



LONDON FIRE BRIGADE

Report title

Audit Committee Update

Report to

Commissioner's Board
Deputy Mayor's Fire and Resilience Board
London Fire Commissioner

Date

24 March 2021
20 April 2021

Report by

General Counsel

Report number

LFC-0503

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If redacting, give reason:

I agree the recommended decision below.

Andy Roe
London Fire Commissioner

This decision was
remotely signed on
Date 11 May 2021

Executive Summary

The London Fire Commissioner (LFC) created an Audit Committee (the Committee) in the Autumn 2020 comprising four independent members in order to '*enhance public trust and confidence in the governance of the London Fire Brigade (the Brigade), review and, where appropriate, make recommendations to the London Fire Commissioner (LFC) on the comprehensiveness, reliability and integrity of and compliance with the internal and external controls including finance, audit, risk management, and corporate governance*' (Audit Committee Terms of Reference). The establishment of an Audit Committee formed part of the LFC's Transformation Plan. The Audit Committee has now met twice; 7th December 2020 as an introductory meeting, and 25th February 2020 as the first substantive meeting.

The minutes of the meetings, the Terms of Reference and the Annual Work Plan for the Audit Committee are attached for LFC consideration.

Recommended decisions

The London Fire Commissioner

1. Notes the minutes of the Audit Committee for the meetings of 7th December 2020 and 25th February 2021 attached as Appendix 1
2. Approves the Terms of Reference agreed by the Audit Committee on 25th February 2021 attached as Appendix 2
3. Notes the Annual Work Plan agreed by the Audit Committee on 25th February 2021 attached as Appendix 3.

Introduction and Background

1. The background to the setting up of the Audit Committee and appointment of the independent members is set out in the earlier LFC published decision LFC– 0425.
2. The four independent members of the Committee comprising Martha Phillips OBE (Chair) , Kay Boycott, Seyi Obakin OBE and Martin Spencer have started a comprehensive induction programme which has been discussed and designed between LFC officers and the Audit Committee members to enable them to effectively review, challenge and make recommendations on the comprehensiveness, reliability and integrity of and compliance with the LFC internal and external controls including finance, audit, risk management, and corporate governance. This has included the advance provision of various relevant LFC documents, introductions given by senior officers in key areas at the first meeting of the Committee , a workshop on risk and assurance held on 28th January 2021, and the setting up of further workshops to be held between April and June 2021 regarding People, Finance and Transformation.
3. The Audit Committee held its first substantive meeting on 25th February 2021 and the minutes of that meeting as approved by the Chair, are attached as **Appendix 1**. The Committee Terms of Reference provide at paragraph 3.8 *Recommendations and reports deriving from the Committee shall be reported to the LFC for decision or consideration*. The minutes of the Committee meetings will be presented to the Commissioner's Board at the first available date after the Audit Committee meeting has taken place and the minutes are approved The Chair of the Committee will be invited, as required, to the Board to present those minutes. The purpose of this report back to the LFC within the governance framework is to provide a prompt opportunity for the Commissioner to consider the business of the Committee, and any comments or recommendations that may be made, and to consider where appropriate , any action required. Any urgent matters arising from the Committee meeting will be reported directly to the LFC for action outside of this normal process.
4. The role of the Audit Committee is in part to *enhance public trust and confidence in the governance of the London Fire Brigade* (Committee Terms of Reference), and accordingly the minutes of the Committee will be published on the LFC website as confirmed in the Committee Terms of Reference at paragraph 3.9. The minutes will also be provided to the Deputy Mayor, Fire and Resilience and to the Mayor of London.
5. The Terms of Reference of the Committee also provide at paragraph 4.6 that the Audit Committee shall produce an annual report which will be published on the LFC website.

6. At the meeting on 25th February the Audit Committee considered and approved the Terms of Reference and these are attached as **Appendix 2**. These will be reviewed annually. The London Fire Commissioner is recommended to agree the Terms of Reference.
7. The Committee also considered the Annual Work Plan for the year and this is attached as **Appendix 3**. The work plan was agreed with a decision by the Committee to formally review the plan in 6 months. In accordance with paragraph 4.1 of the Terms of Reference the Commissioner is recommended to note the Annual Work Plan.

Strategic Drivers

8. Effective audit assurance and in particular the Audit Committee, supports the strategic pillar *delivering excellence* in the LFC Transformation Delivery Plan.

Workforce Impact

9. There is no direct impact of these proposals on staff. However, the increase in governance arrangements, including the support provided to the Audit Committee, has resulted in greater demands on the Governance Team in the General Counsel Department which may result in a need to expand that team in due course.

