

## LANCASHIRE COMBINED FIRE AUTHORITY

### AUDIT COMMITTEE

Tuesday, 29 March 2022, at 10.00 am in the Washington Hall, Service Training Centre, Euxton.

### MINUTES

#### PRESENT:

##### Councillors

J Shedwick (Chairman)  
N Hennessy (Vice-Chair)  
S Clarke  
M Dad  
F Jackson  
A Kay  
J Singleton

##### Officers

K Mattinson, Director of Corporate Services (LFRS)  
D Brooks, Principal Member Services Officer (LFRS)  
L Barr, Member Services Officer (LFRS)

##### In attendance

J Taylor, Internal Audit, Lancashire County Council  
G Jones, External Audit, Grant Thornton

#### 31-20/21 APOLOGIES FOR ABSENCE

None received.

#### 32-20/21 DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

None received.

#### 33-20/21 MINUTES OF THE PREVIOUS MEETING

RESOLVED: - That the Minutes of the last meeting held on 30 November 2021 be confirmed as a correct record and signed by the Chairman.

#### 34-20/21 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 10 March 2022 was presented by Judith Taylor. It was noted that work carried out during this period was in accordance with the agreed audit plan.

The report identified to date that, 69 days had been spent this financial year on the 2021/22 plan of the totalled planned activity of 70 days.

Progress in relation to the plan was provided and discussed by Members. It was noted that:

- Audit work across the 3 key financial systems: accounts payable, accounts receivable, general ledger had been completed and an opinion of substantial assurance provided;
- Payroll and Human Resources audit work reviewed and tested the adequacy and effectiveness of the controls and processes, and an opinion of substantial assurance was provided;
- Substantial assurance was also provided in relation to audit work for treasury management with no areas for improvement suggested.
- In relation to training, learning and development, overall a moderate assurance over the adequacy and effectiveness of the training, learning and development control framework. Whilst the provision of training and internal assurance arrangements were appropriately structured to support firefighters in maintaining the competencies required for their role, some actions had been identified to improve the overall monitoring and reporting arrangements which would provide greater assurance that training was being undertaken appropriately and learning embedded.

The report also included details of follow up work in relation to:

- Safeguarding - the previous audit provided substantial assurance. Three low risk actions were agreed with management to address areas identified for improvement. Two of the three actions had been implemented with one still ongoing relating to the delivery of Safeguarding Awareness talks, which were to be delivered to staff; and;
- GDPR – the previous audit provided an opinion of moderate assurance. Eleven actions were agreed with management to address areas for improvement, with only three (all low risk/ priority) being completed to date due to vacant staff posts.

#### Proposed changes to the plan

It was noted that internal audit programme for 2021/22 originally included provision for an audit to assess whether recruitment activity adopted a Positive Action approach, and additionally whether on call contracts being offered were commensurate with need. Whilst the current audit programme continued to include provision for a review of the management of on call firefighter provision, which would seek to assess whether there were appropriate controls in place, that operated effectively to ensure stations had sufficient on call cover to provide the required operational response to any incident, the review of recruitment had been deferred until 2022/23 as Covid had delayed the application of a Positive Action approach during 2021/22.

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

35-20/21 INTERNAL AUDIT PLAN - 2022/23

The Internal Auditors were required to produce an Annual Audit Plan, setting out areas they intended to review during the year. The plan amounted to a total resource of 70 audit days in 2022/23 which equated to an overall cost of £23,450 which was in line with budget provision.

A proposed plan was presented by Mrs Judith Taylor.

The internal audit plan was designed to provide the evidence necessary to support an opinion of governance, risk management and control as well as sufficient coverage over operations as a whole either on an annual or periodic basis to enable production of a robust annual audit opinion.

Individual items were proposed for inclusion in the annual audit programme based on planned work deferred from 2021/22 which was still considered important; known changes to operational activity, systems or processes and information obtained from the annual governance review, from the review of the corporate risk register and by liaising with the Director of Corporate Services to establish his view of those areas where independent assurance would be welcomed.

