

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

Date: 28 June 2017

Dear Mrs Murray

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

Further to your letter, I confirm the following.

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 due to fraud or error?

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

- The financial position of the Authority is reviewed throughout the year
- The committee will consider the full set of accounts at its meeting in June. As part of this process it will review not only the accounts but the covering report which explains the links between the revenue and capital outturn reports thus ensuring the accounts are consistent with in-year reporting. In addition, it challenges the Treasurer as appropriate on these, and other, reports.
- Included within the accounts is the Annual Governance Statement, and the Committee takes note of the Audit Committees recommendations in connection with this, and in particular the overall conclusion on the system of internal controls operating within the Authority.
- The Committee also monitors progress against all contracts in excess of £50,000.
- 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.

I am not aware of any entries in the accounting records that I believe or suspect are false or misleading

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

The annual budget process sets a budget for the following year, as well as including draft budgets for the following 4 years. These demonstrate that the Authority is able to set realistic and achievable budgets in the medium term to continue to deliver services in line with its IRMP. In addition the Authority reviews the purpose and level of reserves on an annual basis to ensure that these are sufficient to meet future requirements. Furthermore the annual budget presented to the Authority in February includes an assessment by the Treasurer of the robustness of the budget and the adequacy of reserves in the following year, as well as indicative figures for the following 4 years.

The on-going review of the Authority's financial position throughout the year provides strong evidence of the on-going viability of the Authority from a financial perspective, demonstrating that the Authority has appropriate arrangements in place to manage within its annual budget.

Furthermore the annual audit letter considers the financial resilience of the Authority and states that the Authority has proper arrangements in place to secure financial resilience.

The Authority has not identified any events which cast any doubt on the Authority's ability to continue as a going concern.

Yours sincerely

F DeMolfetta
Chair of the Resources Committee
Lancashire Combined Fire Authority