Finance comments

10. The Chief Finance Officer has reviewed this report and has no comments.

Legal comments

11. Under section 9 of the Policing and Crime Act 2017, the London Fire Commissioner (the "Commissioner") is established as a corporation sole with the Mayor appointing the occupant of that office. Under section 327D of the GLA Act 1999, as amended by the Policing and Crime Act 2017, the Mayor may issue to the Commissioner specific or general directions as to the manner in which the holder of that office is to exercise his or her functions.
12. Section 1 of the Fire and Rescue Services Act 2004 states that the Commissioner is the fire and rescue authority for Greater London. The Commissioner is also a 'best value' authority under the Local Government Act 1999 and must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
13. The LFC's Scheme of Governance states, inter alia, that:

"The Commissioner has adopted the CIPFA/SOLACE Framework Delivering Good Governance in Local Government which sets out the core principles on which effective governance should be built. These are: ...

 - Managing risks and performance through robust internal control and strong public financial management

- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
14. The Chartered Institute of Public Finance and Accounting (CIPFA) published a new Financial Management (FM) Code which applied from 1 April 2020. The FM Code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial stability. A key message in relation to audit committees is included in the section of the FM Code on governance and financial management style, and states
- "All parts of the governance structure of an organisation play an important role, but the audit committee is a key component, providing independent assurance over governance, risk and internal control arrangements. It provides a focus on financial management, financial reporting, audit and assurance that supports the leadership team and those with governance responsibilities."
15. CIPFA's 2018 'Position Statement: Audit Committees in Local Authorities and Police' applies to all principal local authorities in the UK, the audit committees for PCCs and Chief constables in England and Wales, and the audit committees of fire and rescue authorities. The proposals set out in this report in relation to the Terms of Reference and proposed Annual Work Plan are consistent with the principles set out in that Statement.

Equality Impact

16. The London Fire Commissioner and decision takers are required to have due regard to the Public Sector Equality Duty (s149 of the Equality Act 2010) when taking decisions. This in broad terms involves understanding the potential impact of policy and decisions on different people, taking this into account and then evidencing how decisions were reached.
17. It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken.
18. The protected characteristics are: Age, Disability, Gender reassignment, Pregnancy and maternity, Marriage and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), Race (ethnic or national origins, colour or nationality), Religion or belief (including lack of belief), Sex, Sexual orientation.
19. The Public Sector Equality Duty requires the LFC, in the exercise of all its functions (i.e. everything it does), to have due regard to the need to:
- (a) Eliminate discrimination, harassment and victimisation and other prohibited conduct.
 - (b) Advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it.
 - (c) Foster good relations between people who share a relevant protected characteristic and persons who do not share it.
20. Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic;
 - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
 - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
21. The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
22. Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- (a) tackle prejudice, and
 - (b) promote understanding.
23. The Terms of Reference and the Annual Work Plan provide for a focus on the LFC's performance of the duties set out under the Equality Act 2010, and the Audit Committee, through its agendas will be reviewing a range of other arrangements which may be presented to it with equality impact analysis. Any recommendations resulting from the Committee will result in improvements being made by the LFC where needed and accordingly the proposals set out in the report have no negative impact on persons who share a protected characteristic, indeed the functions of the Audit Committee are more likely to have a positive impact.

List of Appendices

Appendix	Title	Protective Marking
1.	Minutes of Audit Committee of 7 December 2020 and 25 February 2021	None
2.	Terms of Reference	
3.	Annual Work Plan	



LONDON FIRE BRIGADE

MINUTES

AUDIT COMMITTEE

DATE	Monday, 7 December 2020	TIME	11.00 am
VENUE	Microsoft Teams - Virtual		

Minutes of the proceedings of the meeting of Audit Committee held Microsoft Teams - Virtual on Monday, 7 December 2020

Present:

Marta Phillips OBE, Independent Member (Chair)
Kay Boycott, Independent Member
Seyi Obakin OBE, Independent Member
Martin Spencer, Independent Member

In Attendance:

Sue Budden, Director of Corporate Services
Fiona Dolman, Transformation Director
Kathy Robinson, General Counsel
Andy Bell, Assistant Commissioner, Grenfell Tower Investigation and Review Team
Adrian Bloomfield, Assistant, Director Finance
Teresa Young, Senior Governance Manager
Lindsey Heaphy, Group Internal Audit Lead
Karen Mason, Head of Internal Audit

1. Apologies

1. There were no apologies for absence.

2. Introduction by the London Fire Commissioner

- 2.1 The Chair welcomed Andy Roe, London Fire Commissioner to the meeting.
- 2.2 The Commissioner stated that he would like to attend future meetings of the Audit Committee as he considered that the Committee could provide views on a number of areas, which would help his learning and that of the London Fire Brigade (LFB) to best serve the people of London by delivering a safe fire and rescue service to the best possible value. He set out the context for the establishment of the Audit Committee, following his appointment in 2019 and the publication of the Grenfell Inquiry Phase 1 report and HMICFRS Inspection Report. The LFB had identified that it needed to improve and learn lessons from the past. However, the LFB faced serious challenges ahead in the operating environment with numerous high-rise buildings in London. The Commissioner indicated his openness to Committee members having access to anywhere in the organisation.
- 2.3 In terms of the Audit Committee reporting to the Commissioner's Board, the Commissioner stated that he envisaged that the Chair would attend at least quarterly.

