

Our Ref: KLM/CLS

Mr Terry Brown  
Audit and Governance Committee Chair  
Lancashire County Council  
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2 March 2017

Dear Mr Brown

**Lancashire County Council and Lancashire County Pension Fund Financial Statements for the year end 31 March 2017**

**Understanding how the Audit and Governance Committee gains assurance from management**

To comply with International Auditing Standards, each year we need to refresh our understanding of how the Audit and Governance Committee gains assurance over management processes and arrangements.

I would be grateful, therefore, if you could write to me with your responses to the following questions.

- 1 How does the Audit and Governance 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
  - identifying and responding to the risk of breaches of internal control
  - identifying and responding to risks of fraud in the organization (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 the Audit and Governance Committee gain assurance that the County Council and County Pension Fund have complied with all relevant laws and

**Chartered Accountants**

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regulations?

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

Please could you provide a response by 3 May 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