

Councillor Bullock
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Dear Councillor Bullock

West Lancashire Borough Council Financial Statements for the year end 31 March 2016
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, as the Council's Audit Committee, gains assurance over management processes and arrangements.

I would be grateful, therefore, if you could write to me with your responses in your role as Audit and Governance Committee Chair 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 organisation (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 behaviour (for example by updating, communicating and monitoring against the codes of conduct)?
- 2 What are the Audit and Governance Committee's views about the risks of fraud?
- 3 Do you have knowledge of any actual, suspected or alleged frauds? If so, please provide details.
- 4 Do you have any knowledge of any whistleblower tips or complaints? If so, please provide details.
- 5 How does the Audit and Governance Committee gain assurance that all relevant laws and regulations have been complied with?
- 6 Are you aware of any actual or potential litigation or claims that would affect the financial statements?
- 7 How has the Audit and Governance Committee satisfied itself that it is appropriate to adopt the going concern basis in preparing the financial statements?

Chartered Accountants

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I am hopeful the committee could co-ordinate responses in time for discussion at the next meeting on 28th June. If you are in agreement with this I would be grateful for the Committee's formal response by mid July.

Yours sincerely

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Manager
For Grant Thornton UK LLP

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