- 2.4 In response to a question about whether the Committee's terms of reference could include looking at public confidence, the Commissioner stated that it would be for the Committee to decide what would be appropriate and how they could best utilise their time.
- 2.5 The Commissioner explained that the priorities for him were delivery against the recommendations of the Grenfell Tower Inquiry Phase 1 Report and HMICFRS Inspection Report, which would affect the LFB's ability to drive further change. Secondly, internal and external communications needed to be improved. Thirdly, the budget and how it impacted on the next Integrated Risk Management Plan would be a major priority, given that the LFB was entering a period of very difficult budgetary considerations and consideration would need to be given about how to mitigate the risks to Londoners.
- 2.6 A Member commented that the Committee could only focus on risk, but that might lead to a failure to realise opportunities. The Commissioner responded that he would also want the Committee to look at opportunities because that might mitigate risks.
- 2.6 The Chair thanked the Commissioner for attending. The Commissioner then left the meeting.

3. Declarations of Interest

- 3.1 There were no declarations of interest.

4. Introductions by the new Board Members

- 4.1 The Chair introduced herself and explained her background. She then invited the other Members in turn to introduce themselves.
- 4.2 The introductions were noted.

5. Introduction to Key Officers

- 5.1 The Chair invited the key officers to introduce themselves.
- 5.2 The Director of Corporate Services introduced herself and explained that her directorate comprised finance, IT, Property, General Counsel's Department and Technical and Commercial (procurement).

Governance

- 5.3 The General Counsel gave a presentation on the London Fire Commissioner's governance framework, which set out the responsibilities of the London Fire Commissioner as a corporation sole and the relationship with the Greater London Authority, the Mayor of London and the London Assembly's Fire, Resilience and Emergency Planning Committee. Members asked about the matters which required the Deputy Mayor or Fire and Resilience's consultation or prior approval before the London Fire Commissioner could take a decision, including novel, repercussive and contentious matters.
- 5.4 The Chair thanked the General Counsel for her presentation.

Finance

- 5.5 The Assistant Director, Finance gave a presentation explaining how the LFB was funded and the requirements of the LFB's Budget Submission to the Mayor of London. He also set out how the Assembly scrutinised the LFB's budget. The Assistant Director, Finance stated that the LFB's financial position was published quarterly, the quarter 2 position having been published recently, showing a £5.6 million overspend, which had been reduced from a £10 million overspend. The LFB was facing considerable financial challenges and in order to have a balanced budget in 201/22 £16 million was being used from the Budget Flexibility Reserve to help manage the uncertainty. There would be a budget gap of £8.2 million in 2022/23 which would be addressed through the development of the Integrated Risk Management Plan (IRMP). The Assistant Director, Finance also highlighted the financial documents which the LFB was required to produce, including the Annual Treasury Management report and the Statement of Accounts.
- 5.6 The Committee noted the financial challenges ahead and asked if they could have sight of the financial management plan. This was needed to enable the Committee to understand the cost implications of meeting the recommendations of the Grenfell Tower Inquiry and the HMICFRS Inspection Report, thereby supporting confidence building in the LFB. Members noted that Covid-19 had created many challenges for public organisations and it was noted that, as with many other local government bodies, the London Fire Commissioner had been unable to publish the final accounts by 30 November 2020. It was noted that the built environment and counter terrorism provided key financial challenges for the LFB. The Director of Corporate Services stated that the Integrated Risk Management Plan would include the financial position together with the significant challenges ahead. Members requested a copy of the IRMP once it had been drafted.
- 5.7 The Chair thanked the Assistant Director, Finance for his presentation.

Risk and Assurance

- 5.8 The Director for Transformation introduced herself and explained the functions of her directorate which included, strategy, performance, assurance, transformation and the Grenfell Tower Inquiry and Review Team. She explained the work that was being undertaken to meet the actions arising from Phase 1 of the Grenfell Tower Inquiry and the HMICFRS Inspection Report in 2019. She also explained the purpose of the IRMP. In terms of transformation, the LFB would be moving from a task-based approach to a portfolio and project management approach and development of the LFB's staff would be central to that. This approach would be underpinned by having a risk management framework.
- 5.9 The Assistant Commissioner - Transformation Directorate gave a presentation on the LFB's approach to developing a new risk management framework. The Committee had received the current risk register as part of the agenda papers. The approach to the new risk management framework was based on HM Treasury's model of three lines of defence and the LFB would look to the Audit Committee to help develop that. The layered approach to risk management would mean that departmental risks would be owned by Heads of Service and scrutinised by directors, directorate risks would be

scrutinised by the London Fire Commissioner and corporate risks would be scrutinised by the Deputy Mayor for Fire and Resilience. Risk registers for each department would be deployed. The outcome of the ongoing work would be increased levels of confidence at all levels of the organisation.

