

## LANCASHIRE COMBINED FIRE AUTHORITY

### AUDIT COMMITTEE

Thursday, 30 March 2017, at 10.00 am in the Main Conference Room, Service Headquarters, Fulwood.

### MINUTES

#### PRESENT:

##### Councillors

C Crompton (Chairman)  
P Britcliffe  
S Holgate  
M Khan  
M Perks  
J Shedwick (Vice-Chair)  
D Smith

##### Officers

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

##### In attendance

K Murray, External Audit, Grant Thornton  
J Taylor, Internal Audit, Lancashire County Council

#### 35/16 APOLOGIES FOR ABSENCE

None received.

#### 36/16 DISCLOSURE OF PECUNIARY AND NON-PECUNIARY INTERESTS

None received.

#### 37/16 MINUTES OF PREVIOUS MEETING

It was noted under resolution 29/16 regarding the changes to arrangements for the appointment of External Auditors that this was referred to the Combined Fire Authority meeting held on 20 February 2017 where the Authority determined (resolution 69/16 refers) to opt-in to the national procurement being undertaken by Public Sector Appointments.

The Director of Corporate Services confirmed that from 492 Authorities, 483 had signed up to the national scheme. As further information became available on who had been appointed and the consultation on the fee scales he would bring a report back to the Audit Committee.

RESOLVED: - That the Minutes of the last meeting held on 26 January 2017 be confirmed as a correct record and signed by the Chairman.

#### 38/16 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 no new risks that warranted inclusion.

The updated Register was considered by Members.

Discussion took place around the 4 existing risks that had been reviewed.

With reference to risk no. 18 - Inability to maintain service provision in spate conditions, in addition to the reported update, the Director of Corporate Services advised that during the flooding in December 2015, Lancaster Fire Station had been inoperable. Temporary measures were put in place but as part of the plans to redevelop the site further measures had been included to improve resilience. It was proposed that this risk be discharged.

Members discussed whether it would be more appropriate to leave the risk on the corporate register given a future storm could be worse and in a different location.

The Director of Corporate Services reassured Members that appropriate action had been taken to reduce the risk. In response to Member questions, he confirmed that risks were considered as part of the planning process to build new fire stations and that the lowest score for the risk to remain on the Corporate Risk Register was 9.

Members considered that leaving the risk on the register would highlight it as a priority and act as a reminder to Members that everything had been done to mitigate the risk.

The Chairman called a vote to determine whether to leave the risk on the corporate risk register. There were 3 members in favour, 2 against and 2 abstained, therefore the vote was carried and it was agreed that the risk would remain on the register.

RESOLVED:- That the Committee note the actions taken and endorse the revised Corporate Risk Register; subject to the ongoing inclusion of Risk No. 18 - Inability to maintain service provision in spate conditions.

#### 39/16 INTERNAL AUDIT MONITORING REPORT

The Internal Auditor's produced a summary of progress against the Annual Plan for each Audit Committee meeting, setting out progress to date and any significant findings. Judith Taylor tabled and presented an updated report for the period 1 April 2016 to 30 March 2017.

It was noted that work carried out during the period 1 April 2016 – 30 March 2017 was in accordance with the agreed audit plan. To date, 70.5 days had been spent this financial year on completion of the 2016/17 plan, which equated to 88% of the total planned audit activity of 80 days.

It was anticipated that a further 7 days would be spent finalising the work from the 2016/17 audit programme that was still ongoing with a further 2.5 days no longer being required.

A full report on the completed audit activity relating to the 2016/17 audit programme would be provided to the Audit Committee in June as part of the Annual Report of the Head of Internal Audit.

Details of the progress against the 2016/17 plan included assurance provided and key issues identified for each of the areas completed to date. Progress to date in relation to the Plan was provided and discussed by Members.

It was confirmed that from the work undertaken to date no issues had been identified that would have implications for the Authority's internal control environment as a whole.

RESOLVED:- That the Committee note and endorse the report.

#### 40/16 INTERNAL AUDIT PLAN 2017/18

The Committee considered the proposed Internal Audit Plan for 2017/18, which was presented by Judith Taylor.

The Internal Auditors were required to produce an Annual Audit Plan, setting out areas they intended to review during the year.

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.

A total of 80 days were planned at an overall cost of £26,000.

The breakdown of audit resources would be as follows:-

Governance and business effectiveness	(included below)
Service delivery and support	20 days
Business processes	42 days
Follow up audit activity	6 days
Other components of the audit plan	12 days
Total	80 days

Detailed information in respect of the Scope of the audit in relation to each area was considered by Members.

With reference to the proposed Rota Management Audit, the Director of Corporate Services advised that in relation to the new Retained Duty System pay structure (detailed in the report as being introduced from April 2017) it was noted at the Combined Fire Authority held in February (resolution 64/16 refers) that the process to ratify the Fire Brigade Unions vote to support the scheme would result in a delay to implement the scheme.

In response to a question raised by County Councillor Britcliffe, the Director of Corporate Services confirmed that the accounts payable system was set to pay invoices immediately they were authorised; this assisted the cash flow of small businesses. As a public sector body a report was produced as part of the accounts on the Authority's performance in achieving payment within 30 days and where this was exceeded it was predominantly due to the invoice being in dispute.

RESOLVED:- That the Committee agree the Internal Audit Plan for 2017/18.

#### 41/16 EXTERNAL AUDIT - AUDIT PLAN 2016/17

The External Auditors were required to produce an Annual Audit Plan, setting out areas it intended to review during the year. The Plan was considered by Members and was presented by Karen Murray.

The audit fee was £30,739 in line with those previously reported and within the budget.

The External Audit Plan was formulated taking account of the risks faced by the Authority, and as such was designed to ensure that the External Auditor's reviewed how the Authority was managing those risks.

RESOLVED:- That the Committee agree the External Audit Plan now presented for 2016/17

#### 42/16 CODE OF CORPORATE GOVERNANCE

Corporate Governance was the way an authority ensured that it did the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprised the systems and processes, and cultures and values by which the Authority was directed and controlled and through which it account to, engage with, and, where appropriate, led its communities.

In April 2016, CIPFA issued its latest revision of "Delivering Good Governance in Local Government" and stated "that it was up to each local authority or local government organisation to:

- set out its commitment to the principles of good governance included in this Framework;

- determine its own governance structure, or local code, underpinned by these principles;
- ensure that it operated effectively in practice.

The revised framework would provide the benchmark against which the Annual Governance (Assurance) Statement would be prepared for the financial year 2016/17 onwards.

Members considered a revised Local Code of Corporate Governance, as now presented. The overall aim of the Local Code was to ensure that resources were directed in accordance with agreed policy and according to priorities, that there was sound and inclusive decision-making and that there was clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

RESOLVED: - that the Committee agree the revised Code of Corporate Governance as presented.

43/16 DATE OF NEXT MEETING

The next meeting of the Committee would be held on Thursday 22 June 2017 at 10:00 hours in the Main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood.

A further meeting was noted for 28 September 2017.

M NOLAN  
Clerk to CFA

LFRS HQ  
Fulwood