## VFM conclusion
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. 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.

## VFM risk areas
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.

## Audit opinion
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.

## Financial statements audit
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 Hertfordshire 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.

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.

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.

## Annual Governance Statement
We reviewed your Annual Governance Statement and concluded that it was consistent with our understanding of the Authority.
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 Audit Commission Act 1998 and the Audit Commission’s Code of Audit Practice.

### Audit fee
Our fee for 2013/14 was £42,529, excluding VAT. Further detail is contained in Appendix 2.
This appendix summarises the reports we issued since our last Annual Audit Letter.

Appendix 1: Summary of reports issued

- **Audit Fee Letter (April 2013)**
  The Audit Fee Letter set out the proposed audit work and draft fee for the 2013/14 financial year. This was issued in August 2012.

- **External Audit Plan (February 2014)**
  The External Audit Plan set out our approach to the audit of the Authority’s financial statements and to work to support the VFM conclusion.

- **Interim Audit Report (March 2014)**
  An Interim Audit Report summarised the results from the preliminary stages of our audit, was not required - we summarised our initial findings in a letter which was presented to the Fire Authority.

- **Auditor’s Report (September 2014)**
  The Auditor’s Report included our audit opinion on the financial statements, our VFM conclusion and our certificate.

- **Report to Those Charged with Governance (September 2014)**
  The Report to Those Charged with Governance summarised the results of our audit work for 2013/14 including key issues and recommendations raised as a result of our observations.
  We also provided the mandatory declarations required under auditing standards as part of this report.

- **Annual Audit Letter (October 2014)**
  This Annual Audit Letter provides a summary of the results of our audit for 2013/14.
Appendices

Appendix 2: Audit fees

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*. 