- 5.10 The Chair thanked the Assistant Commissioner, Transformation for his presentation.
- 5.11 In response to a question about how the different initiatives were being prioritised, the Assistant Commissioner – Transformation Directorate stated that risk registers were seen as a key development and departments were engaged in their development.
- 5.12 The General Counsel advised Members that as the Committee's work programme was developed, they would have an opportunity to be involved in the development of the initiatives.
- 5.13 It was agreed to hold a workshop on risk and assurance.

Internal Audit

- 5.14 The Group Audit Lead gave a presentation on the work of the Mayor's Office for Policing and Crime's Directorate of Audit, Risk and Assurance, which provided an internal audit service to the London Fire Commissioner. The role of Internal Audit was to provide the third line of defence by giving independent assurance to the London Fire Commissioner. In addition, once a year the Group Audit Lead gave an opinion which was presented to the Commissioner. The Group Audit Lead explained the types of review that Internal Audit undertook, and it was noted that the Internal Audit Plan was agreed in February each year.
- 5.15 The Chair thanked the Group Audit Lead for her presentation.

6. Terms of Reference

- 6.1 This item was deferred. The Chair stated that Members needed to reflect on the discussion before considering the terms of reference at the next meeting.

7. Work Plan for 2021

- 7.1 This item was deferred and it was agreed that the Chair would discuss a draft work programme with officers, which would then be discussed at the next meeting.

8. Dates of Future Meetings

- 8.1 It was agreed that dates for future meetings would be agreed by circulation outside of the meeting.

9. Any Other Business

- 9.1 Members expressed a desire to follow up on the discussions at the meeting. The Chair requested that where Members arranged informal meetings with officers they invited the other Members.

- 9.2 The Chair requested that the internal audit reports for the current financial year be sent to Members.
- 9.3 The Chair thanked officers for their briefings and requested that the presentations be circulated to Members.

Teresa Young, Senior Governance Manager
Clerk to Audit Committee
X 30080



LONDON FIRE BRIGADE

MINUTES

AUDIT COMMITTEE - DRAFT

DATE	Thursday, 25 February 2021	TIME	1.45 pm
VENUE	Microsoft Teams - Virtual		

Minutes of the proceedings of the meeting of Audit Committee held Microsoft Teams - Virtual on Thursday, 25 February 2021

Present:

Marta Phillips OBE, Independent Member (Chair)
Kay Boycott, Independent Member
Seyi Obakin OBE, Independent Member
Martin Spencer, Independent Member

In Attendance:

Sue Budden, Director of Corporate Services
Fiona Dolman, Transformation Director
Kathy Robinson, General Counsel
Andy Bell, Assistant Commissioner, Transformation
Adrian Bloomfield, Assistant Director, Finance
Lindsey Heaphy, Group Internal Audit Lead
Karen Mason, Head of Internal Audit
Janet Dawson, Audit Partner, Ernst & Young - External Auditor (Item 9)
Chloe Weaver, Audit Manager, Ernst & Young - External Auditor (Item 9)
Tim Powell, Director for People (Item 12)
Jonathan Smith, Assistant Commissioner, Operational Resilience and Control (Item 12)
Anna Flatley, Governance Manager
Olivia Olarewaju, Governance Support Officer

1. Apologies

There were no apologies.

2. Minutes of the Previous Meeting

The minutes were agreed subject to an amendment to paragraph 5.3 to replace the word "consent" in the second sentence with "consultation or prior approval".

The sentence will therefore read. "Members asked about the matters which required the Deputy Mayor for Fire and Resilience's consultation or prior approval before the London Fire Commissioner could take a decision, including novel, repercussive and contentious matters."

3. Declarations of Interest

There were no declarations of interest.

4. LFC Executive Summary of Current Events

The Director of Corporate Services provided the Committee with a brief summary of the current key issues. These included the HMICFRS inspection on LFB's progress on implementing recommendations from the Grenfell Tower Inquiry Phase I report issued on 12 February 2021; the coroner's report on the death of a London Firefighter; the Treasury's published remedy for the age discrimination resulting from the changes to public sector pensions; the local elections on 6 May 2021; the LFC Budget; the new GLA Group Treasury Management Syndicate; Short term financial borrowing; and fraud activity.

