

Councillor Hasina Khan,
Chair of the Audit Committee
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9 March 2021

Dear Councillor Khan,

The Lancashire Combined Fire Authority Financial Statements for the year end 31 March 2021

Understanding how the Audit and Risk Committee gains assurance from management

To comply with International Auditing Standards, we need to establish an understanding of how those charged with governance gains assurance over management processes and arrangements.

I would be grateful, therefore, if you could write to me in your role as Audit Committee Chair with your responses to the following questions.

- 1 How does those charged with governance 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
 - identifying and responding to the risk of breaches of internal control
 - identifying and responding to risks of fraud at the Authority (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 those charged with governance gain assurance that all relevant laws and regulations have been complied with?
- 4 Are you aware of any actual or potential litigation, claims or whistleblower tips or complaints that would affect the financial statements?

I have attached a separate schedule which explores these areas in more detail. I would be grateful if you

could complete this schedule and return it to me. If you are in agreement with this, I would be grateful for your formal response by 29 March 2021.

Yours sincerely

Andy Ayre
Manager
For Grant Thornton UK LLP
