

# Addendum to the Audit Plan

**Year ended 31 March 2023**

Lancashire Combined Fire  
Authority  
November 2023



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# Introduction

## Purpose

This document provides an update to the Audit Plan for Lancashire Combined Fire Authority (the Authority) for 2022/23 for those charged with governance.

## Updated significant risks

Our initial Audit Plan for 2022/23 was presented to the 25 July 2023 Audit Committee and included those significant risks which require special audit consideration and procedures to address the likelihood of a material financial statement error. These were:

- Management override of controls
- Valuation of land and buildings
- Valuation of net pension fund liability.

Since our initial plan was presented, we have identified an additional significant risk requiring audit consideration in relation to the in -year transfer from the Oracle E- Business Suite (EBS) ledger system to Oracle Fusion, which is a cloud-based system.

Lancashire County Council (LCC) host the Oracle Fusion system on behalf of Lancashire Combined Fire Authority and process employee, supplier and customer personal and financial data.

The significant risk arising is:

- Incomplete or inaccurate financial information transferred to the new general ledger.

The detail is set out on page 4.

## Impact on the fee for 2022/23

The addition of another significant risk areas will involve more audit work and will result in additional audit fee. We will provide an update in our reporting to the Audit Committee, as the audit work is currently in progress.

# Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Our initial Audit Plan from July 2023 noted three significant risks, as detailed on page 3. We have identified a further significant risk as set out below.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<p><b>New General Ledger</b></p> <p>Incomplete or inaccurate financial information transferred to the new general ledger</p>	<p>In January 2023 Lancashire Combined Fire Authority moved from using Oracle E- Business Suite (EBS) ledger system to Oracle Fusion, which is a cloud-based system.</p> <p>Lancashire County Council (LCC) host the Oracle Fusion system on behalf of Lancashire Combined Fire Authority and process employee, supplier and customer personal and financial data.</p> <p>It is important when implementing a new significant accounting system that sufficient controls are in place to ensure the integrity of the data. There is also a risk over the completeness and accuracy of the data transfer from the previous ledger system and potential challenges in producing robust control account reconciliations and detailed transaction reports.</p> <p>We are aware that LCC experienced problems with the data migration from the Oracle EBS to Fusion system and there were also instances of data breaches.</p> <p>We have therefore identified the completeness and accuracy of the transfer of financial information to the new general ledger system as a significant risk which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"><li>• complete an information technology (IT) environment review by our IT specialists to document and evaluate the design and implementation of controls within the new general ledger system; and</li><li>• map the closing balances from the previous general ledger to the opening balance position in the new ledger to ensure accuracy and completeness of the financial information.</li></ul>

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# IT audit strategy

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In accordance with ISA [UK] 315 Revised, we are required to obtain an understanding of the relevant IT and technical infrastructure and details of the processes that operate within the IT environment. We are also required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design and implementation of relevant ITGCs.

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

IT system	Audit area	Planned level IT audit assessment
Oracle Fusion: E-Business Suite Finance and Payroll	Financial reporting	<ul style="list-style-type: none"><li>Roll-forward procedures linked to prior year detailed ITGC assessment (design and operating effectiveness)</li></ul>
Oracle Fusion Cloud	Financial reporting	<ul style="list-style-type: none"><li>Detailed ITGC assessment (design and operating effectiveness)</li></ul>

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