The Chair thanked the Director for the verbal report and asked that a similar report be given at the beginning of each Committee Meeting.

The Committee then discussed some of the issues raised and noted they may be discussed in more detail at the Committee in due course as part of its assurance and scrutiny remit.

Specifically the Committee requested that significant budgetary changes be communicated to members outside of the meetings if necessary; and Incident Command Training be considered further by the Committee.

5. Terms of Reference

The General Counsel introduced the Terms of Reference (ToR) and reported that the minutes of the Audit Committee meetings will be presented to the London Fire Commissioner via the Commissioner's Board in order that he can consider and act upon the Audit Committee recommendations; and the Audit Committee minutes will be published on the LFC website.

The Committee then discussed the ToR and in particular whether they adequately reflected the priorities of the LFC as detailed in paragraph 2.5 of the minutes of the last Audit Committee; especially in relation to the recommendations arising from the Grenfell Tower Inquiry Phase 1 report and the HMICFRS Inspection Report. It was noted that delivery of these recommendations are monitored in other forums and that where appropriate they would be included within the risk plan and also picked up in other reports on the workplan for scrutiny by the Committee. The Committee then emphasised the need to ensure it provided added value to the reporting and oversight processes within the LFC and the Chair asked officers to look at this as the Committee established itself.

The Audit Committee then agreed the Terms of Reference, subject to it being reviewed annually.

6. Work Plan for 2021

The General Counsel introduced the workplan which the Committee then discussed. It was noted that there were some areas, such as Estates which would be developed in coming weeks. In response to questions, it was noted that other areas such as technology and training would be picked up through internal audit reports. The Chair asked that officers look at all the assurance and scrutiny work being undertaken, including internal Audit reports, and how these could be mapped against the Committee's workplan. The Chair noted that the Committee would consider the Internal Audit annual plan and how action plans should be reported to the Committee.

Members asked for more details on the scrutiny of internal /external communications. It was noted that there was a new Interim Director for Communications and further to any subsequent review there could be an additional line on the workplan for communications.

The Chair therefore noted that this workplan was subject to change and emphasised the need to keep it under constant review.

The Audit Committee then, subject to the comments above and constant review, agreed the Work Plan. The Committee agreed that it be formally reviewed in 6 months time.

7. Financial Position as at the end of December 2020 - Quarter 3

The Assistant Director, Finance introduced the report by outlining the current arrangements for reporting on the financial position to the LFC. He then noted that the overspend forecast of £3m had decreased significantly and highlighted the key points as detailed in the report.

The Chair welcomed the report and the reduced overspend forecast and the fact that any remaining overspend should be significantly offset by funds from the Home Office and the London Ambulance Service (LAS) for the services undertaken to support the LAS and others during the COVID-19 pandemic. The Committee then discussed the report.

Officers then answered a number of specific questions from the Committee members on vacancy levels, the budgetary process, the use of reserves, and the implications of COVID-19 costs on the budget.

Members asked that for future reports, the presentation of the current, original and revised budget as set out in Table 1 on page 20 of the Agenda pack be made clearer.

The Committee then noted the report.

8. Internal Audit Progress Report 2020/21

The Head of Internal Audit introduced the report, and in response to previous comments noted that a review of cyber security had just commenced and that training would be a key feature in the workplan for the next financial year. The Head of Internal Audit then summarised the report and outlined the way Internal Audit operated. It was noted that Internal Audit were working closely with the Assistant Commissioner, Transformation to map the Internal Audit work with the assurance framework.

The Committee then discussed the report, welcoming the areas where follow up internal audit reviews had achieved substantial assurance and noting updates on the those with limited assurance ratings. It was noted that considerable work had been completed to remedy the issues raised since the report was produced and this would be detailed in the next report for quarter 3.

The Chair and Members then discussed how the Committee should most effectively engage in the work of Internal Audit and suggestions made included concentrating on recommendations made following reviews and tracking their progress, highlighting outstanding actions and those of higher risk, seeing the whole review for those very high risk ratings and for those with a limited assurance rating, and ensuring lessons learnt from one review were transferring to other areas.

In response to questions the Head of Internal Audit confirmed that there was an Internal Audit Charter and undertook to supply this to Members of the Committee. Internal Audit also provided an annual report.

The Chair noted that these were helpful suggestions to start with and asked that these be reviewed in six months.

The Audit Committee then noted the report.

9. External Audit Report

The Audit Partner and Audit Manager for LFC from Ernst and Young introduced themselves and summarised the work they undertook for the LFC. The Audit Partner noted that the 2019/20 accounts were late to be signed off, along with a number of other authorities, due to the pandemic and difficult property valuations. However it was expected that the audit could be finalised in the following fortnight. It was noted that whilst there would be some impact from this on the 2020/21 accounts the External Auditors were hopeful that these could be addressed, however. It was further noted that the reporting deadlines would again be extended by Government due to COVID-19.

