

Mrs K Murray
Director
Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester M3 3EB

:
Date: 22 June 2017

Dear Mrs Murray

**LANCASHIRE COMBINED FIRE AUTHORITY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 - UNDERSTANDING HOW THE
AUDIT COMMITTEE GAINS ASSURANCE FROM MANAGEMENT**

Further to your letter, I confirm the following.

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 behaviour (for example by updating, communicating and monitoring against the codes of conduct)?*

I believe that the Audit Committee adequately discharges its duties in respect of the above as it considers the following issues throughout the year:-

- The Code of Corporate Governance continues to be relevant
- Internal and external audit plans are in place, which are designed to ensure appropriate controls
- Relevant external and internal audit reports are reviewed by the committee, none of which have identified any significant issues which require addressing.
- Regular progress reports from internal audit which provide an assurance as to the adequacy and effectiveness of systems that have been reviewed. These have confirmed that all key financial systems have been reviewed and that the controls in place are both adequate and effective.
- Risk management arrangements, including the updated corporate risk register

- The Authority's Anti-Fraud Policy and Whistleblowing Policy, are in line with best practice and continue to be relevant
- The Authority participates in the National Fraud Initiative
- The Committee is aware that the Authority maintains an up to date Code of Conduct for both Members and Officers that requires all parties to declare relevant interests.
- The Committee will consider the Annual Governance Statement, prepared by the Service, at its June meeting, and in particular will review the process for reviewing this and the assurances on which the statement is based.

Do you have knowledge of any actual, suspected or alleged frauds? If so, please provide details

I am not aware of any instances of actual, suspected or alleged frauds which affect the authority at this moment in time, or of any related party relationships or transactions that could give rise to instances of fraud. Nor am I aware of any entries in the accounting records that I believe or suspect are false or misleading.

How does the Audit Committee gain assurance that all relevant laws and regulations have been complied with?

All Committee reports are reviewed by the Clerk to the Authority and the Treasurer to the Authority to ensure compliance with legal and financial regulations, and I am not aware of any instances of non-compliance with laws and regulations during 2015/16

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

I am not aware of any actual or potential litigation that would affect the financial statements which is not already recorded in them

Yours sincerely

Mr M Tomlinson
Chair of the Audit Committee
Lancashire Combined Fire Authority