

LANCASHIRE COMBINED FIRE AUTHORITY

AUDIT COMMITTEE

Tuesday, 29 January 2019, at 10.00 am in the Main Conference Room, Service Headquarters, Fulwood.

MINUTES

PRESENT:

Councillors

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

Officers

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

In attendance

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

23/18 APOLOGIES FOR ABSENCE

None received.

24/18 DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

None received.

25/18 MINUTES OF THE PREVIOUS MEETING

RESOLVED: - That the Minutes of the last meeting held on 27 September 2018 be confirmed as a correct record and signed by the Chairman.

26/18 EXTERNAL AUDIT PLAN 2018-19

The external auditors were required to produce an annual audit plan, setting out the areas it intended to review during the year. After submitting apologies on behalf of Mr Robin Baker, Engagement Lead, Mr Richard Tembo, Engagement Manager presented the report.

Mr Tembo advised that the report gave Members of the Audit Committee an overview of the scope of the statutory audit and included: key matters that impacted on the audit, details of significant risks identified, other audit responsibilities, materiality, value for money arrangements, audit logistics, team and fees and plans to meet the audit timeframe.

In response to a question raised by CC Kay, Mr Tembo clarified that the greatest risk of material mis-statement related to miscellaneous and other invoiced income as this was comprised of numerous individual transactions from various sources. The Director of Corporate Services advised that the auditors checked each year that the estimated income was reasonable and accurate.

In response to a question raised by CC Holgate regarding the valuation of the pension fund net liability, Mr Tembo advised this was based on an estimate of the actuaries and for the Authority there were two i) the government department and ii) local government pension scheme. He confirmed that experts were employed to assist the auditors to give a conclusion. The Director of Corporate Services explained that Brexit should not impact on the firefighter fund as it was not asset backed however, it could impact on the local government pension scheme given it was asset backed. Details of the potential impact were unknown and would only be available once a valuation was complete.

In response to a question raised by CC Shedwick the Director of Corporate Services confirmed that with effect from 2018 the statutory date for publication of the accounts had been brought forward to 31 July. He advised that the Audit Findings Report (which summarised the conclusions from the auditors work undertaken as part of the year-end audit of accounts) would be presented to the July meeting of this Committee with the Audit Letter (which provided an overall assessment of the Authority's performance) to be presented in September.

The audit fee was £23.7k which was in line with those previously reported and within the budget.

RESOLVED:- That the Audit Committee agreed the external audit plan for 2018/19.

27/18 EXTERNAL AUDIT - AUDIT REPORT AND SECTOR UPDATE

The Committee considered a report from the External Auditors presented by Mr Tembo which detailed progress at January 2019 in relation to the financial statements and value for money conclusion for 2018/19. The report also set out what the External Auditors would do and their planned completion date.

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

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

28/18 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 covering the period from 1 April 2018 to 11 January 2019 was presented by Judith Taylor. It was noted that work carried out during this period was

in accordance with the agreed audit plan and no significant issues had been identified which needed to be brought to the attention of the Committee.

The report identified that 33 days had been spent this financial year on the completion of the 2018/19 plan which equated to 41% of the total planned audit activity of 80 days. This figure did not however reflect the progress made in completion of planned assignments due to individual savings being made against budgeted audit days.

Progress to date in relation of the plan was provided and discussed by Members.

It was noted that the fieldwork had begun to review the HR and Payroll business processes and that a draft report on the business continuity arrangements was with Mrs Taylor for consideration.

In terms of follow up activity Mrs Taylor confirmed the auditors were part way through the reviews of the rota management and training, learning and development business processes.

Mrs Taylor advised that after liaising with the Director of Corporate Services, assurance regarding the adequacy and effectiveness of the administration of the Fire Pension Schemes would be obtained directly from the internal auditors of the Local Pension Partnership Fund, in addition following release of the HMICFRS inspection report, she had liaised with the Director of Corporate Services regarding the identification of an audit review to utilise the contingency provision with the audit plan which would involve audit providing support into a recently scoped Service Delivery Programme item into Optimising Front Line Availability.

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

29/18 CONSULTATION ON 2019/20 SCALES OF AUDIT FEES

Public Sector Audit Appointments Limited (PSAA) (the successor to the Audit Commission) had produced a consultation document on the proposed scale of fees for 2019/20 audits in which it was proposed to maintain the fees at the current level of £24k.

The consultation closed on 17 December 2018. Given that no change was proposed and after consultation with the Chairman and Vice-Chairman it was agreed not to submit a formal response to the document.

RESOLVED:- That the Audit Committee noted and endorsed the consultation document as set out in the report.

30/18 RISK MANAGEMENT

The report highlighted action taken in respect of corporate risk since the last Audit Committee meeting. The latest review of the corporate risk register had not identified any new risks which warranted inclusion on the corporate risk register and of the existing risks, nine had been reviewed.

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

The Director of Corporate Services confirmed that Brexit was not on the risk register however, this was under review by the Lancashire Resilience Forum.

In response to a question raised by CC Kay in relation to risk number 12, regarding ineffective health and safety in the workplace, the Director of Corporate Services confirmed that the Service had a dedicated Safety, Health and Environment department and there were representatives on station. Independent verification of standards for Environmental Management and Health and Safety Management systems were undertaken annually with re-certification every 3 years. Both standards were recommended for continued certification following the last re-certification audit in February 2018. It was noted that the Safety, Health and Environment systems assessment audit outcome was presented annually to the Resources Committee, the minutes of which were subsequently reported to the Authority.

In response to a further question from CC Kay in relation to risk number 13, regarding lack of effective information management, the Director of Corporate Services provided reassurance that training modules were available for all staff regarding data protection and GDPR to increase staff knowledge and engagement with the subject.

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

31/18 DATE OF NEXT MEETING

The next meeting of the Committee would be held on Tuesday 2 April 2019 at 10:00 hours in the Main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood.

Further meeting dates were noted for 23 July 2019 and 24 September 2019 and agreed for 28 January 2020.

M NOLAN
Clerk to CFA

LFRS HQ
Fulwood