



Audit Committee Annual Report

2023 Annual Report of the London Fire
Commissioner's Audit Committee

February 2024





Marta Phillips OBE, Chair of the London Fire Commissioner's Audit Committee

Foreword by Marta Phillips CBE, Chair of the Audit Committee

I am delighted to introduce the annual report of the Audit Committee, summarising the contribution the Committee made during 2023. The Committee continues to focus on the audit, assurance and risk management processes within the Brigade, whilst maintaining oversight of financial and other regulatory requirements.

There was particular focus on the significant and emerging risks facing the Brigade in what has been a challenging year. This will continue to be a priority for the Committee going forward as the Brigade further develops its maturity to risk management. The members of the Committee bring a balanced, independent and objective approach to the business of the Committee and I am grateful for the contributions they have made in providing a robust challenge of the brigade's arrangements for risk, audit and governance. I am also grateful to colleagues in the LFB for their open and transparent approach to the work of the Audit Committee.

The Committee regularly reviews its workplan, taking a flexible and agile approach to its business. The workplan has varied throughout the course of year to accommodate emerging issues and concerns, whilst continuing to receive periodic assurance reports necessary to provide routine oversight of the Brigade's audit and governance arrangements.

While this report rightly focuses on the work of the Audit Committee for the last year, one of the most significant challenges facing the London Fire Brigade is culture change to address the findings of an independent review. The Audit Committee will

be working with the colleagues in the Brigade to support the changes and developments it needs to put in place in delivering its action plans.

Introduction

This report provides a summary of the work of the London Fire Commissioner's (LFC) Audit Committee for the year 2023. The Audit Committee was constituted in November 2020 to provide more robust scrutiny and assurance of LFB's financial, risk and governance and other internal control arrangements. This is the Committee's third annual report.

The London Fire Commissioner (LFC) established the Audit Committee in November 2020 to provide more robust scrutiny and assurance of the London Fire Brigade's financial, risk and governance and other internal control arrangements.

The Chartered Institute for Public Finance and Accountancy (CIPFA) defines the purpose of an Audit Committee as follows:

1. Audit Committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.
2. The purpose of an Audit Committee is to provide those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting and annual governance processes.

(Audit Committees – Practical Guidance for Local Authorities and Police (2018) **Composition of the Audit Committee**

The Audit Committee is comprised of four independent Members:- Ms Marta Phillips OBE (Chair); Ms Kay Boycott; Mr Seyi Obakin OBE; and Mr Martin Spencer.

All four Members were re-appointed in November 2023 for a further and final three-year period. At the end of that period there will be turnover of the current membership and the introduction of new Audit Committee members in accordance with best practice. Ms Phillips has been reappointed as Chair.

The four members have a range of backgrounds and experience which together provide the requisite skills to carry out and develop the functions of the Audit Committee.

Roles and responsibilities of the Audit Committee

The Audit Committee's role is to enhance public trust and confidence in the governance of the London Fire Brigade and, where appropriate, to make recommendations to the London Fire Commissioner on the comprehensiveness, reliability and integrity of and compliance with the internal and external controls including finance, audit, risk management, and corporate governance. Its remit therefore covers the following broad areas:

RISK MANAGEMENT

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.

Understand the risk management framework and the assignment of responsibilities.

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.

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.

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.

Review all risks on the corporate risk register at least annually.

Review the LFC's business continuity arrangements.

FINANCIAL MANAGEMENT

Review the Statement of Accounts;

Review the appropriateness of accounting policies;

Review the Capital Strategy;

Review the Treasury Management Strategy Statement;

Review arrangements for securing value for money, in particular the annual budget process; and

Provide independent review of the LFC budget submission to the Mayor, incorporating the Capital Strategy, Reserves strategy and Medium-Term Financial Plan.

INTERNAL AUDIT

Review arrangements for the provision of internal audit services.

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.

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.

EXTERNAL AUDIT

Monitor delivery of internal audit recommendations;

Review arrangements for the provision of external audit services;

Review the annual external audit plan, and its delivery;

Review the external audit fees;

Review the annual audit results letter.

GOVERNANCE

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.

Review the suitability of the Whistleblowing Policy, and the ethics and values Codes.

COUNTER FRAUD AND CORRUPTION

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

CYBER SECURITY

Provide assurance to the LFC that the organisation is properly managing its cyber risk include appropriate risk migration strategies.

Review the LFC's cyber resilience at least annually, as part of the financial year end assurance.

Operation of the Audit Committee

The Audit Committee met on four occasions in 2023 (17 January, 12 June, 5 September, and 4 December) with meetings dates structured around the receipt of annual assurance reports, external and internal audit reporting cycles, and the statutory requirements for the production of the Statement of Accounts and Annual Governance Statement.

The Committee met in-person for its June and September meetings and the other two were held virtually. Members attendance is noted in table below.

Attendance

Member	17 January 2023	12 June 2023	5 September 2023	4 December 2023
Ms Marta Phillips OBE (Chair)	Present	Present	Present	Present
Ms Kay Boycott	Present	Present	Present	Present
Mr Seyi Obakin OBE	Present	Present	Present	Present
Mr Martin Spencer	Present	Apologies received	Present	Present

The Committee is minded to have a mixture of in-person and virtual meetings in 2024.

The Committee is supported by a number of senior officers who attend regularly and bring expertise in relation to finance, risk and corporate governance.

Committee Business

The Committee's main focus during its second year has been on the following areas in its work programme and Appendix 2 includes an analysis of the reports and work undertaken against the Committee's Terms of Reference.

