG and NFCC now sit on the ESN programme board to represent fire and rescue services.
12		**General**	An event or situation that could impact on LFRS	

	12a	Major lack of effective Management of personal data	A situation or event caused by the lack of effective information management in LFRS	1) Procedure for ensuring appropriate retention of HR records.
	12c	Uncertainty and change arising from Local Government Reorganisation (LGR), devolution proposals, or future changes to Fire and Rescue governance arrangements.	National reform relating to local government structures and Fire and Rescue governance arrangements may create uncertainty and transitional pressures impacting governance, funding, strategic planning, and partnership working.	1) Continue to monitor national developments relating to LGR, devolution and fire governance reform. 2) Maintain engagement with sector bodies, partners and local authorities. 3) Assess emerging impacts on governance, finance, workforce planning and organisational resilience as further information becomes available. 4) Escalate significant emerging risks through appropriate governance arrangements.

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Lancashire Combined Fire Authority
Audit Committee
Meeting to be held on Tuesday 30 June 2026

Internal Audit Annual Report 2025-26
(Appendix A refers)

Contact for further information: Steven Brown - Director of Corporate Services
Telephone Number: 01772 826804

Executive Summary

The Internal Audit Annual Report summarises the work undertaken by the Internal Audit Service during 2025-26 and highlights the key themes relating to risk management, governance and internal control. It provides the Head of Internal Audit's annual opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and internal control.

On the basis of the programme of work completed during 2025-26, the Head of Internal Audit has confirmed that 'overall, I can provide substantial assurance regarding the adequacy of design and effectiveness in operation of the organisation's framework of governance, risk management and control'.

Recommendation

The Committee is asked to note and endorse the Internal Audit Annual Report for 2025-26.

Information

As contained in the Executive Summary above and the attached appendix. The attached report confirms that the 2025-26 internal audit plan, approved by the Audit Committee in March 2025, has been completed and that the Head of Internal Audit has issued an overall substantial assurance opinion.

Financial Implications
None.

Legal Implications
None.

Business Risk Implications
None.

Environmental Impact
None.

Equality and Diversity Implications
None.

Human Resource Implications
None.

Local Government (Access to Information) Act 1985
List of background papers

None.

Appendix A: Annual report of the Head of Internal Audit for the year ended 31 March 2026

Lancashire Combined Fire Authority

Internal Audit Service

Annual report of the Head of Internal Audit for the year ended 31 March 2026

1 Introduction

Purpose of this report

1.1 This report summarises the work undertaken by the Internal Audit Service during 2025-26 and highlights the key themes related to risk management, governance, and internal control.

The role of internal audit

1.2 The Internal Audit Service is an assurance function designed to evaluate and improve the effectiveness of risk management, control and governance processes. Global Internal Audit Standards (GIAS) replaced Public Sector Internal Audit Standards from 1 April 2025 strengthening expectations for internal audit independence, governance and oversight.

1.3 GIAS require the head of internal audit to provide an opinion on the frameworks of governance, risk management and control of Lancashire Combined Fire Authority and a written report to those charged with governance, timed to support the annual governance statement.

1.4 This report is based upon the work the Internal Audit Service performed during 2025-26 in relation to the 2025-26 audit plan, approved by the Audit Committee in March 2025.

1.5 The scope of our work, management and audit's responsibilities, the basis of my assessment, and access to this report are set out in Annex 1. The levels of assurance the Internal Audit Service provides are set out in Annex 2.

1.6 The Internal Audit Service plan is delivered and developed in accordance with its Internal Audit Charter and Mandate. A revised charter and mandate which reflects the GIAS, accompanies this report.

Acknowledgements

1.7 I am grateful for the assistance that has been provided to the Internal Audit Service by the staff of Lancashire Fire and Rescue Service in the course of our work during the year.

Andrew Dalecki
Head of Internal Audit, Lancashire County Council
June 2026

2 Overall opinion on governance, risk management and internal control

Overall opinion

2.1 Overall, I can provide substantial assurance regarding the adequacy of design and effectiveness in operation of the organisation's framework of governance, risk management and control.

2.2 The framework of control is adequately designed or effectively operated overall. We have discussed the issues we raised during the year with senior managers and agreed action plans. The table in section 3 details the audit assignments completed with the relevant assurance levels.

2.3 In forming my opinion, I have considered the work undertaken by the Internal Audit Service throughout the year, together with information available from less formal sources than planned audit engagements. This includes assurance obtained from external sources such as regulators, peer reviews, inspections, and other independent assessments.

2.4 Whilst there have been three reasonable and two substantial audits this year, I have concluded that a substantial assurance opinion is appropriate based on the low number of actions overall, the fact there are no significant actions and the commitment by Lancashire Fire and Rescue Service (LFRS) to implementing agreed actions. A summary of the actions is provided in the table below:

Audit	Assurance Opinion	High	Medium	Low
Risk Management	Reasonable	0	2	1
Business Continuity	Substantial	0	0	1
VAT	Substantial	0	0	3
Treasury Management	Reasonable	0	1	1
Procurement	Reasonable	0	2	1
	Total	**0**	**5**	**7**

Table 1 – Summary of actions

Wider sources of assurance available to the Combined Fire Authority

2.5 Assurance is provided by Grant Thornton as the Authority's external auditor. Grant Thornton issued an unqualified opinion on the 2024-25 financial statements on 17 December 2025. They also confirmed that there were no significant weaknesses in the arrangements for financial sustainability, governance and economy, efficiency and effectiveness in the use of resources.

2.6 His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) reviewed Lancashire Fire and Rescue Service's effectiveness, efficiency, and staff welfare, publishing the report in August 2025. The HMICFRS Inspection (2023–2025) rated all areas as Good or Outstanding

(6 Outstanding, 5 Good), confirming the service as a national leader in effectiveness, efficiency, and governance.

2.7 Assurance over the operation of the Pension Fund has been obtained from work conducted directly by Lancashire County Council's Internal Audit Service. Additionally, assurance has been obtained from the Local Pension Partnership (Administration) Limited and Local Pension Partnership (Investments) Limited, who both received an independent auditor's view of their controls through Audit and Assurance Faculty assurance reviews conducted by KPMG.

