

Councillor F De Molfetta  
Chair of the Resources Committee  
Lancashire Fire Authority  
Lancashire Fire and Rescue Headquarters  
Garstang Road  
Fulwood  
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](http://www.grant-thornton.co.uk)

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Dear Councillor De Molfetta

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

To comply with International Auditing Standards, each year we need to refresh our understanding of how the Resources Committee gains assurance over management processes and arrangements for producing the financial statements

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

- identify and respond 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)
- oversee management's process in identifying and responding to the risk of breaches of internal control
- communicate to employees its views on appropriate business practice and ethical behavior (for example by updating, communicating and monitoring against the codes of conduct)?
- How the Audit Committee gains assurance that all relevant laws and regulations have been complied with?
- Whether the audit committee are aware of any actual or potential litigation or claims that would affect the financial statements?

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

Due to the role of the Resources Committee in reviewing the financial statements I would be grateful, therefore, if you could write to me with your responses to the following questions.

- 1 How does the Resources Committee oversee management's processes in relation to carrying out an assessment of the risk the financial statements may be materially misstated

**Chartered Accountants**

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due to fraud or error?

- 2 How has the Resources Committee satisfied itself that it is appropriate to adopt the going concern basis in preparing the financial statements?

Please could you provide a response ahead of the Resources Committee on 29 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