The Chair welcomed the update and noted that she would work outside the meeting with officers on the level of engagement required by the Audit Committee on the accounts. The Audit Partner recognised the different dynamic with the LFC Audit Committee and registered the External Auditors flexibility in working with the Committee. The Chair noted this and noted that the relationship would develop.

Members requested that once the audit of 2019/20 accounts was completed they be shared with the Committee members. It was further noted that the finance workshop which had been scheduled would cover in more detail the procedure for the accounts.

The Chair then thanked the External Auditors.

10. LFB Performance Reports - For Information Only

The Assistant Commissioner, Transformation noted that the background papers supplied with the Agenda included the set of reports on progress under the action plans for the HMICFRS and GTI recommendations and the LFC Transformation Delivery Plan from the end of January, and noted that these were constantly being updated and reported on. He then gave a brief update on the prospects for meeting the recommendations from the Grenfell Tower Inquiry and the HMICFRS inspection. It was noted that these would be discussed in greater detail at the scheduled transformation workshop. The Chair indicated that she wished to discuss at that workshop where the Committee could add value.

11. Assurance Framework for TDP, GT and HMI Action Plans

The Assistant Commissioner, Transformation introduced the update on the assurance of the action plans which was circulated as part of the revised agenda and noted that this would be the subject of a detailed discussion at the scheduled workshop. The Assistant Commissioner summarised the background to the development and reporting on the separate action plans. It was noted that the plans were now consolidated into one single plan with the GTI and HMICFRS actions reported externally. The Committee noted the role of the Brigade Portfolio

Board in scrutinising the action plans, as well as the Commissioner's Board and the Deputy Mayor's Fire and Rescue Board.

The Assistant Commissioner then answered some questions and it was acknowledged that some of the actions were off track due to the impact of COVID-19 and the complexities of addressing some of the issues arising within the built environment in London.

The Chair welcomed the update and indicated that the Committee would discuss and decide how it would add value to the process for delivering on the actions, without unnecessarily creating additional work.

The Committee then noted the update.

12. Strategic Risk Register

Due to the time constraints the Chair indicated that the Committee would only hear the updates on red risks from officers who were not standing advisors to the Committee.

CRR18 - The ongoing asymmetric terror threat to London and UK potentially exposes a level of vulnerability which could result in increased levels of risk

The Assistant Commissioner, Operational Resilience and Control reported that this risk is being rewritten although the overall premise remained the same. It was noted that there were specialist teams which could provide the appropriate response which mitigated the risk but it was the front line who predominately faced this threat. It was noted that development of the capacity of front line staff to deal with this risk was subject to negotiations with the Fire Brigades Union.

CRR33 – The training provider is unable to provide effective and efficient training to deliver the Brigade's needs.

CRR34 – Non contracted training provision does not effectively secure maintenance of skills.

The Director of People provided an update on the history of training with the LFB, including the outsourcing to Babcock. He added that the two areas he was particularly addressing were how to ensure that the training provided ensures competency and how talent in the workforce was nurtured. It was confirmed that regular scrutinising meetings with Babcock took place and outcomes were reported into Board meetings; but it was acknowledged that whilst improving the assurance on training was not currently good enough. Forensic research into these areas were being undertaken.

The Committee recognised the difficulties and noted that this would be considered in greater depth at the workshop scheduled on People.

13. Any Other Business

There was no other business.

14. Dates of Future Meetings

The Committee noted the dates of the future meetings and that in future they would be scheduled to last three hours, as follows:

24 May 2021
15 July 2021
28 October 2021
2 December 2021.

The Committee also noted the workshops scheduled as follows:-

Finance – 19 April 2021
People – 14 May 2021
Transformation – 1 June 2021

Anna Flatley, Governance Manager
Clerk to Audit Committee

Audit Committee – Terms of Reference

1. PURPOSE

The overall purpose of the Audit Committee is to enhance public trust and confidence in the governance of the London Fire Brigade (the Brigade) , review and, where appropriate, make recommendations to the London Fire Commissioner (LFC) on the comprehensiveness, reliability and integrity of and compliance with the internal and external controls including finance, audit, risk management, and corporate governance.

The Audit Committee is responsible for:

- 1.1 Providing independent assurance on the adequacy and effectiveness of the system of internal controls and risk management;
- 1.2 Providing independent scrutiny of the preparation of the Statement of Accounts, including the Annual Governance Statement, advised by the external auditors;
- 1.3 Providing independent review of the LFC budget submission to the Mayor, incorporating the Capital Strategy, Reserves Strategy and Medium Term Financial Plan;
- 1.4 Providing independent review of the LFC's Treasury Management Strategy Statement;
- 1.5 Providing independent scrutiny of quarterly performance reports to support the above;
- 1.6 Advising the LFC according to good governance principles;
- 1.7 Overseeing the effectiveness of frameworks for ensuring compliance with statutory requirements including those for health safety and wellbeing, inclusion and diversity and also for whistleblowing, values and ethics; and
- 1.8 Providing independent opinion of any matter referred to the Committee by the LFC.