3 Internal audit work undertaken

3.1 The table below shows the status of each audit completed during the year along with the corresponding assurance opinion. It shows that all 70 of the budgeted days have been used to deliver the internal audit plan. All 2025-26 work has been completed.

3.2 During the year, no matters have arisen that impacted on the independence of the Internal Audit service and there have been no inappropriate scope or resource limitations on internal audit work.

Audit review	Audit days			Status	Assurance opinion
	Planned	Actual	Variation		
Governance and business effectiveness					
Overall governance, risk management and control arrangements	3	3	0	Completed	
Service delivery and support					
Risk Management	12	12	0	Final	● Reasonable October 2025
Business Continuity	10	10	0	Final	● Substantial November 2025
Business processes					
VAT	8	8	0	Final	● Substantial April 2026
Treasury Management	10	10	0	Final	● Reasonable May 2026
Procurement	12	14	(2)	Final	● Reasonable April 2026

Follow up audit activity					
Follow up audits	4	2	2	Final	Some actions implemented
Other components of the audit plan					
Audit programme management activity	10	10	0	Ongoing	
National Fraud Initiative	1	1	0		
Total	**70**	**70**	**0**		

Table 2- Audit status

Follow up work

3.3 In line with GIAS, management must implement agreed audit actions and Internal Audit should confirm implementation or verify that senior management has accepted any risks from not acting.

3.4 Therefore, the annually agreed audit plan includes time for follow up work and the position on the actions for the 2024-25 audit plan is shown in the table below:

Audit Review	**Assurance Opinion**	**Action level**			**Position**
		High	**Medium**	**Low**	
Cyber security	Moderate March 2025	0	2	2	All implemented
Implementation of learning from national incidents	Substantial November 2024	0	1	1	Awaiting an updated response
Accounts payable	Substantial April 2025	0	0	1	Review of the debt management policy is currently on hold pending completion of the Authority's review of the Financial Regulations and Scheme of Delegation.
Accounts receivable	Substantial April 2025	0	0	1	
General ledger	Substantial April 2025	0	0	0	N/A

Total	**0**	**3**	**5**	

Table 3 – Agreed audit plan

4 Extracts from Audit Reports

4.1 Extracts of assurance summaries agreed since the March 2026 Audit Committee are shown in Appendix A.

5 Fraud or special investigations

5.1 There have been no incidences of fraud or irregularity brought to our attention that resulted from weakness in the control environment.

6 Implications for the Annual Governance Statement

6.1 In making its Annual Governance Statement the Combined Fire Authority should consider this report in relation to internal control, risk management and corporate governance.

6.2 We do not consider there are any matters arising from the audit work conducted during 2025-26 that require specific identification in the annual governance statement.

7 Internal audit quality assurance and improvement

Client satisfaction

7.1 Internal Audit invites feedback on the quality of service provided by issuing a 'satisfaction questionnaire' at the end of each audit. This is an important process for understanding how the audit was received and identifying areas of the audit process that can be improved. Due to the timing of the finalisation of some of the reports we have not yet received any responses to the feedback.

7.2 In every case, our auditees have told us in closure meetings that they were satisfied overall with how we conducted our work. We also seek more detailed feedback on our audit planning, the audit process and reporting, our conduct, and the management and delivery of our service.

Ongoing and periodic assessments

7.3 In accordance with the Global Internal Audit Standards the Council's Internal Audit function is required to have an external quality assessment (EQA) undertaken at least once every 5 years as part of its Quality Assurance Framework.

7.4 The last external quality assessment was in February 2023 and the overall opinion was that the Internal Audit team “generally conforms” to the IIA Standards. This is the same overall rating that the service achieved at the last assessment completed in November 2017 and is the highest of the three global grading definitions used in an EQA.

7.5 The Internal Audit Service has designed procedures and an audit methodology that conform to GIAS and are regularly reviewed. Every auditor in the team is required to comply with these or document the reasons why not, and to demonstrate this compliance on every audit assignment. The audit managers assess the quality of each audit concurrently as it progresses, and a post-audit file review process has been undertaken. These reviews indicate that there is good evidence of compliance with our audit methodology and input from the audit managers to support the work of the auditors.

7.6 In addition, the service's methodology includes a step which requires the head of internal audit to read each report as it is finalised. This does not entail an additional detailed review and the auditors' reports remain theirs, using their own style and wording, but is intended to ensure that each assignment can be adequately understood and is effectively communicated.

7.7 The Internal Audit Service operates a hybrid working model; with staff primarily home-based but undertaking client site visits as required by the audit. Performance management and support arrangements are in place to facilitate this including agreeing delivery timescales with clients and identifying audits to be completed for each Committee meeting.

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Appendix A

VAT

Overall assurance rating

Substantial assurance

Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	3

See Appendix A for Rating Definitions

Lancashire Fire and Rescue Service (LFRS) have an established and well-structured process for the administration of the VAT return, supported by experienced finance staff and comprehensive procedure documentation. Since assuming responsibility for VAT return submissions from Lancashire County Council (LCC) in August 2024, the LFRS Finance team has developed its own reconciliation processes, with procedure notes now covering all key stages, including Oracle Fusion reporting and online submission. Responsibilities for these processes and approvals are defined in task lists.

Staff involved in the VAT reconciliation and return process were found to have appropriate experience, qualifications, and system permissions to complete their duties effectively. Oracle Fusion is being used correctly to process invoices with appropriate VAT rates, although our testing identified areas where access permissions could be reviewed. Lancashire County Council (LCC) staff retained wide access due to handover arrangements requiring permissions until January 2026. Once handover is completed, these permissions should be reviewed in consultation with LCC.

Testing confirmed that VAT rates were consistently and accurately applied across Accounts Payable and Accounts Receivable, with only one exception identified and subsequently corrected. Monthly compliance checks were carried out in line with documented procedures, including checks on zero-rated and reduced-rate suppliers and validation of high-value invoices. Reconciliation evidence was robust. Although one month lacked documentation of invoice validation checks, these were present for all other reconciliations

sampled. All VAT returns reviewed had been accurately reconciled and submitted on time. However, approvals were provided verbally and therefore were not independently verifiable.

