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27 April 2012

District Auditor Karen Murray
Audit Commission
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Dear District Auditor Murray

Your Reference: RBC 11/12

Further to your letter dated 28 March 2012 I have set out below my responses to the questions you have raised.

Having been involved in this field for the past 48 years I feel I have a good knowledge and understanding of local government finance and the importance of the role that audit plays in ensuring that management processes and arrangements comply with best practice.

Fraud and Internal Control

1) The Audit and Accounts Committee works closely with the Internal Audit officers of Lancashire County Council and receives regular reports updating on the effectiveness of internal controls to minimise the risk of fraud and the procedures in place to identify errors or fraud that may arise. The National Fraud Initiative has played an important part in identifying fraudulent activity and appears to be acting as a significant deterrent for attempts at fraud.

The Council's policies are regularly updated and the work undertaken in response to the Bribery Act has strengthened this area.

2) By ensuring that the work programme of the Internal Audit staff places sufficient importance on internal control and the assessment of the risk of fraud.

I am not aware of any breaches of internal control during 2011/2012.

3) I am not aware of any instances of actual, suspected or alleged fraud during the period 1 April 2011 to 31 March 2012.

I do not have any concerns over whether internal controls, including segregation of duties, exist and work effectively.

I am not aware of any related party relationships or transactions that could give rise to instances of fraud.

I am not aware of any entries in the accounting records that I believe or suspect are false or intentionally misleading.

Laws and Regulations

4) By written and verbal assurances of the responsible officers.

I am not aware of any instances of non-compliance during 2011/2012.

Litigation and Claims

5) I am not aware of any actual or potential litigation or claims that would affect the financial statements.

Going Concern

6) The Audit and Accounts Committee satisfies itself as to whether it is appropriate to adopt the going concern basis in preparing financial statements by assessing whether the Council's revenue and capital balances are adequate, whether the annual accounts are broadly in line with original budgets and monthly updated monitoring reports and the audit and other reports submitted to the Committee during the year.

I have carried out a preliminary assessment of the going concern assumption and have not identified any events that may cast significant doubt on the Council's ability to continue as a going concern.

I trust this answers the questions you have raised but will be happy to answer any further questions you may have.

Yours sincerely

Councillor Tom Aldred
Chair of the Audit and Accounts committee