2. MEMBERSHIP

- 2.1 Members of the Committee shall be appointed by LFC for a period of 2 years, to be reviewed thereafter, and the LFC shall appoint a Chair.
- 2.2 The Committee shall comprise of at least three, and a maximum of four independent members including a Chair.
- 2.3 The LFC will ensure that the Committee Chair and Members have the relevant expertise, experience and support.
- 2.4 The Committee shall be attended by at least the Director of Corporate Services, Director of Transformation, Assistant Director – Finance, General Counsel, or their representatives, and representatives of the internal and external auditors and other staff, as appropriate to the agenda.

- 2.5 The Chair of the Committee may require the attendance of any officer within the Brigade to attend the Committee.
- 2.6 The Committee may invite representatives of related partner organisations, as appropriate, to attend Committee meetings to assist with the work of the Committee.
- 2.7 At least once a year a representative of the LFC's external auditor will meet with the Committee.

3. MEETINGS

- 3.1 At least three independent members are to be present to be quorate.
- 3.2 The Committee shall meet formally at least four times a year (where appropriate such meetings should be timed by reference to the LFC's financial reporting cycle) and otherwise on such occasions as the LFC may request or as may be required in consultation between the Director of Corporate Services and the Chair of the Committee.
- 3.3 The Committee shall operate by majority decision. In the case of an equality of votes, the Chair of the Committee shall be entitled to an additional or casting vote in addition to any other vote they may have.
- 3.4 Notice of each meeting of the Committee (confirming the venue, date and time, and an agenda of business to be discussed) shall, unless agreed by all concerned, be sent to each member of the Committee and any other invitees not less than 5 clear working days before the meeting, other than in the case of urgency, where the arrangements shall be agreed with the Chair.
- 3.5 The General Counsel Department Governance Team shall maintain a written record of the proceedings and decisions of the Committee which shall be circulated to all members of the Committee.
- 3.6 The Committee shall seek such information from the LFC and his directors and employees (all employees being directed to co-operate with any such request by the Committee), as it deems necessary in order to fulfil its role.
- 3.7 The meetings shall not be held in public and the papers of the meetings are not published on the LFC website.
- 3.8 Recommendations and reports deriving from the Committee shall be reported to the LFC for decision or consideration.
- 3.9 The minutes of the Audit Committee meetings shall be made available to the public
- 3.10 These terms of reference will be reviewed annually by the Committee and recommendations made to the LFC for any amendment.

4. WORK PLAN AND REPORTING

- 4.1 The Committee shall develop an annual work plan to be presented to the Commissioner.

- 4.2 The Audit Committee Chair will report to the Commissioner, drawing attention to any issues that require attention or decision.
- 4.3 The Committee may submit special reports to the LFC, as required.
- 4.4 The Chair of the Committee shall attend the LFC Commissioner's Board at which the LFC accounts are approved.
- 4.5 The Chair of the Committee shall attend the GLA Fire Emergency and Planning Committee as required.
- 4.6 The Audit Committee shall produce an annual report which will be published on the LFC website this will be timed to support finalisation of the accounts and the Annual Governance Statement, summarising its conclusions from the work it has conducted throughout the reporting year.

5. RISK MANAGEMENT

The Committee shall:

- 5.1 Understand the LFC's business strategy, operating environment and the associated risks, taking into account all key elements of the organisation.
- 5.2 Understand the role and activities of the LFC in relation to managing risk.
- 5.3 Discuss with the LFC its policies, attitude to and appetite for risk and tolerance levels to ensure these are appropriately defined and communicated so that management understands these parameters and expectations.
- 5.4 Understand the risk management framework and the assignment of responsibilities.
- 5.5 Critically challenge and review the risk management framework and strategies to evaluate how well the arrangements are actively working in the organisation and provide assurance to the LFC on effectiveness; and
- 5.6 Critically challenge and review the suitability, adequacy and effectiveness of control processes and the resources in responding to risks within the organisation's governance, operations and compliance.
- 5.7 Be satisfied that the LFC's assurance statements, including the annual Governance Statement, properly reflect the risk environment and review progress on the Annual Governance Statement action plan.
- 5.8 Review all risks on the corporate risk register at least annually.
- 5.9 Review the LFC's business continuity arrangements.