Monitoring of the VAT suspense account was taking place, and a separate balancing tool had been introduced to confirm that VAT codes aligned correctly following each return, providing an effective additional control. Comprehensive reconciliation documentation, supported by Oracle Fusion reports, demonstrated that returns were being prepared accurately and that discrepancies were investigated and resolved. The partial exempt input VAT position is not currently monitored by LFRS, which could result in them exceeding the HM Revenue and Customs (HMRC) 5% de minimis threshold and incurring an unexpected VAT liability. Although there is a minimal risk of this threshold being reached under current organisational strategy, a process for monitoring this would provide assurance for any future changes.

Treasury Management

Overall assurance rating

Reasonable

See Appendix A for Rating Definitions

Extreme	High	Medium	Low
0	0	1	1

Lancashire Fire and Rescue Service (LFRS) demonstrates strong strategic oversight of treasury management through the annual approval of its Treasury Management Strategy, which is presented to and approved by the Full Fire Authority ahead of the new financial year. Reporting arrangements are operating effectively, with the mid-year update, Treasury Management Policy Statement and Statement of Accounts all fully aligned with the strategy and the CIPFA Treasury Management Code. Investment and cash flow activity is low risk and compliant with the approved strategy. While LFRS receives general market advice from external advisors (Link Treasury Services (MUFG)), current day to day investment decisions is managed internally using fixed term deposits and a Debt Management Office (DMO) Call Account, a UK Government backed deposit facility that provides same day, low risk access to funds, which is appropriate for the scale and risk profile of LFRS's operations.

Since August 2024, the finance team has administered treasury management, making 2025-26 the first full year under these arrangements and surplus cash is invested through secure instruments including the DMO Call Account. As at 31 January 2026, £1.8 million of interest income had been generated, compared with £1.566 million in the full 2023-24 financial year when treasury

management was administered by LCC. Thirty million is currently held in low-risk fixed term deposits, all maturing in 2026-27.

However, the review identified a gap in the operational framework as LFRS does not yet have an approved Treasury Management Practices (TMPs) document. TMPs are a mandatory requirement of the CIPFA Treasury Management Code and provide the detailed procedures, controls and delegated authorities necessary to ensure treasury activity is undertaken consistently and within defined parameters. Their absence impacts several themes, including roles and responsibilities, operational practices, training expectations, and the formal documentation of reporting and control processes. Management is now developing an LFRS specific TMP document using the previous Lancashire County Council (LCC) template which were adhered with prior to the transfer of the treasury management function to LFRS in August 2024.

For investment, interest and cash-flow activity the records are accurate, transactions are appropriately authorised, and activities are proportionate to the scale of LFRS's treasury operations. LFRS also has access to external professional advice to support decision making and market awareness. While these factors mitigate operational risks and provide assurances, the lack of TMPs may affect resilience, and consistency should staffing or governance arrangements change or needs to be addressed.

While LFRS has a clear strategic framework, appropriate oversight and effective reporting, the absence of approved TMPs, which was discussed with the Deputy Finance Manager during the audit and is now being addressed. Remains a material control gap that must be resolved to ensure full compliance with the CIPFA Treasury Management Code and strengthen operational resilience.

Procurement

Overall assurance rating

Reasonable assurance

See Appendix A for Rating Definitions

Audit findings requiring action

Extreme	High	Medium	Low
0	0	2	1

Lancashire Fire and Rescue Service (LFRS) have made significant progress in strengthening its procurement governance, supported by an increasingly structured framework, improved tools, and a growing alignment with the Procurement Act 2023 (the 2023 Act). The foundations for effective, well-governed procurement activity are in place, and ongoing improvements demonstrate a proactive commitment to enhancing consistency, transparency, and assurance across procurement processes.

LFRS has established a strong governance base, with Contract Standing Orders already updated to align fully with the 2023 Act and procurement staff completing training on the 2023 Act. Several supporting documents and tools, such as the newly introduced Process Workflow Guide, revised procurement initiation templates and the implementation of the Chest e-procurement system (the Chest platform), show a clear direction of travel toward stronger compliance. Work is already underway to refresh remaining documents, including Terms and Conditions, and to update website information so it accurately reflects current practice. These initiatives demonstrate a positive and forward-looking approach that will further strengthen organisational clarity, compliance, and governance.

The Procurement Team has taken important steps to modernise its transparency arrangements, with The Chest now established as the primary platform for tendering and publication. This transition represents a significant improvement, with built-in safeguards that support compliance and consistency. While some gaps were noted during the review, such as delays in publishing contract awards and updating the contracts register, staff are already embedding new processes and strengthening record retention practices. Continued adoption of the Chest platform, together with the ongoing population of the live contracts register, will further enhance transparency, assurance, and public confidence.

Procurement routes, evaluation approaches, and tender processes were generally sound and aligned to good practice, and recent improvements (including updated templates and workflow guidance) reflect a positive shift toward greater standardisation and quality across documentation. However, a small number of procurements, particularly older files, contained gaps in the supporting audit trail, including unsigned initiation documentation, limited evidence to demonstrate evaluator training/selection, and incomplete conflict of interest records. In addition, the review identified one instance where services commenced before a signed contract had been received from the supplier. Ensuring that key documents and approvals are consistently finalised, signed and retained, and that contracts are executed before commencement, will provide assurance that procurements are delivered in line with internal procedures and legislative requirements.

Annex 1: Scope, responsibilities and assurance

Approach

1 The Internal Audit Service operates in accordance with the GIAS. The scope of internal audit encompasses all the governance, risk management and control processes of the Combined Fire Authority including where they are provided by other organisations on their behalf.

Responsibilities of management and internal auditors

2 It is management's responsibility to maintain systems of risk management, internal control and governance. Internal audit is an element of the internal control framework assisting management in the effective discharge of its responsibilities and functions by examining and evaluating controls.

3 Lancashire Combined Fire Authority has taken the decision to outsource their internal audit provision, and Lancashire County Council's Internal Audit Service was the appointed service provider for 2025-26.

