

LANCASHIRE COMBINED FIRE AUTHORITY

AUDIT COMMITTEE

Thursday, 22 March 2018, at 10.00 am in the Main Conference Room, Service Headquarters, Fulwood.

MINUTES

PRESENT:

Councillors

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

Officers

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

In attendance

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

30/17 APOLOGIES FOR ABSENCE

None received.

31/17 DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

None received.

32/17 MINUTES OF THE PREVIOUS MEETING

RESOLVED: - That the Minutes of the last meeting held on 25 January 2018 be confirmed as a correct record and signed by the Chairman.

33/17 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 one new risk which warranted inclusion on the corporate risk register. The Director of Corporate Services advised that Mr Matzak, a Belgian firefighter had taken a case to the European Union court that looked at the applicability of the Working Time Directive in connection with the Belgian Fire Service and their version of on-call controls. Legal opinion was currently being sought nationally in connection with the case to identify the impact in the UK. If it did apply there would be a detrimental impact on service provision and/or costs on a national level. Until such time as a legal opinion had been received this presented a significant risk to the organisation and was therefore scored as a high risk.

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

Risk no. 13 – The compliance with the General Data Protection Regulations had been identified as a significant priority, a Knowledge and Information Officer had now been appointed and a review undertaken of the current arrangements. This risk remained a medium risk with a score of 9.

Risk no. 19 – Additional resources enabled further development. The revised ICT Strategy had been approved at the Resources Committee the previous day which included a number of initiatives. This risk had been reduced to a medium risk with a score of 9.

Risk no. 21 – Following the Grenfell Tower Fire the Service had undertaken an inspection of high rise premises and supported Greater Manchester Fire Service in this. In Lancashire one building had been identified with ACM cladding which remained in situ following the identification of revised risk arrangements to mitigate those risks. The inspection programme remained ongoing with 148 complete and 16 premises outstanding which were lower risk such as low rise buildings and non-sleeping accommodation. Until such time as the Grenfell Tower Inquiry had been completed this item would remain on the register. This risk remained a medium risk with a score of 10.

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

34/17 INTERNAL AUDIT MONITORING REPORT

The Internal Auditors produced a summary of progress against the annual plan for each Audit Committee meeting, setting out progress to date and any significant findings. The report for the period up to 23 February 2018 was presented by Judith Taylor.

The report included an update on actions taken following the recent External Quality Assessment review, the outcome of which was reported in January.

It was noted that work carried out during the period 1 April 2017 – 23 February 2018 was in accordance with the agreed audit plan and no significant issues had been identified.

The report identified that 59 days had been spent this financial year on the completion of the 2017/18 plan. Mrs Taylor advised that since the report had been written an additional 8 days had been completed. This equated to 84% of the total planned audit activity of 80 days, of which 5 days had been conducted in the period since the previous report to the Audit Committee dated 12 January 2018.

Details of the progress included audit days planned and used; assurance provided and comments against each of the areas completed to date. Progress to date in relation to the Plan was provided and discussed by Members. An updated Internal Audit Service Charter, appendix 3 to the report had been circulated before the meeting. Mrs Taylor advised that this had been updated to be more explicit regarding integrity, competency and the duty to report any area of non-compliance.

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

35/17 INTERNAL AUDIT PLAN 2018/19

The Internal Auditors were required to produce an Annual Audit Plan, setting out work to be undertaken during the year. The plan amounted to a total resource of 80 audit days in 2018/19, which equated to an overall cost of £26k which was in line with the budget provision.

A proposed plan was present by Judith Taylor.

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

- Coverage of the key components of each part of the opinion, namely, governance, risk management and control;
- Sufficient coverage over operations as a whole so that a fair assessment may be made across the Service;
- Coverage of the controls that served to mitigate the most significant risks to an acceptable level;
- Coverage of the controls that operated most broadly to mitigate the most significant risks in the greatest number of individual instances to an acceptable level; and
- Follow up of the actions agreed by management to mitigate risks identified through previous audit activity.

The deployment of audit resources was proposed as follows:-

Governance and business effectiveness	10 days
Service delivery and support	6 days
Business processes	40 days
Follow up audit activity	4 days
Other components of the audit plan	12 days
Contingency	8 days
Total	80 days

It was noted that the 8 contingency days were being held pending the outcome of the HMICFRS inspection in summer 2018.

The intention to revise the categories and definitions of assurance levels was discussed. Full Assurance would become Substantial Assurance and Substantial Assurance would become Moderate Assurance. Some Members were concerned that this looked like a drop in standards. Mrs Taylor explained that there was no standard assurance levels used across the internal audit sector; with some internal audit services having 3 or 5 degrees of assurance. The revised categories were specific to Lancashire County Council (LCC) Internal Audit Service and would be applied at LCC and for their external clients such as ourselves. Mrs Taylor assured Members that whenever a report was issued it always contained the definitions of assurance levels.

In response to a question raised by CC Shedwick Mrs Taylor provided reassurance that there would be sufficient capacity to complete the outstanding work from this year and the planned work for next year.

RESOLVED:- That the Audit Committee agreed the internal Audit Plan for 2018/19.

36/17 EXTERNAL AUDIT - AUDIT PLAN 2017/18

The external auditors were required to produce an annual audit plan, setting out the areas it intended to review during the year. The Committee welcomed Robin Baker as the new External Audit Engagement Lead who presented the plan.

The audit fee was £30.7k which was in line with those previously reported and within the budget.

RESOLVED:- That the Audit Committee agreed the external audit plan for 2017/18.

37/17 CONTRACT STANDING ORDERS - PROPOSED AMENDMENTS

The Authority was a Contracting Authority for the purpose of the Public Contracts Regulations 2006 and was required to comply with the tendering and award of contracts as set out in those regulations. The European Commission had updated its threshold and on that basis the Authority was required to amend its regulations.

Where those regulations did not apply (for contract values below EU thresholds) the Authority had their own procedures in place in the form of Contract Standing Orders. These formed part of the Constitution along with Financial Regulations and the Scheme of Delegation.

These had been reviewed and updated to reflect current practices.

Members considered the changes highlighted in the report the most significant of which related to the update of financial thresholds relating to the quotation procedure and separated out those relating to goods and services and works.

RESOLVED:- That the Audit Committee approved the amended Contract Standing Order thresholds as outlined in the report.

38/17 FINANCIAL REGULATIONS - PROPOSED AMENDMENTS

The financial regulations were reviewed on a regular basis and were updated to reflect current practices.

Members considered the changes highlighted in the report, the most significant of which related to the update of financial thresholds, changing deadlines for the production and approval of the accounts and amending disposal arrangements for fire appliances.

RESOLVED:- That the Audit Committee agreed the revised Financial Regulations.

39/17 DATE OF NEXT MEETING

The next meeting of the Committee would be held on Tuesday 24 July 2018 at 10:00 hours in the Main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood.

Further meeting dates were noted for 27 September 2018 and agreed for 29 January 2019.

40/17 EXCLUSION OF PRESS AND PUBLIC

RESOLVED: - That the press and members of the public be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraph of Part 1 of Schedule 12A to the Local Government Act 1972, indicated under the heading to the item.

41/17 MARAUDING TERRORIST FIREARMS ATTACK (MTFA) UPDATE

(Paragraphs 3 and 7)

The Assistant Chief Fire Officer provided Members with a report on the Service's preparedness and response.

RESOLVED: - That the report be noted.

M NOLAN
Clerk to CFA

LFRS HQ
Fulwood