

# Lancashire Combined Fire Authority

## Audit Committee

Tuesday, 28 March 2023, at 10.00 am in the Main Conference Room,  
Service Headquarters, Fulwood.

### Minutes

<b>Present:</b>	
<b>Councillors</b>	
J Shedwick (Chair)	
N Hennessy (Vice-Chair)	
S Clarke	
F Jackson	
A Kay	
J Singleton	

<b>Officers</b>
K Mattinson, Director of Corporate Services (LFRS) D Brooks, Principal Member Services Officer (LFRS) L Barr, Member Services Officer (LFRS)
<b>In attendance</b>
L Rix, Internal Audit, Lancashire County Council G Jones, External Audit, Grant Thornton K Wilkie, Fire Brigades Union

21/22	<b>Apologies for Absence</b>
	Apologies for absence were received from County Councillor Munsif Dad BEM.
22/22	<b>Disclosure of Pecuniary and Non-Pecuniary Interests</b>
	None received.
23/22	<b>Minutes of the Previous Meeting</b>
	<p>It was noted that the Minutes had been reformatted due to an error with the tables on pages 18-20. An attachment with the amendment had been provided to Members.</p> <p><b>Resolved:</b> - That the Minutes of the last meeting held on 29 November 2022 be confirmed as a correct record and signed by the Chairman.</p>

24/22	<p><b>Internal Audit Monitoring Report</b></p>
	<p>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 5 March 2023 was presented by Laura Rix, Senior Auditor.</p> <p>To date, 50.5 days had been spent this financial year on completion of the 2022/23 plan, equating to 72% of the total planned audit activity of 70 days. The table in the report showed the current status of all audit work.</p> <p>No areas of concern had come to the attention of the auditors which needed to be brought to the attention of the Committee.</p> <p>In response to a question from County Councillor Singleton regarding the completion dates for those areas on the audit plan which were listed as 'progressing' on page 24 of the agenda, Laura Rix confirmed that work remained ongoing which would conclude in the annual report due for the next meeting. County Councillor Hennessy asked if side notes could be provided as to the reason for those areas of work listed as progressing and Laura Rix agreed this would be added to future reports.</p> <p><b>Resolved:</b> - That the Committee noted and endorsed the report.</p>
25/22	<p><b>Internal Audit Plan 2023/24</b></p>
	<p>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 2023/24 which equated to an overall cost of £23,450 which was in line with budget provision.</p> <p>A proposed plan was presented by Laura Rix, Senior Auditor.</p> <p>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.</p> <p>Individual items were proposed for inclusion in the annual audit programme based on 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.</p> <p>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.</p>

	<p>The deployment of audit resources was proposed as follows:-</p> <table data-bbox="316 286 1117 542"> <tr> <td>Governance and business effectiveness</td> <td>3 days</td> </tr> <tr> <td>Service delivery and support</td> <td>20 days</td> </tr> <tr> <td>Business processes</td> <td>35 days</td> </tr> <tr> <td>Follow up audit activity</td> <td>2 days</td> </tr> <tr> <td>Other components of the audit plan</td> <td>10 days</td> </tr> <tr> <td><b>Total</b></td> <td><b>70 days</b></td> </tr> </table> <p>Laura Rix advised that extra time had been allocated to the financial managements systems audit due to the implementation of the Oracle Fusion system.</p> <p>In response to a question raised by CC Singleton, Laura Rix advised that once the plan had been agreed, dates for undertaking the work would be arranged with the Director of Corporate Services and these would be flexible to bear in mind the Service’s operational needs.</p> <p><b>Resolved:-</b> That the Audit Committee agreed the internal Audit Plan for 2023/24.</p>	Governance and business effectiveness	3 days	Service delivery and support	20 days	Business processes	35 days	Follow up audit activity	2 days	Other components of the audit plan	10 days	<b>Total</b>	<b>70 days</b>
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26/22	<b>External Audit - Auditors Annual Report 2021/22</b>												
	<p>Georgia Jones, Audit Manager presented the report.</p> <p>The Auditor’s Annual Report confirmed the final opinion on the financial statements and the outcome of the review of the Authority’s value for money arrangements for securing economy, efficiency and effectiveness in its use of resources.</p> <p>The report re-affirmed the draft opinion on the accounts previously reported to the Committee that they had completed their audit of the Authority’s financial statements and issued an unqualified audit opinion on 30 November 2022.</p> <p>The review of value for money arrangement covered the 3 areas of: i) financial sustainability; ii) governance and iii) improving economy, efficiency and effectiveness. The auditor’s review did not identify any significant weaknesses in arrangements across any of these areas, but had made 2 improvement recommendations as set out pages 63 and 64 of the agenda pack as now considered by Members:</p> <ol style="list-style-type: none"> <li>1. Recommendation – That the Authority should continue to closely monitor the delivery of its savings and efficiency plans to minimise the reduction of reserves and achieve strategic objectives. Management Comment - Agreed, this was usual practice but had slipped due to staff vacancies;</li> <li>2. Recommendation – That the Authority should closely track the delivery of its capital programme to ensure any ongoing slippage did not impact the</li> </ol>												