4 It is the role of the Internal Audit Service to provide independent assurance that these risk management, control and governance processes are adequately designed and effectively operated. The GIAS makes clear that the provision of this assurance is internal audit's primary role and that this requires the head of internal audit to provide an annual opinion based on an objective assessment of the framework of governance, risk management and control.

5 This assessment will be supported by the identification, analysis, evaluation and documentation of sufficient information on each individual audit assignment, and the completion of sufficient assignments to support an overall opinion for the organisation as a whole.

6 Internal auditors cannot be held responsible for internal control failures. However, we have planned our work so that we have a reasonable expectation of detecting significant control weaknesses. We have reported all such weaknesses to you as they have become known to us, without undue delay, and have worked with you to develop proposals for remedial action.

7 The requirement to be independent and objective means that the Internal Audit Service cannot assume management responsibility for risk management, control or governance processes. However, the Internal Audit Service may support management by providing consultancy services. These are advisory in nature and are generally performed at the specific request of the organisation, with the aim of improving governance, risk management and control and will also contribute to the overall assurance opinion.

8 Accountability for responses to the Internal Audit Service's advice and recommendations for action lies with the Senior Management Team, which either accepts and implements the advice or accepts the risks associated with not taking action. Audit advice, including where the Internal Audit Service has been consulted about significant changes to internal control systems, is given without prejudice to the right of the Internal Audit Service to review and

recommend further action on the relevant policies, procedures, controls and operations at a later date.

9 The head of internal audit will provide an annual report incorporating an overall opinion, a summary of the work that supports that opinion, and a statement of conformity with the (GIAS) and the results of the quality assurance and improvement programme.

10 The Internal Audit Service is not responsible for the prevention or detection of fraud and corruption. Managing the risk of fraud and corruption is the responsibility of management. Internal auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption and to any indications that fraud and corruption may have occurred. Internal audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected.

Basis of our assessment

11 Our opinion on the adequacy of control arrangements is based upon the result of internal audit reviews undertaken and completed during the period in accordance with the plan approved by the Audit Committee. We have obtained sufficient, reliable and relevant evidence to support the improvements that we proposed and that have been accepted by management.

Limitations to the scope of our work

12 There have been no limitations to the scope of our audit work.

Limitations on the assurance that internal audit can provide

13 There are inherent limitations as to what can be achieved by internal control and consequently limitations to the conclusions that can be drawn from our work as internal auditors. These limitations include the possibility of faulty judgement in decision making, of breakdowns because of human error, of control activities being circumvented by the collusion of two or more people and of management overriding controls. Also, there is no certainty that internal controls will continue to operate effectively in future periods or that the controls will be adequate to mitigate all significant risks which may arise in future.

14 Decisions made in designing internal controls inevitably involve the acceptance of some degree of risk. As the outcome of the operation of internal controls cannot be predicted with absolute assurance any assessment of internal control is judgmental.

Access to this report and responsibility to third parties

15 This report has been prepared solely for the Combined Fire Authority. This report forms part of a continuing dialogue between the Internal Audit Service, senior officers within Lancashire Fire and Rescue Service and the Audit

Committee. It is not therefore intended to include every matter that came to our attention during each internal audit review.

16 We acknowledge that this report may be made available to other parties, such as the external auditors. We accept no responsibility to any third party who may receive this report 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.

Annex 2: Audit assurance levels and classification of agreed actions

Note that our assurance may address the adequacy of the control framework's design, the effectiveness of the controls in operation, or both. The wording below addresses all of these options, and we will refer in our reports to the assurance applicable to the scope of the work we have undertaken.

- **Substantial assurance**: the framework of control is adequately designed and/ or effectively operated overall.
- **Reasonable - 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.
- **Limited assurance**: there are some significant weaknesses in the design and/ or operation of the framework of control that put the achievement of its 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 its objectives.

Classification of residual risks requiring management action

All actions agreed with management are stated in terms of the residual risk they are designed to mitigate.

- **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 the LRFS services, loss of life, significant environmental damage or significant financial loss, with related national press coverage and substantial damage to the LRFS 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 the LRFS business or to users of its services, significant financial loss, inefficient use of resources, failure to comply with law or regulations, or damage to the LRFS 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 when combined with others could give cause for concern. **Specific remedial action is desirable**

Lancashire Combined Fire Authority

Audit Committee

Meeting to be held on 30 June 2026

Internal Audit Monitoring Report

(Appendix A)

Contact for further information – Steven Brown - Director of Corporate Services
Telephone: 01772 866804

Executive Summary

The attached report sets out progress against the Internal Audit Plan for 2026-27 for the period ended 15 June 2026. It confirms that four audit days have been completed to date, with management activity ongoing and no assurance opinions issued at this stage.

The report also notes proposed changes to the approved audit plan. The Health and Wellbeing and Contaminants reviews are proposed to be replaced by reviews of the Complaints Management Process and Protection activity, following confirmation that contaminants had already been covered through the ISO accreditation process and that the Health and Wellbeing review could not be progressed at this time due to capacity issues.

Recommendation(s)

The Committee is asked to note the report.

Information

The Internal Audit Service provides a monitoring report to each Audit Committee, setting out progress against the annual audit plan and highlighting any changes or issues requiring the Committee's attention. The attached report confirms that the 2026-27 plan was approved by the Audit Committee in March 2026 and summarises progress for the period ended 15 June 2026.

Members are asked to note that the internal auditors have recorded four days of work against the 2026-27 plan to date, all relating to management activity. The remaining planned audit work has not yet started and no assurance opinions have therefore been issued. The monitoring report also asks the Committee to note the proposed replacement of two planned reviews with reviews of the Complaints Management Process and Protection activity.

Business risk

Effective internal audit is a key element of the Authority's governance arrangements. Regular monitoring of progress against the audit plan supports assurance that key risks, controls and governance arrangements are being reviewed in a timely and proportionate way.

Sustainability or Environmental Impact

None.

Equality and Diversity Implications

None.

Data Protection (GDPR)

Will the proposal(s) involve the processing of personal data? No

HR implications

None

Financial implications

None.

Legal implications

None.

Local Government (Access to Information) Act 1985

List of background papers

None.