Where it was known that assurance would be provided from another body the Internal Audit Service would not duplicate work but would take it into account if it was relevant to the overall opinion on governance, risk management and control.

The deployment of audit resources was proposed as follows:-

Governance and business effectiveness	3 days
Service delivery and support	24 days
Business processes	32 days
Follow up audit activity	2 days
Other components of the audit plan	9 days
Total	70 days

RESOLVED:- That the Audit Committee agreed the internal Audit Plan for 2022/23.

36-20/21 EXTERNAL AUDIT - AUDIT REPORT AND SECTOR UPDATE

The Chairman welcomed Georgia Jones who had taken over from Andy Smith as engagement lead. She advised that her colleague, Helen Stevenson had taken over from Andy Ayre and their contact details were identified on page 39 of the agenda pack.

Ms Jones presented the external audit progress and sector update report which detailed progress at March 2022 in relation to the financial statements and value for money conclusion. 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.

County Councillor Clarke expressed concern regarding the timing for completion of the audit reports in November 2022 due to delays the previous year. In response, Ms Jones advised that it was intended that the auditors would be on site; this should facilitate better timing of responses. She confirmed the aim was to be completed ahead of the deadline to enable plenty of time for consideration of the report.

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

37-20/21

EXTERNAL AUDIT - UNDERSTANDING HOW THE AUDIT COMMITTEE GAINS ASSURANCE FROM MANAGEMENT

It was noted that in order to comply with Auditing Standards, the External Auditors, Grant Thornton needed to establish an understanding of the management processes in place to prevent and detect fraud and to ensure compliance with laws and regulations. They were also required to make enquiries of both management and those charged with governance as to their knowledge of any actual, suspected or alleged fraud. International auditing standards placed certain obligations on auditors to document managements' view on some key areas that affected the financial statements. In addition to the request to management, they also needed to gain an understanding of how those charged with governance maintained oversight of the above processes as set out in letters to management (Executive Board) and the Chair of the Audit Committee as now considered alongside separate responses.

RESOLVED: - That the Committee noted and endorsed the response submitted by the Executive Board and approved the response by the Chair of the Audit Committee for submission.

38-20/21

RISK MANAGEMENT

The Director of Corporate Services presented the report. The report highlighted action taken in respect of corporate risk since the last Audit Committee meeting. The latest review of the corporate risk register identified 1 new risk which warranted inclusion on the corporate risk register:

Removal of Day Crewing Plus (DCP) / Outcome of Emergency Cover Review (ECR)

It was noted that there was a risk that the ECR would be unable to identify suitable and affordable alternative duty systems for the DCP stations. ECR working groups had been set up to engage with existing DCP staff to look at future duty systems. Potential cost implications would be closely monitored to ensure they were reflected in future updates to the medium-term financial strategy. This was currently classed as a high risk as the review was in its early stages and the cost implications if all stations returned to the 2-2-4 shift system were very significant.

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

County Councillor Shedwick queried whether sufficient allowance had been made in the budget for an increasing inflation rate. In response, the Director of Corporate Services advised that 2.5% inflation was built into the budget with some exceptions including 25% for energy. He confirmed that there was sufficient funding in the reserves to cover any variations which would be kept under review and reported to the Resources Committee.

County Councillor Hennessy expressed concern regarding the cost implications surrounding the risk that the Emergency Cover Review (ECR) process would not identify alternative duty systems for day crewing plus stations. The Director of Corporate Services confirmed that the ECR would be subject to an external consultation process which included with staff and unions.

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

39-20/21 DATE OF NEXT MEETING

The next meeting of the Committee would be held on Tuesday 5 July 2022 at 10:00 hours in Washington Hall, Service Training Centre, Euxton.

Further meeting dates were noted for 27 September 2022 and 29 November 2022 and agreed for 28 March 2023.

M NOLAN  
Clerk to CFA

LFRS HQ  
Fulwood