delivery of its strategic objectives and longer-term plans. Management Comment – Agree, we already do this.

The Director Corporate Services explained that the Service faced challenges with the deadline for the completion of the accounts for a number of reasons: i) the deadline had moved several times over previous years (including due to the Covid pandemic), ii) experienced officers had left the finance team; iii) and with the Service implementing the new Oracle Fusion financial system. It was noted that the government deadline for preparing the draft accounts was by the end of May (with the creation of the accounts by the end of July) however, there was a consultation taking place to extend this deadline.

Georgia Jones advised that the external audit could not take place until the accounts were finalised and therefore the outcome of the consultation was awaited. Even if the deadline for audited local authority accounts to be published moved into September, it still may not be achieved given the challenges outlined. She provided reassurance however, that she would work closely with the newly appointed Director of Corporate Services. CC Singleton queried whether there were any implications if the deadline could not be met. In response, Georgina Jones explained that the government wanted to bring the deadline forward to enable it to generate its own accounts (which included public sector accounts such as from local authorities and other bodies). This was for efficiency purposes and to support decision-making. There was no real impact on the Authority if the deadline could not be met (ie: there were no punitive measures however, questions were sometimes asked at a Public Accounts Committee).

In response to a question from County Councillor Hennessy regarding the improvement recommendation outlined on page 64 of the agenda pack, the Director of Corporate Services provided reassurance that the delivery of the capital programme was monitored by the Resources Committee.

**Resolved:** - That the Committee noted and endorsed the report.

27/22

### **Risk Management**

The report highlighted actions 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 consideration for inclusion on the corporate risk register.

An updated corporate risk register was considered by Members with changes summarised in the report. The Director of Corporate Services highlighted the following key areas:-

#### **Risk no. 3 – Insufficient staffing resources**

Following the agreement of the grey book pay award for 22/23 and 23/24 the likelihood of industrial action had reduced.

	<p><b>Risk no. 9 – Retention and recruitment of RDS/on-call staff impacts on appliance availability</b></p> <p>The numbers of vacancies within the on-call system had increased in the current year, as recruitment had not matched leavers, which had led to a reduction in availability therefore the risk had been revised and increased to a high-risk. It was noted that various groups within the Service were looking at how availability could be improved.</p> <p>It was acknowledged that this was a national issue and the Deputy Chief Fire Officer was the National Fire Chief Council lead for this. It was noted that many Fire and Rescue Services struggled to achieve 50% availability whereas LFRS availability was currently circa 70% (although it had been over 90% in the past).</p> <p><b>Risk no. 29 – High levels of staff absence due to the pandemic</b></p> <p>Given the reductions in absence due to the pandemic, it was proposed to reduce the risk to low-risk.</p> <p><b>Risk no. 33 – Removal of DCP/Outcome of Emergency Cover Review (ECR)</b></p> <p>The Emergency Cover Review was approved by the CFA in December 2022, and was reflected in the Medium-Term Financial Strategy. The implementation of the recommendations would take place over the next 2 years starting with engagement sessions with affected station-based staff (these had already commenced).</p> <p><b>Risk no. 36 – Increase in pay costs</b></p> <p>The 23/24 budget allowed for pay awards of 5%. This was in line with the agreed pay award for grey book and exceeded the pay offer for green book. Hence, it was considered sufficient to meet future costs.</p> <p><b>Resolved:</b> - That the Audit Committee noted the actions taken and endorsed the revised corporate risk register.</p>
28/22	<b>Date of Next Meeting</b>
	<p>The next meeting of the Committee would be held on <b>Tuesday 25 July 2023</b> at 10:00 hours in the Main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood.</p> <p>Further meeting dates were noted for 26 September 2023 and 28 November 2023 and agreed for 28 March 2024.</p>

**M Nolan  
Clerk to CFA**

**LFRS HQ  
Fulwood**