Appendix A: Internal Audit Service monitoring report: period ended 15 June 2026

Lancashire Combined Fire Authority

Internal Audit Service monitoring report: period ended 15 June 2026

1 Purpose of this report

1.1 The Internal Audit Plan for 2026-27 was approved by the Audit Committee in March 2026. This report details the progress to date in undertaking the agreed coverage.

2 Internal audit work undertaken

2.1 To date, four days have been spent this financial year on completion of the 2026-27 plan. The table in section 3 below provides a summary of the assignments that comprise the 2026-27 audit plan.

2.2 Work completed between 1 April and 15 June 2026 for the 2025-26 audit programme is included in the Head of Internal Audit's 2025-26 Annual Report.

2.3 The plan approved by the Audit Committee in March 2026 included the below two audits:

- **Health and Wellbeing** - review how established health and wellbeing arrangements are such as existing policies, training, wellbeing initiatives, and performance monitoring are operating in practice.
- **Contaminants** - review the effectiveness of the controls for managing contaminants, including policies, Personal Protective Equipment (PPE) and decontamination procedures, and oversight arrangements, checking that the approach to emerging risks like PPE contamination and firefighter cancers is robust, consistently followed, and aligned with current guidance.

  Following approval by the Audit Committee, the Director of Corporate Services advised that the contaminants review had already been covered through the ISO accreditation process. The Director also advised that due to capacity issues, the Health and Wellbeing review could not be progressed at this time.

  The Director of Corporate Services has proposed that these two reviews are replaced with the areas below:

- **Complaints Management Process -** review how complaints are recorded, managed, and responded to, ensuring consistency, fairness, and compliance with the Local Government and Social Care Ombudsman Complaint Handling Code. The review will evaluate controls for complaint logging, investigation, escalation, responses, and adherence to required deadlines across the entire process.
- **Protection** - Review of protection activity including the Risk Based Inspection Programme. The audit would assess whether Lancashire Fire and Rescue Service protection resources and inspection activity are risk-led, efficiently delivered, quality-assured, and effectively monitored to reduce fire risk.

Use of this report

2.4 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.

Progress

Audit review	Audit days			Status	Assurance Opinion
	Planned	Actual	Variation		
Governance and business effectiveness					
Governance	5	0	5	Not started	
Service delivery and support					
Complaints Management Process	11	0	11	Not started	N/A
Protection	11	0	11	Not started	N/A
Business processes					
Accounts Payable	8	0	8	Not started	N/A
Accounts Receivables	8	0	8	Not started	N/A
General Ledger	6	0	6	Not started	N/A
Follow up audit activity					
Follow up activity	8	0	8	Not started	N/A
Other components of the audit plan					
Management activity	11	4	7	Ongoing	
National Fraud Initiative	2	0	2		
Total	**70**	**4**	**66**		

Appendix 1
Audit assurance levels and residual risks

Note that our assurance may address the adequacy of the control framework's design, the effectiveness of the controls in operation, or both. The wording below addresses all of these options and we will refer in our reports to the assurance applicable to the scope of the work we have undertaken.

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- **Limited assurance**: there are some significant weaknesses in the design and/ or operation of the framework of control that put the achievement of its 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 its objectives.

Classification of residual risks requiring management action

All actions agreed with management are stated in terms of the residual risk they are designed to mitigate.

- **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 the Lancashire Fire and Rescue Service (LRFS) services, loss of life, significant environmental damage or significant financial loss, with related national press coverage and substantial damage to the LRFS 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 the LRFS business or to users of its services, significant financial loss, inefficient use of resources, failure to comply with law or regulations, or damage to the LRFS 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 when combined with others could give cause for concern. Specific remedial action is desirable.

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Lancashire Combined Fire Authority

Audit Committee

Meeting to be held on Tuesday 30 June 2026

External Audit – Audit progress report and sector updates

(Appendix 1 refers)

Contact for further information – Steven Brown - Director of Corporate Services
Telephone: 01772 866804

Executive Summary

The attached report from Grant Thornton provides the Audit Committee with an update on progress in delivering the external audit for 2025-26, together with sector updates on matters of relevance to local government, fire and rescue authorities and audit committees.

Recommendation(s)

The Committee is asked to note the external auditor's progress report and sector updates.

Information

Grant Thornton, the Authority's external auditor, has provided an audit progress report and sector update for consideration by the Audit Committee. The report confirms that the 2024-25 financial statements audit has been completed, with an unmodified audit opinion issued on 17 December 2025. It also confirms that the detailed risk assessment for the 2025-26 audit is substantially complete, the 2025-26 Audit Plan was presented to the Committee on 26 March 2026, and audit fieldwork is expected to commence between mid-June and early July 2026 following receipt of the draft financial statements.

Grant Thornton has indicated that the results of the audit will be reported in the Audit Findings Report, with the aim of issuing the audit opinion on the Statement of Accounts by 30 November 2026. The auditor's value for money risk assessment for the year ended 31 March 2026 has also been completed and did not identify any risks of significant weakness. The Auditor's Annual Report is expected by November 2026.

The sector update includes matters for members' awareness, including changes to the His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) inspection cycle, Chartered Institute of Public Finance and Accountancy (CIPFA) Code changes to the accounting for non-investment assets, CIPFA Bulletin 23 on closure of the 2025-26 financial statements, devolution and local government reorganisation, recent legal and regulatory developments, workforce-related issues and audit committee resources.

Financial Implications

The Public Sector Audit Appointments scale fee for the 2025-26 audit is £105,938.

Legal Implications
None.

Business Risk Implications
The external audit programme is informed by the risks facing the Authority and the wider local government and fire sector. The progress report assists the Committee in maintaining oversight of the external audit timetable, the auditor's value for money work and relevant sector developments that may affect governance, financial reporting and assurance arrangements.

Environmental Impact
None.

Equality and Diversity Implications
None.

Human Resource Implications
None.

Local Government (Access to Information) Act 1985

List of background papers

None.

