



Grant Thornton

Councillor John Bullock
Chair of the Audit and Governance Committee
West Lancashire Borough Council
52 Derby Street
Ormskirk
L39 2DF

16 June 2015

Dear Councillor Bullock

**West Lancashire Borough Council Financial Statements for the year end 31
March 2015
Understanding how the Audit and Governance Committee gains assurance
from management**

To comply with International Auditing Standards, we need to establish an 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 in your role as Audit and Governance Committee Chair with your responses to the questions in Appendix A.

We are hopeful that the Committee could co-ordinate responses in time for discussion at the next meeting on 30th June. If you are in agreement with this I would be grateful for the Committee's formal response by mid July.

Yours sincerely

A handwritten signature in blue ink that reads "Karen Murray".

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Appendix A – Questions for Audit and Governance Committee

Item	Description	Comment
a	Have you assessed the risk of material misstatement in the financial statements due to fraud?	
b	What are the results of this process?	
c	What processes do you have in place to identify and respond to the risks of fraud?	
d	Have any specific fraud risks, or areas with a high risk of fraud, been identified, and what has been done to mitigate these risks?	
e	Are internal controls, including segregation of duties, in place and operating effectively?	
f	If not, where are the risk areas and what mitigating actions have been taken?	
g	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)?	
h	Are there any areas where there is a potential for misreporting?	
i	How do you exercise oversight over management's processes for identifying and responding to risks of fraud?	
j	What arrangements are in place to report fraud issues and risks to the Audit Committee?	
k	How do you communicate and encourage ethical behaviour of staff and contractors?	
l	How do you encourage staff to report their concerns about fraud?	
	Have any significant issues been reported?	
m	Are you aware of any related party relationships or transactions that could give rise to risks of fraud?	
n	Are you aware of any instances of actual, suspected or alleged fraud, either within the Council as a whole or within specific departments since 1 April 2014?	

- o What arrangements do you have in place to prevent and detect non-compliance with laws and regulations?
- p How does management gain assurance that all relevant laws and regulations have been complied with?
- q How are you provided with assurance that all relevant laws and regulations have been complied with?
- r Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2014?
- s What arrangements do you have in place to identify, evaluate and account for litigation or claims?
- t Are there any actual or potential litigation or claims that would affect the financial statements?
- u Have there been any reports from other regulatory bodies, such as HMRC, which indicate non-compliance?

