

Response from Audit Committee Chair of Lancashire Combined Fire Authority

Fraud risk assessment

Auditor Question	Response
Has the Authority assessed the risk of material misstatement in the financial statements due to fraud?	Yes
What are the results of this process?	No material risk identified as there is a reconciliation between the management accounts reported to Resources Committee and the financial accounts presented here
What processes does the Authority have in place to identify and respond to risks of fraud?	Participation in the NFI (and have not identified any frauds as a result of this), whistle blowing and anti-fraud policies
Have any specific fraud risks, or areas with a high risk of fraud, been identified and what has been done to mitigate these risks?	No
Are internal controls, including segregation of duties, in place and operating effectively?	Yes Review by Internal and External Audit Reported in Annual Governance Statement
If not, where are the risk areas and what mitigating actions have been taken?	N/A
Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?	No
Are there any areas where there is a potential for misreporting?	No
How does the Authority exercise oversight over management's processes for identifying and responding to risks of fraud?	Updated corporate risk register is presented at each Audit Committee, update report relating to NFI is reported to the Committee
What arrangements are in place to report fraud issues and risks to the Authority / Audit Committee?	Updated corporate risk register is presented at each Audit Committee, update report relating to NFI is reported to the Committee

Auditor Question	Response
How does the Authority communicate and encourage ethical behaviour of its staff and contractors?	Agreed set of values includes trust and Integrity. Employee code of conduct. Code of Corporate Governance. Contractor terms and conditions
How do you encourage staff to report their concerns about fraud? Have any significant issues been reported?	Agreed whistle blowing and anti-fraud policies No

Are you aware of any related party relationships or transactions that could give rise to risks of fraud?	No, only significant related party relates to Treasurer whose wife is Treasurer at Blackburn with Darwen Council, as detailed in the accounts
Are you aware of any instances of actual, suspected or alleged, fraud, either within the Authority as a whole or within specific departments since 1 April 2018?	No

Law and regulation

Auditor Question	Response
What arrangements does the Authority have in place to prevent and detect non-compliance with laws and regulations?	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.
How does management gain assurance that all relevant laws and regulations have been complied with?	As above
How is the Authority provided with assurance that all relevant laws and regulations have been complied with?	As above
Have there been any instances of non-compliance or suspected non-compliance with law and regulation since 1 April 2018?	No

Auditor Question	Response
What arrangements does the Authority have in place to identify, evaluate and account for litigation or claims?	Year-end process to identify contingent liabilities/outstanding litigation and claims On-going DFM monitoring arrangements Discussion with Clerk/Solicitor
Is there any actual or potential litigation or claims that would affect the financial statements?	No
Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance?	No

Going Concern

Auditor Question	Response
How will the Authority / Audit Committee satisfy itself that it is appropriate to adopt the going concern basis in preparing the 2018/19 financial statements?	Review of budget reports, financial reports throughout the year. Including ability to set a balanced budget, level of reserves, robustness of budget and MTFS