Appendix 1: Audit progress report and sector updates, period ended 15 June 2026

Appendix 1

Grant Thornton

Lancashire Combined Fire and Rescue Authority

Audit progress report and sector updates

16 June 2026

Agenda

Audit Progress Report

Grant Thornton

Introduction

Liz Luddington
Key Audit Partner
T: 0161 953 6410
E: Liz.A.Luddington@uk.gt.com

Curtis Wallace
Manager
T: 0141 224 0891
E: Curtis.AG.Wallace@uk.gt.com

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

The paper also includes a series of sector updates in respect of emerging issues which the Committee may wish to consider.

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:
Local government | Grant Thornton

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 as at June 2026

Financial Statements Audit

Our audit of the 2024/25 financial statements is now complete, and an unmodified opinion was issued on 17 December 2025.

Between January and March 2026, we commenced our detailed audit risk assessment for the 2025/26 audit. This work is now substantially complete. We also issued a detailed Audit Plan, setting out our proposed approach to the audit of the 2025/26 financial statements, which was presented to the Audit Committee on 26 March 2026.

We expect to receive the draft financial statements in June 2026, with audit fieldwork commencing in mid-June to early July.

We will report the results of our work in the Audit Findings Report and aim to issue our audit opinion on the Statement of Accounts by 30 November 2026.

Value for Money

We brought our Auditor's Annual Report (AAR) to the Audit Committee on 11 December 2025. This report was finalised when we issued our opinion on the financial statements audit in December 2026.

Our risk assessment for the year ended 31 March 2026 has been completed, building on our understanding of the Trust's arrangements and taking into account findings from previous value for money work. Based on the procedures performed, we did not identify any risks of significant weakness as part of our 2025–26 value for money risk assessment.

We will keep our risk assessment under continuous review. Where appropriate, we will update our risk assessment to reflect emerging risks or findings and report this to you.

We anticipate issuing our Auditor's Annual Report by November 2026.

Meetings

We met with Finance Officers in February as part of our quarterly 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 and network events.

Events taking place shortly include a webinar exploring the roles and responsibilities of Audit Committee Chairs and members, and how the Audit Committee functions within a wider governance landscape. The webinar will be held on Thursday 2nd July from 4.00pm to 5.30pm.

Register your place: Effective audit committees in local government | Grant Thornton

We also held two Local Government Accounts webinars for preparers of accounts on 5th and 11th February 2026, where we discussed a range of topics for preparing the 2025/26 statements of account.

Audit Fees

PSAA published their scale fees for 2025/26: Auditor-Directory-for-Website-2025-2026-as-at-11-02-2026.xlsx.

For LCFRA the fee is £105,938. These fees are derived from the procurement exercise carried out by PSAA in 2022. They reflect both the increased work auditors must now undertake as well as the scarcity of audit firms willing to do this work.

Audit Deliverables

Below are some of the audit deliverables planned for 2025/26

2025/26 Deliverables	Planned Date*	Status
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 2025/26 financial statements.	March 2026	Complete
Audit Findings Report The Audit Findings Report will be reported to the Audit Committee.	November 2026	Not due
Auditor's Report This includes the opinion on your financial statements.	November 2026	Not due
Auditor's Annual Report This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.	November 2026	Not due

Fire Sector Updates

Public services including Fire are changing. Deficiencies identified in building safety combined with tightening funding envelopes require a continuing drive to achieve greater efficiency in the delivery of public services. Public expectations of the service continue to rise in the wake of recent high-profile incidents, and there continues to be a drive for greater collaboration between wider blue-light services.

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, Fire authorities nationally 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.

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

Grant Thornton Publications

Insights from sector specialists

Accounting and regulatory updates

HMICFRS - Evaluation of fire and rescue service inspections

The fire and rescue service (FRS) inspection programme is an assessment of the effectiveness, efficiency and people of the 44 FRSs in England. We have carried out FRS inspections since 2018.

From a total of three completed inspection cycles, this evaluation covers the second inspection cycle (2021–22). In this cycle, HMICFRS inspected the first 13 services remotely online. It inspected the remaining 31 services using a hybrid methodology, in person and online.

There were two broad questions that the evaluation aimed to answer:

Have the FRS inspections been implemented in the way intended?

What outcomes are being achieved as a result of the inspection activities?

This report describes the improvements we have made to the FRS inspection programme.

This report summarises the evaluation and the changes that HMICFRS made because of the findings.

The full report can be found here.

HMICFRS - What's new in this fire and rescue service inspection cycle

HMICFRS published the first reports from its 2025–2027 fire and rescue service inspection programme in March 2026, marking the start of the current inspection cycle.

The FRS programme runs on a two-year cycle – the time it takes to inspect each of the 44 fire and rescue services. HMICFRS uses a variety of methods to gather evidence throughout the inspection cycle. This helps make sure that the inspection programme reflects changes in fire and rescue, lessons learned from previous inspections and adapts to examine evolving challenges facing the sector.

The updated programme retains successful changes introduced in the previous cycle of inspections and also introduces new areas of focus, including:

Leadership
There will be a greater emphasis on leadership throughout fire and rescue services. This will include leadership at every level, not just chief officers.

Governance
Inspectors will assess Fire and Rescue Authorities' governance, oversight and scrutiny of their services. This includes examining how efficiently services manage projects, such as rebuilding or relocating fire stations.

Values, culture, and misconduct
There will be deeper scrutiny of values, culture and misconduct, building on the inspectorate's thematic work to examine how misconduct is identified and handled.

Resilience
Inspectors will also assess how well services are supporting community resilience, helping to make sure they are working effectively with local communities to prevent fires.

Roy Wilsher, His Majesty's Inspector of Fire & Rescue said:

"Our inspection programme must evolve to reflect the challenges facing fire and rescue services. The changes we have made for this cycle build on what we have learned from previous inspections and focus on the areas where we know improvement is most needed, including governance, leadership and community resilience.

"Our aim is to provide independent, evidence-based assessments that support services to improve and help keep the public safe."

Wider Sector Updates

CIPFA Code changes to the accounting for non-investment assets

Changes introduced in the 2025/26 Code:

The 2025/26 CIPFA Code introduces substantial changes arising from the HM Treasury Thematic Review on Non-investment assets, and the requirement to keep the valuations of certain assets up to date:

- The introduction of a valuation expedient requiring valuations once every five years or on a five-year rolling basis, in each case supported by indexation in intervening years; and
- The Code requires the use of the best available indices and, where no index is available, a desktop valuation is undertaken in year three.

