



cutting through complexity

Annual Audit Letter 2013/14

Humberside Fire Authority

13 October 2014

The contacts at KPMG in connection with this report are:

John Prentice

Director

KPMG LLP (UK)

Tel: 0113 231 3935

john.prentice@kpmg.co.uk

Jackie Rae

Manager

KPMG LLP (UK)

Tel: 0113 231 3643

jackie.rae@kpmg.co.uk

Matthew Moore

Assistant Manager

KPMG LLP (UK)

Tel: 0113 231 3663

matthew.moore@kpmg.co.uk

Page

Report sections	
■ Headlines	2
Appendices	
1. Summary of reports issued	4
2. Audit fees	5

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies*. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document which is available on the Audit Commission's website at www.auditcommission.gov.uk.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact John Prentice, the appointed engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk, who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 3rd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to complaints@audit-commission.gsi.gov.uk. Their telephone number is 03034448330.

This report summarises the key findings from our 2013/14 audit of Humberside Fire Authority (the Authority).

Although this letter is addressed to the Members of the Authority, it is also intended to communicate these issues to key external stakeholders, including members of the public.

Our audit covers the audit of the Authority's 2013/14 financial statements and the 2013/14 VFM conclusion.

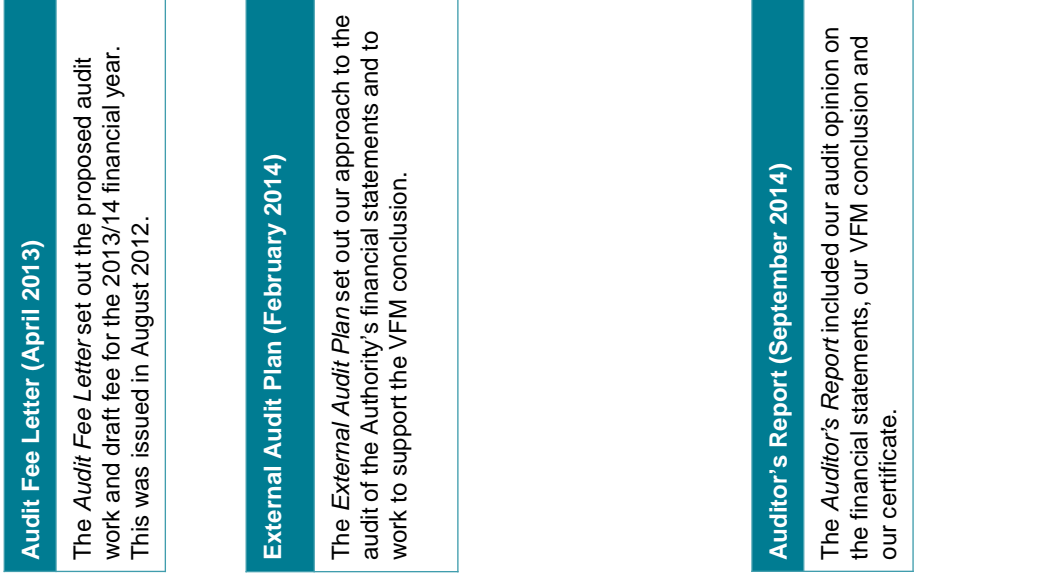
<p>VFM conclusion</p>	<p>We issued an unqualified value for money (VFM) conclusion for 2013/14 on 29 September 2014. This means we are satisfied that you have proper arrangements for securing financial resilience and challenging how you secure economy, efficiency and effectiveness.</p> <p>To arrive at our conclusion we looked at your financial governance, financial planning and financial control processes, as well as how you are prioritising resources and improving efficiency and productivity.</p>
<p>VFM risk areas</p>	<p>We identified two specific risks to our VFM conclusion and considered the arrangements you have put in place to mitigate these. The identification of and the delivery of financial savings will be a key factor in the delivery of value for money services in the future. We examined the Authority's arrangements for identifying and achieving savings and concluded the Authority has proper arrangements in place to meet these challenges. We also identified the financial and governance arrangements of HFR Solutions as an area of challenge to the Fire Authority. We found adequate arrangements to be in place.</p>
<p>Audit opinion</p>	<p>We issued an unqualified opinion on your financial statements on 29 September 2014. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year. The financial statements also include those of the fire fighters pension fund and the Authority's Group, which consists of the Authority itself and HFR Solutions.</p>
<p>Financial statements audit</p>	<p>The Authority produced a good set of financial statements, supported by working papers. We agreed one significant change within the financial statements to amend the treatment of the assets constructed as part of the East Coast and Herfordshire Control Room project. This change increased the net worth of the Authority by £2m. There were no other significant adjustments made to the accounts and two unadjusted audit differences identified by our work. We also agreed a number of changes to the disclosure notes within the accounts to aid the readers understanding and ensure compliance with the CIPFA Code.</p> <p>In our audit planning we identified one risk area; the triennial revaluation of the local government pension scheme. Through liaison with the auditor of the pension fund we are satisfied that arrangements were in place to mitigate the risk identified.</p> <p>We made three specific recommendations as a result of our audit work; the main recommendation was that the Authority should complete the CIPFA disclosure checklist as part of the process for preparing and reviewing the financial statements.</p>
<p>Annual Governance Statement</p>	<p>We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding of the Authority.</p>

All the issues in this letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 1.

Pension fund audit	There were no significant issues arising from our audit of the fire fighters pension fund.
Whole of Government Accounts	We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements.
High priority recommendations	No high priority recommendations were raised as a result of our 2013/14 audit work.
Certificate	We issued our certificate on 29 September 2014. The certificate confirms that we have concluded the audit for 2013/14 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission's <i>Code of Audit Practice</i> .
Audit fee	Our fee for 2013/14 was £42,529, excluding VAT. Further detail is contained in Appendix 2.

Appendix 1: Summary of reports issued

This appendix summarises the reports we issued since our last *Annual Audit Letter*.



Appendix 2: Audit fees

This appendix provides information on our final fees for 2013/14.

To ensure openness between KPMG and the Fire Authority about the extent of our fee relationship with you, we have summarised the outturn against the 2013/14 planned audit fee.

External audit

Our final fee for the 2013/14 audit of Humberside Fire Authority was £42,529 which was the fee set at the planning stage and is in line with the scale fee set by the Audit Commission.

Other services

During the 2013/14 audit year we have carried out some specific work at the Authority on indirect taxation (VAT) which included some bespoke training to the Finance Department staff. The value of this work was £4,500 plus VAT. This work is not related to our responsibilities under Audit Commission's *Code of Audit Practice*.



cutting through complexity™

© 2014 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name, logo and "cutting through complexity" are registered trademarks or trademarks of KPMG International Cooperative (KPMG International).