6. FINANCIAL MANAGEMENT

The Audit Committee shall

- 6.1 Review the Statement of Accounts;
- 6.2 Review the appropriateness of accounting policies;
- 6.3 Review the Capital Strategy;
- 6.4 Review the Treasury Management Strategy Statement;
- 6.5 Review arrangements for securing value for money, in particular the annual budget process; and
- 6.6 Review regular performance reports relating to the above.
- 6.7 Provide independent review of the LFC budget submission to the Mayor, incorporating the Capital Strategy, Reserves strategy and Medium-Term Financial Plan.

7. INTERNAL AUDIT

The Audit Committee shall

- 7.1 Review arrangements for the provision of internal audit services
- 7.2 Review the annual internal audit plan (and ensure that it is aligned to the key risks of the LFC) and its delivery through the receipt of regular progress reports;
- 7.3 Consider the Head of Audit's Annual report and opinion on the adequacy and effectiveness of the internal control framework ensuring appropriate action is taken to address areas of improvement. This includes monitoring the delivery of audit recommendations.

8. EXTERNAL AUDIT

The Audit Committee shall

- 8.1 Monitor delivery of internal audit recommendations; and
- 8.2 Review arrangements for the provision of external audit services;
- 8.3 Review the annual external audit plan, and its delivery;
- 8.4 Review the external audit fees; and
- 8.5 Review the annual audit results letter.

9. GOVERNANCE

The Audit Committee shall

- 9.1 Review and report on the LFC's Governance arrangements and internal control framework including progress against any improvement plans, decision making, business planning, Scheme of Delegation etc and to review their effectiveness.
- 9.2 Review the suitability of the Whistleblowing Policy, and the ethics and values Codes.

10. COUNTER FRAUD AND CORRUPTION

The Audit Committee shall

- 10.1 Review the counter fraud, bribery and corruption strategies and resources and their suitability and effectiveness.

11. CYBER SECURITY

The Audit Committee shall

- 11.1 Provide assurance to the LFC that the organisation is properly managing its cyber risk include appropriate risk migration strategies.
- 11.2 Review the LFC's cyber resilience at least annually, as part of the financial year end assurance.

12. OTHER COMPLIANCE MATTERS

The Audit Committee shall

- 12.1 Satisfy itself on behalf of the LFC that an effective Health, Safety and Wellbeing Framework is in place to discharge legal responsibilities.
- 12.2 Satisfy itself on behalf of the LFC that an effective arrangements are in place for the LFC to discharge legal responsibilities in relation to Diversity and Inclusion.

13. GENERAL

The Committee shall

- 13.1 Consider any other matter specifically referred to the Committee by the LFC.

Audit Committee Work Plan 2021						
		25-Feb	24-May	15-Jul	28-Oct	02-Dec
Finance						
Financial Position		Q3		Draft Outturn	Q1	Q2
Budget Setting			Final Budget		Mayor's Budget Guidane	Budget Savings and Growth Proposals
Capital Strategy			Final Strategy			Capital Submission
Treasury Management			TM Strategy	TM Outturn		TM Mid Year
Statement of Accounts				Draft Accounts (which includes the appropriateness of accounting policies)	Final Accounts	
External Audit		Update Report	Audit Plan		Audit Results	Annual Audit Letter
Local Pension Board			LPB Annual Report			
Other						
Finance - Governance, counter fraud policy etc				Counter fraud, bribery and corruption strategies		
Governance		Terms of Reference and work plan for the year		Governance Review to include whistleblowing, ethics and values policies Annual Governance Statement		
Internal Audit		Audit progress report	Internal audit plan 21/22	Audit progress report	Annual report year end 20/21	Audit Progress Report
Strategic Risk	28/01/21 Workshop - New assurance and risk proposals	Strategic risk items - high risk	to consider the new Risk Register	Summary of Risk Register	Summary of Risk Register	Summary of Risk Register
People				Equality, inclusion and the Togetherness Strategy - KPI's and Assurance	Gender and Ethnicity Pay Gap Reports	
Health and Safety					Annual Report	
IT and Information Management (including GDPR/FOIA, complaints and cyber security)					Annual Report	

Estates - TBC						
Performance against the LSP/ TDP/HMICFRS/GTI (Reporting includes sustainability)* Performance is currently presently for information only		Q3		Q4	Q1	Q2
Business Assurance Framework	28/01/21 Workshop- New assurance and risk proposals	Assurance Framework for TDP, GTI and HMICFRS Action Plans			Statement of Assurance (FRS National Framework)	Q2
Contracts/ Procurement risks			Managing risks in relation to contracts and the associated financial risk which comes with potential contract failures			
Audit Committee Annual Report					Annual Audit Committee Report	
Business Continuity TBC						
Workshops timetabled as follows						
Finance - 19 April 2021						
People - 14 May 2021						
Transformation - 1 June 2021						