The following asset classes are affected by the change:

- Other land and buildings;
- Vehicles, plant, furniture and equipment (where carried at current value);
- Surplus assets; and
- Right of use assets measured at current value

Assets which are not in scope of the changes include council dwellings; vehicles; plant and equipment carried at depreciated historical cost as a proxy for current value; infrastructure; assets under construction; heritage assets; assets held for sale; intangible assets; and community assets carried at cost.

Why Indexation is important:

Indexation is a new requirement in the Code, intended to provide a reasonable estimate of how market values have changed, rather than an exact valuation. A range of indices are available, and authorities will need to exercise and be prepared to explain their judgements on which indices are the most appropriate to apply across their asset base. Authorities may apply indexation to 31st March 2025 carrying values, providing the assumption that existing carrying values are true and fair is valid. Where valuations are required, they must be undertaken at least once every five-years or when there are indicators of impairment.

Audit Committees can help by asking:

- Have we sought advice from an expert valuer on which indices are most appropriate for our various assets within scope of indexation?
- Have we documented our rationale regarding why we select/reject or deem there to be no indices?
- How has indexation been calculated/ applied in underlying records/ asset systems?
- Have we ensured that asset records distinguish between revaluation versus indexation, so that we have a clear record of when valuations are due and when valuations were last carried out?

CIPFA Bulletin 23 – Closure of the 2025/26 financial statements

CIPFA has issued Bulletin 23 (April 2026) to support authorities in preparing the 2025/26 Statement of Accounts. The bulletin covers key areas that authorities should consider for 2025/26.

Indexation of non-investment assets

The bulletin includes a useful list of answers to frequently asked questions on indexation for preparers of accounts.

Key reminders include:

- Authorities need to adopt a five-year revaluation cycle, with indexation in intervening years, replacing more frequent revaluations.
- It applies to most property, plant and equipment, excluding council dwellings, along with leased assets if measured at valuation.
- Indexation maintains asset values in line with market changes, and authorities should continue to review asset lives and indicators of impairment.
- CIPFA do not prescribe which indices authorities may use - authorities must select appropriate indices, justify choices, and use the latest available data.
- In rare cases where no index is available a desktop valuation is required in year three.

For a full copy of Bulletin 23, see CIPFA Bulletin 23 – Closure of the 2025/26 financial statements | CIPFA

More detailed guidance on indexation is available in CIPFA's CIPFA Bulletin 22 Indexation application guidance | CIPFA

Audit Committees can help by asking:

- What assurance is available that the indexation applied is appropriate for the authority's various assets within the scope of indexation, and is supported by sufficient external evidence and professional input?

Devolution and local government reorganisation

Audit Committee are encouraged to review our good practice checklist and reach out for latest technical updates.

Latest key developments to be aware of:

- 25th March 2026 – Government decisions published on unitary structures for four of the six Devolution Priority Programme (DPP) areas. Next steps published for the remaining two areas. Written statements - Written questions, answers and statements - UK Parliament

- 29th April 2026 – Royal Assent given to the English Devolution and Community Empowerment Act, enhancing powers and responsibilities for strategic authorities; establishing combined authorities; and strengthening local audit arrangements. English Devolution Bill receives Royal Assent - GOV.UK

- 7th May 2026 – First shadow elections held in East and West Surrey. Surrey Local Elections May 2026 results – Surrey LGR Hub

Key future dates to be aware of:

Three councils have been reported as mounting legal challenges to reorganisation. Subject to the outcome of their challenges, remaining key dates to be aware of are:

- April 2027 – Surrey shadow authorities' vesting day.
- May 2027 – Shadow elections - all DPP areas except Sussex and Brighton; and reorganised new local government bodies.
- April 2028 – Vesting day for all DPP areas except Sussex and Brighton; and reorganised new local government bodies.
- May 2028 – Shadow elections Sussex and Brighton Devolution Priority Programme areas.

Recommended reading:

- A good practice checklist for councils embarking on LGR can be found in our report: Learning from the new unitary councils.

- Audit Committees can request updated technical guidance reflecting latest developments from their Engagement Lead.

Webinar for Audit Committees and other interested parties

We invite you to register attendance at our fourth webinar for Audit Committee members and other interested parties.

Audit Committee members and other interested parties are invited to join us at a webinar on 2nd July 2026 from 4pm until 5.30 pm, to learn more about:

- The roles and responsibilities of the Audit Committee Chair and members;
- The systems, structures and behaviours needed to perform as an effective Committee;
- The importance of Audit Committee self-assessment;
- Connections between the role performed by the Committee and other parts of the governance framework;
- Current local government sector trends, and the importance of the new Local Audit Office; and
- Resources available for support.

Audit Committees play a pivotal role in safeguarding governance in the local government sector. An effective Audit Committee can be the gatekeeper for standards and compliance; and the guard against weakness in arrangements. The webinar will include an opportunity for questions and answers and will provide participants with the information needed to proceed with confidence.

Please register your place here: Effective audit committees in local government | Grant Thornton

We look forward to welcoming you.

Latest changes to laws and regulations

For information: Recent legal and regulatory changes that Audit Committees need to be aware of.

Changes that Audit Committees need to be aware of:	Dates	Further information
English Devolution and Community Empowerments Act	29th April 2026 – Royal Assent	Enhanced powers and responsibilities for local government, and new local audit arrangements
Renter Rights Act	1st May 2026 – Officially took effect	Introduces new duties for local authorities to take enforcement action for beaches and tenancy law by private landlords
Social Housing Renewal Bill	13th May 2026 – King's Speech	Changes to eligibility requirements, discount rules and exemptions planned for Right to Buy
Overnight Visitor Levy Bill	13th May 2026 – King's Speech	Mayors and potentially other local leaders to be able to change new tourist taxes
Education for AI Bill	13th May 2026 – King's Speech	Planned changes to arrangements for young people with Special Educational Needs and Disabilities
Public Office (Accounting Bill)	13th May 2026 – King's Speech	Introduces new duties of candour for local authorities and other public bodies
Town and Country Planning (local Planning) (England) Regulations 2026	25th March 2026 – Statutory Instruments	New system introduced for Local Plans
Combined Authorities (overview and Scrutiny Committees, Access to Information and Audit Committees) (Amendment) Order 2026	14th May 2026 – Statutory Instruments	Provides a formal mechanism for setting commissioner allowances in Combined Authorities and Combines County Authorities
Sporting Events Bill	14th May 2026 – Impact Assessment and DCMS Memorandum	Proposes new enforcement powers for local authorities in ticketing protection

Valuing people

For information: Audit Committees need to be mindful of workforce and people-related challenges facing the sector.

