

LANCASHIRE COMBINED FIRE AUTHORITY

AUDIT COMMITTEE

Thursday, 23 June 2016 at 10:00 hours in the Main Conference Room at Service Headquarters Fulwood

MINUTES

PRESENT:

Councillors

County Councillor Carl Crompton (Chairman)
P Britcliffe
S Holgate
M Khan
M Perks
J Shedwick
D Smith

Internal Audit

J Taylor – Senior Auditor (Lancashire County Council)

External Audit

C Stead – Senior Audit Manager (Grant Thornton)

Officers

J Johnston – Deputy Chief Fire Officer (LFRS)
K Mattinson – Director of Corporate Services (LFRS)
D Brooks – Principal Member Services Officer (LFRS)

1/16 APOLOGIES FOR ABSENCE

None received.

2/16 DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

None received.

3/16 MINUTES OF THE PREVIOUS MEETING

RESOLVED: - That the Minutes of the last meeting held on the 31st March 2016 be confirmed as a correct record and signed by the Chairman.

4/16 EXTERNAL AUDIT – UNDERSTANDING HOW THE COMMITTEE GAINS ASSURANCE FROM MANAGEMENT

In order to comply with Auditing Standards, the External Auditors, Grant Thornton were required to obtain an assurance as to how those charged with governance discharged their responsibilities in connection with the risk of fraud and breaches of internal controls, as set out in their letter dated May 2016, copy considered by Members.

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

RESOLVED: - That the Audit Committee approve and endorse the submission of the response.

5/16 INTERNAL AUDIT ANNUAL REPORT 2015/16

The report was presented by Judith Taylor, Senior Auditor, Lancashire County Council. The Internal Audit Annual Report summarised the work that the Internal Audit Service had undertaken during 2015/16 and the key themes arising from it. It provided an opinion on the overall adequacy and effectiveness of the systems of governance, risk management and internal control. It was made under the Public Sector Internal Audit Standards issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (IIA), with which the Internal Audit Service conforms.

On the basis of programme of work for the year, the Head of Internal Audit had provided substantial assurance over the framework of governance, risk management and control for 2015/16. It was their opinion that there was a generally sound system of internal control, adequately designed to meet the objectives of Lancashire Combined Fire Authority and the controls were generally applied consistently.

The opinion was based on the individual assurance levels provided for each of the individual audit reviews undertaken in 2015/16, detailed in the report now presented to Members.

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

RESOLVED: - That the Audit Committee note and endorse the report.

6/16 EXTERNAL AUDIT – AUDIT COMMITTEE UPDATE

Members considered a report from Grant Thornton, the external auditors presented by Caroline Stead which detailed progress at June 2016 in relation to the financial statements and value for money conclusion for 2015/16. The report also set out emerging issues and developments which had been identified as relevant to the sector but were not specific issues that related to the performance of this Authority.

RESOLVED: - That the Audit Committee note and endorse the report.

7/16 ANNUAL GOVERNANCE STATEMENT 2015/16

The Accounts and Audit Regulations 2003 required the Authority to publish an Annual Governance Statement along with the Authority's financial statements, following a review of the effectiveness of the internal controls in place. The report and the draft Statement set out the key elements of the Authority's governance framework, how these had been evaluated, the outcome of the assessment of effectiveness and any areas for improvement.

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

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

The review highlighted a number of areas for further improvement and reviewed progress against recommendations made as part of last year's Annual Governance Statement. As part of the review, the Service was required to identify and disclose any significant internal control issues of which there had been none; hence, the overall conclusion was that the system of internal controls was adequate; this was reflected in the Annual Governance Statement, now presented and considered by Members.

In relation to progress against areas identified for improvement from last year CC Perks queried how the review of partnership engagement and opportunities would be fed back to Members, particularly the safe and well visits in terms of his Older People Champion's role. The Deputy Chief Fire Officer advised that a group manager had been seconded into Lancashire County Council and there had previously been a secondment with the Police who did work in early action. This work would report to the Executive Board who would determine its value and engage Member Champions as appropriate.

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

8/16 INTERNAL AUDIT SERVICE QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

The Accounts and Audit Regulations 2015 referred to "public sector internal auditing standards or guidance". The Chartered Institute of Public Finance and Accountancy (CIPFA) was the relevant standard setter for internal audit in local government in the United Kingdom and had published Public Sector Internal Audit Standards ('PSIAS') which encompassed the mandatory elements of the Global Institute of Internal Auditors' International Professional Practices Framework. These set out the requirement for a quality assurance and improvement programme:

"The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity."

Members considered the report by the Chief Internal Auditor which set out how this process would work. The outcome of this review and progress against any improvement plans were included in the head of internal audit's annual report to the Audit Committee.

RESOLVED: - That the Committee note and endorse the proposed methodology.

9/16 RISK MANAGEMENT

The report highlighted action taken in respect of corporate risk since the last Audit Committee meeting. The latest review of the corporate risk register had identified 2 new risks which warranted inclusion on the corporate risk register which were: -

1. Failure to maximise the opportunities that technological advances present due to a lack of capacity within the ICT department, and an inability of staff to keep pace with new developments that are implemented;
2. Loss of support for Vector Incident Command product with the product name Command Support System leading to ineffective management of large incidents.

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

CC Perks referred to a presentation to Members at a recent Authority meeting regarding an incident in Preston that involved a drone which had been lent to the Authority by the Police. It had provided vital information and was a real benefit. He queried whether this would be considered as part of the review of performance at the incident given its assistance helped to save all the buildings around the fire.

The Deputy Chief Fire Officer advised that as a result of the audit work the command support vehicle replacement sat with the BPIP Board as a project and would be reported through that group. He confirmed that the Authority had purchased their own drone in partnership with the Police, using some of the proceeds from crime and with support from the Police and Crime Commissioner. The drone was used for the first time on the preceding Tuesday at a recent fire in Farrington Moss, Leyland. Live feed from the drone was used in the command suite within half an hour and it was helpful at the scene to make tactical decisions. The footage was available on the website: <https://vimeo.com/171583382> and was a very good tool to communicate the challenges the Service faced.

RESOLVED: - That the Audit Committee note the actions taken and endorse the revised corporate risk register.

10/16 AMENDMENT TO CONTRACT STANDING ORDERS AND SCHEME OF DELEGATION

The report set out the proposed amendment to the Contract Standing Orders to provide delegated responsibility to the Clerk to the Authority, Authority Solicitor, Chief Fire Officer, Director of Corporate Services and Director of People and Development to attest to all contracts which relate to the purchase of land, or have potential long term liabilities and would benefit from the added legal protection afforded by the process of affixing the Common Seal and the proposed amendment to the Scheme of Delegation to provide delegated responsibility to those individuals to affix the Seal of the Authority to any relevant document.

RESOLVED: - That the Audit Committee note and endorse the update to the Contract Standing orders and Scheme of Delegation.

11/16 DATE OF NEXT MEETING

The next meeting of the Committee would be held on Thursday 29th September 2016 at 1000 hours in the Main Conference Room at Lancashire Fire and Rescue Service HQ, Fulwood.

Further meeting dates were agreed for 26 January 2017, 30 March 2017 and 22 June 2017.

M NOLAN
Clerk to CFA

LFRS HQ
Fulwood