

Councillor M Tomlinson
Chair of the Audit Committee
Lancashire Fire Authority
Lancashire Fire and Rescue Service Headquarters
Garstang Road
PRESTON
PR2 3LH

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

T +44 (0)161 953 6900
F +44 (0)161 953 6901
www.grant-thornton.co.uk

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Dear Councillor Tomlinson

Lancashire Combined Fire Authority Financial Statements for the year end 31 March 2017. Understanding how the Audit Committee gains assurance from management

To comply with International Auditing Standards, each year we need to refresh our understanding of how the Audit Committee gains assurance over management processes and arrangements.

I have written separately to the Chair of the Resources Committee in respect of the management processes in place for the Resources Committee to:

- oversee management's processes in relation to carrying out an assessment of the risk the financial statements may be materially misstated due to fraud or error?; and
- satisfy itself that it is appropriate to adopt the going concern basis in preparing the financial statements?

If you have any comments on the questions I have asked the Chair of the Resources Committee please include these in your response.

I would be grateful, therefore, if you could write to me with your responses to the following questions.

- 1 How does the Audit Committee oversee management's processes in relation to:
 - identifying and responding to the risk of breaches of internal control
 - identifying and responding to risks of fraud in the organisation (including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist)
 - communicating to employees its views on appropriate business practice and ethical behavior (for example by updating, communicating and monitoring against the codes of conduct)?
- 2 Do you have knowledge of any actual, suspected or alleged frauds? If so, please provide details.
- 3 How does the Audit Committee gain assurance that all relevant laws and regulations have been complied with?

Chartered Accountants

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4 Are you aware of any actual or potential litigation or claims that would affect the financial statements?

Please could you provide a response by the Audit Committee of the 30 March 2017 and please contact me if you wish to discuss anything in relation to this request.

Yours sincerely

Karen Murray
Director
For Grant Thornton UK LLP

T +44 (0)161 234 6364
E Karen.l.murray@uk.gt.com