The Public Services People Manager's Association held their latest Annual Conference in Birmingham in April this year and heard thoughts on whether the time is right for Chief People Officer to become a statutory role, equivalent to Monitoring and s151 Officer.

With challenges around skills retention, and with local government reorganisation creating uncertainty and instability for those employed across the sector, the timing for this debate could perhaps never be better.

Local Government Association workforce data shows that:

- More than 1 million people are directly employed by councils across England, at a cost of £35.8 billion per annum; and
- More than one million additional people are employed in council-commissioned Adult Social Care through the private sector.

In addition to those formally employed across the local government sector, the Health Foundation recently estimated that 1 in 6 adults in the UK carry out unpaid care work, providing essential top up for public services that are the statutory responsibility of local authorities.

CQC is currently consulting on proposed changes to its regulatory process. The intention is to replace 34 "Quality Statements" with 24 "Key Lines of Enquiry", looking at how local authorities deliver care and, amongst other things, lending greater weight to how local authorities work professionally with the unpaid carers whose work supports statutory provision.

Carers UK held an inaugural State of Caring conference in May 2026 hearing, amongst other things, about the tipping point unpaid carers can reach if not given the right support. CQC's change of emphasis seems a well-timed recognition of the reality of how significant elements of social care are provided across England today.

Audit Committee resources

Commentary from Grant Thornton on recovering the accounts preparation and audit timetable:

Local audit reset: What comes after the backstop? | Grant Thornton

Latest guidance and learning from Grant Thornton on local government reorganisation and devolution:

Navigating the future: The dual challenge of local Government reorganisation and devolution | Grant Thornton

Dual delivery - How can areas successfully reorganise local government and implement devolution at the same time?

Learning from the new unitary councils

Grant Thornton learning on procurement and contract management:

Local government procurement and contract management

Audit Committee and organisational effectiveness in local authorities (CIPFA):

https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees

LGA Regional Audit Forums for Audit Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email ami.beeton@local.gov.uk LGA Senior Adviser, for more information.

CIPFA Application Note: Global Internal Audit Standards in the UK Public Sector

Global Internal Audit Standards in the UK Public Sector | CIPFA

CIPFA Good Governance

Delivering Good Governance in Local Government Addendum

The Three Lines of Defence Model (IAA)
https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf

Risk Management Guidance / The Orange Book (UK Government):

https://www.gov.uk/government/publications/orange-book

Appendix - Audit Timetable Letter

Grant Thornton

Letter regarding 2025-26 audit timelines

10 March 2026

Dear AC Chair

Copied to: S151 Officers

Proposals for the annual accounts and external audit timeframes from 2026 onwards

Ahead of us starting our work on your 2025-26 Accounts, we wanted to send you a letter to set out our plans for your audit timelines over the course of the next two years and what we will need from you as an Authority as part of these plans.

As I am sure you are aware, on 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

- For years ended 31 March 2025 by 27 February 2026
- For years ended 31 March 2026 by 31 January 2027
- For years ended 31 March 2027 by 30 November 2027.

The statutory instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

As you know, Lancashire Combined Fire Authority has always received a full, unqualified 'clean' audit opinion prior to any backstop dates. Whilst this places the Authority in a good place compared to a number of local authorities who are dealing with backstopped, disclaimed opinions, the audit has been completed in the November / December period in recent years. It will be important that the Authority works together with us to bring forward completion of the audit.

To be able to achieve the targets for the next two financial years, as a firm we are looking to put things in place to enable us to achieve the end of November 2027 deadline. In order to help make this achievable, we are going to undertake a 'dry run' of finishing our work on the 2025-26 Accounts by the end of November 2026. On this basis, we would like you to assist with this process by firstly setting an Audit Committee date in advance of the end of November 2026 (if not currently in place), to enable us to sign off our opinion by that date. We would note that the NAO has already set a requirement that our Value for Money (VfM) work is completed by 30 November each year which has been set to align with the upcoming 30 November accounts deadline.

One area which we see as crucial to supporting a November completion date is to make increased use of our planning and interim audit work. We are seeking to perform an enhanced interim audit involving early, advanced sample testing on a number of areas by the end of April 2026. We will be liaising with the finance team to support audit testing of transactions in the first nine to ten months of the financial year. This should reduce the level of detailed transactional testing from the year-end audit work in the Summer and Autumn.

Letter regarding 2025-26 audit timelines

We are aiming to start our work on your accounts from the end of June 2026, following receipt of the Authority's draft accounts. We are committed to working closely with finance colleagues from the commencement of our audit and throughout, with weekly meetings expected to take place to monitor progress and achievement against key milestones, through to November's Audit Committee.

This plan should allow us as a firm to deliver all of our 2025-26 Local Government audits by the end of November 2026, which will then put us in a strong position ahead of the backstop formally moving to the end of November 2027. We appreciate this will require a change on how both sides will need to work to make this a reality, but we are committed to making this happen.

We will undertake early engagement with your finance team to clearly set out our expectations and what is needed to make a success of these plans. MHCLG have asked us as a firm to report by 31 July 2026, on a case by case basis, our assessment of the Authority's ability to both maintain and where necessary rebuild assurance. Having a clear and agreed project plan to complete all financial statements and VFM work by 30 November 2026 is a key part of this assurance.

If you have any queries or questions, then do not hesitate to let us know.

Yours sincerely

Elizabeth Luddington

Elizabeth Luddington, Key Audit Partner

Key Audit Partner & Engagement Lead for Lancashire Combined Fire Authority

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