

Caroline Stead
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Phone:
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Your ref:
Our ref:
Date: 30 June 2015

Dear Ms Stead

Response of the Chair of the Audit and Governance Committee to Grant Thornton's request for information to support its compliance with International Standards on Auditing

The Audit and Governance Committee and I have considered your request for information to enable you to comply with International Standards on Auditing in respect of Lancashire County Council's and the Lancashire Pension Fund's financial statements for the year ended 31 March 2015. The committee has approved the following response.

1. Your requirements

1.1 Grant Thornton is obliged to comply with International Auditing Standards. In particular each year it is required to confirm their understanding of how the Audit and Governance Committee gains assurance over specific management processes and arrangements.

2. How does the Audit and Governance Committee oversee management's processes identifying and responding to the risks of fraud in the entity and the internal control that management has established to mitigate these risks?

2.1 The Audit and Governance Committee takes seriously its role in reviewing Lancashire County Council's and Lancashire Pension Fund internal control effectiveness, including financial control arrangements and compliance with the law. It values its independence of both the executive and scrutiny functions and its direct reporting line to the council. It is also charged with oversight of the overall arrangements by which the risk of fraud is managed.

2.2 The Audit and Governance Committee receives information about instances of financial impropriety and fraud as well as breaches of control within the Internal Audit Service's regular progress reports and annual report.

2.3 A counter fraud policy statement, strategy and work-plan, and a whistle-blowing policy are in place and are periodically communicated to the council's staff. The Audit and Governance Committee receives periodic reports from the Internal Audit Service of issues being investigated as potential impropriety or fraud, and management's responses to these.

3. Do you have knowledge of any actual, suspected or alleged frauds?

- 3.1 Other than the instances recorded in the 'Whistleblowing, special investigations and counter-fraud' report the Audit and Governance Committee is unaware of any further actual, suspected or alleged frauds.

Yours sincerely

CC Terry Brown
Audit and Governance Committee Chair