- **Finance.** The Committee has considered the quarterly LFC financial position reports; Outturn reports; Budget reports including the Capital Strategy; and Treasury Management reports. The Committee has in addition considered

the draft Statement of Accounts and the Annual Governance Statement. The Committee noted that the draft Statement of Accounts and the Annual Governance Statement were made available for public scrutiny in accordance with the statutory deadlines.

- **Internal Audit.** The Internal Auditor is a standing advisor to the Committee and the Committee have considered progress reports on a quarterly basis and the Internal Audit Annual Plan and Review of the year. The Committee met the Internal Auditor without any LFB officers present at the September meeting and the Committee Members subsequently met to reflect upon this discussion.
- **External Audit.** The External Auditor, Ernst and Young, attended the September meeting of the Audit Committee where the Committee considered the Statement of Accounts and the External Audit Update and were critical of the delay in starting the audit for 2022/23, but understands that this delay is because of an issue affecting all local government bodies. The Committee met the External Auditor without any LFB executives present and the Committee Members subsequently met to reflect upon this discussion.
- **Performance.** Quarterly LFB Performance Reports have been considered at the Committee. The Committee has also discussed the ongoing transformation programme.
- **Assurance.** The Committee has considered the Statement of Assurance and the Business Risk and Assurance Reports. The Committee also considered an update on the recommendations of the Independent Operational Assurance Advisor report. The Committee further received updates on His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) inspections and steps in place to monitor this.
- **Risk.** The Corporate Risk register is a regular item on the Committee's agenda and strategic risks are discussed at each meeting. This has included specific focus on the completion of transformation, Community Risk Management Plan, culture review, industrial relations, building environment, Home Fire Safety Visits, the budget, training, and the workforce.

Other specific areas that the Committee has addressed include:-

Cyber Security. The Committee has highlighted the risks of cyber security and considered in detail an update paper on Information Technology Security.

Culture Review. The Committee has received regular updates on the Culture Review which the Committee considered in some detail, including the role of the newly

formed Advisory Panel. The Committee received a briefing on the new LFB values, i.e. service, integrity, courage, teamwork, learning and equity.

The Committee has further received at each meeting an update on and discussed current key issues, and where relevant noted that issues raised would be considered in more detail as part of its assurance and scrutiny remit.

In addition it has received reports on:-

- Annual Monitoring of Health and Safety
- Requests for Information (Freedom of Information and Data Protection)
- Gender, Ethnicity and Disability Pay Gap
- Local Pension Board Annual Report

Attendance by the London Fire Commissioner

The London Fire Commissioner attended the Audit Committee in September 2023 and the Committee took the opportunity to discuss in detail current risks and his most pressing concerns. The Committee registered its concern about the pace and volume of change and the resultant danger of increased burn out. The Audit Committee Chair also met the Deputy Mayor Fire and Resilience during the year.

It is anticipated that the London Fire Commissioner will attend at least one meeting of the Committee in 2024.

The Deputy Mayor for Fire and Resilience is also scheduled to attend one meeting of the Committee in 2024.

Other activities by the Audit Committee

The Chair of the Committee regularly attends the Commissioner's Board to present the minutes from the Committee, highlight any key points and to answer any questions from members of the Board.

The Committee recognises its role in providing assurance that the LFC meets the CIPFA Principle A – behaving with integrity, with commitment to ethical values, and respect for the law – as committed to in the Annual Governance Statement.

The Committee has commented on various reports as part of its role in providing assurance and has made suggestions regarding good practice which the LFC has taken on board. The Chair has suggested that the role the Audit Committee adds to the LFC's assurance be more clearly articulated in its public assurance reports, for example within the Statement of Accounts for 2022/23.

The Audit Committee has recognised the progress made throughout the year in relation to transformation, assurance, performance monitoring, risk and cultural

change. It does though continue to express concern as to whether the LFC has the capacity to respond to all demands upon it considering the pace and volume of change, and the need for prioritisation.

Look Ahead

The Committee develops its workplan based on experiences gained in previous years and where it can add value and provide assurance to the LFC. However, the Committee amends its workplan and programme of meetings to synchronise more fully with key activities and this scheduling is kept under review.

As part of its workplan for 2024 the Committee has undertaken to review its Terms of Reference in light of the experience it has gained to ensure it is optimizing its added value.

Visits and other attendances

LFB People Award

The Chair attended and presented an award at the LFC's second in person People Awards at the Hilton Bankside on Friday, 23 June, attended by over 250 members of staff from across the Brigade. The awards were created to celebrate the achievements of staff, volunteers and cadets across the Brigade.



Chair Presenting at the LFB Peoples Awards

LFB Advisory Panel

The Chair met with Martin Forde KC, the independent Chair of the London Fire Brigade's Advisory Panel. The Advisory Panel was set up to provide support, challenge and assurance for the Brigade's work to create a safe and professional working environment for all staff, following the publication of the Independent Review of LFB's culture last year.

Hammersmith Fire Station

The Committee visited the Hammersmith Fire Station and Community Hub in conjunction with holding its June meeting. Members took the opportunity to gain greater insight into the running of the LFB, and the work of the Community Fire

Safety Teams. The Committee was grateful for the time taken by senior colleagues in the Fire Station who hosted the visit.



Left to Right Seyi Obakin, Marta Phillips, Station Commander Jim Berry and Kay Boycott at Hammersmith Fire Station

Fire Stations

All Members visited individual fire stations (Chelsea, Lambeth, Sutton and East Ham) as part of further familiarisation of the operational running of a fire station and to interact with operational station staff. These visits were informative and Members intend to revisit these stations in 2024.