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# External audit progress report and technical update

Humberside Fire Authority  
December 2013

This report provides the Authority with an overview on progress in delivering our responsibilities as your external auditors.

The report also highlights the main technical issues which are currently having an impact in local government.

If you require any additional information regarding the issues included within this report, please contact a member of the audit team.

We have flagged the articles that we believe will have an impact at the Authority and given our perspective on the issue:

- High impact
- Medium impact
- Low impact
- For info

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# Progress report

This document provides the Authority with a high level overview on progress in delivering our responsibilities as your external auditors.

At the end of each stage of the audit we issue certain deliverables, including reports and opinions. A summary of progress against these deliverable is provided in Appendix 1 of this report

Area of responsibility	Commentary
Financial statements	We will commence our detailed audit planning early in the new year and will prepare an audit plan for discussion with officers, the Governance Audit and Standards Committee and the Fire Authority .
Value for Money	Our approach to the Value for Money (VFM) audit will be included in our detailed audit plan. We will continue to assess the arrangements in place using the criteria outlined by the Audit Commission. Details are available on the Audit Commission
Other work	KPMG Indirect Tax colleagues are carrying out a piece of work with the Authority's finance team. A fee between £5 to 6,000 has been agreed. The work involves two elements reviewing the partial exemption calculation and some bespoke training. The work is focussed on the Authority at this stage but potentially could be extended to review the arrangements at HFR Solutions"



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# Technical update

Area	Level of Impact	Comments	KPMG perspective
Proposed work programme and scales of fees 2014/15	<p style="text-align: center;">● Low</p>	<p>The Audit Commission is consulting on its 2014/15 proposed work programme and scales of fees. The Commission does not plan to make any changes to the work programme for 2014/15. They are therefore proposing that scale audit fees are set at the same level as the fees applicable for 2013/14, thus locking in the 40 per cent reduction made to fees from 2012. They will publish the final work programme and scales of fees for 2014/15 in March 2014.</p> <p>The Audit Commission are inviting comments on the proposed work programme and scale fees by email by Friday 10 January 2014 to <a href="mailto:workandfeesconsultation@audit-commission.gsi.gov.uk">workandfeesconsultation@audit-commission.gsi.gov.uk</a></p> <p>More information can be found at: <a href="http://www.audit-commission.gov.uk/audit-regime/audit-fees/proposed-work-programme-and-scales-of-fees-201415/">http://www.audit-commission.gov.uk/audit-regime/audit-fees/proposed-work-programme-and-scales-of-fees-201415/</a></p>	<p><i>We would encourage the Authority to contribute towards the consultation process</i></p>
Protecting the Public Purse (Audit Commission report)	<p style="text-align: center;">● Low</p>	<p>On 14 November 2013 the Commission published <i>Protecting the Public Purse 2013 (PPP 2013)</i>. PPP 2013 is for those responsible for governance in local government. PPP 2013 includes:</p> <ul style="list-style-type: none"> <li>▪ the scale and value of fraud detected by local government bodies in 2012/13;</li> <li>▪ trends in housing tenancy and council tax discount fraud;</li> <li>▪ trends and threats in other significant fraud types; and</li> <li>▪ national developments impacting on local government counter-fraud.</li> </ul> <p>In addition, PPP 2013:</p> <ul style="list-style-type: none"> <li>▪ gives details of detected frauds and losses by region;</li> <li>▪ updates our checklist for those responsible for governance; and</li> <li>▪ introduces a programme of individual fraud briefings for councils.</li> </ul> <p>In support of PPP 2013, and as discussed with the Local Government Auditors' Group (LGAG), the Commission is developing fraud briefings that will be individually tailored presentations for London boroughs, metropolitan and unitary authorities, county councils and district councils. Fraud briefings will contain comparative information on each council's fraud detection results and we will make these available to support auditors' communications with those responsible for governance in each council.</p>	<p><i>If you would like to receive the fraud briefings at the Authority please contact a member of your audit team.</i></p>

Area	Level of Impact	Comments
<p>The local impacts of welfare reform (LGA report)</p>	<p>● For information</p>	<p>On 12 August 2013, the Local Government Association (LGA) published a report on the local impacts of welfare reform. According to the LGA, the Government's welfare reforms represent the most fundamental changes to the benefits system in a generation. However while the scale and impact of individual reforms have been documented and are generally understood, there have been no systematic attempts to understand the cumulative impacts of all of the Government's reforms, and claimants' and local areas' ability to deal with them. This research seeks to contribute to addressing these gaps in the evidence base.</p> <p>The analysis, commissioned by the Local Government Association (LGA), seeks to describe the cumulative impact of all major reforms to benefits announced since the Coalition Government took office in May 2010, including Universal Credit. For each welfare reform, the LGA has apportioned to local authority level the Government's most recent or final estimate of the fiscal impact of that measure. The analysis focuses on impacts for England and English Local authorities, covering £11.8 billion in projected savings in 2015/16.</p>
<p>Audit Commission VFM Profile update</p>	<p>● For information</p>	<p>The Commission's value for money profiles tool has been updated. The profiles bring together data about the costs, performance and activity of local councils and fire authorities. The data are displayed under sections that give an overview of the chosen organisation and the services it delivers.</p>
<p>Charging brings in more income than council tax for one in five councils (Audit Commission report)</p>	<p>● For information</p>	<p>The Audit Commission has published 'Income charging: Using data from the VFM Profiles, September 2013', a briefing drawn from its Value for Money (VFM) Profiles. The briefing presents the Commission's analysis of the £10.2 billion that English councils raised through charging for services in 2011/12.</p> <p>Charging in 2011/12 funded 9 per cent of single-tier and county councils' overall expenditure, and 20 per cent of district councils. Although nationally the total income from charging was less than half the amount raised through council tax in 2011/12, at the local level it exceeded council tax in one in three (32 per cent) district councils and one in five (21 per cent) London boroughs.</p>



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# Appendix



## Appendix 1 – 2013/14 Audit deliverables

At the end of each stage of our audit we issue certain deliverables, including reports and opinions.

Our key deliverables will be delivered to a high standard and on time.

We discuss and agree each report with the Authority's officers prior to publication.

Deliverable	Purpose	Timing	Status
<b>Planning</b>			
Fee letter	Communicate indicative fee for the audit year	April 2013	Complete
External audit plan	Outline our audit strategy and planned approach Identify areas of audit focus and planned procedures	January 2014	TBC
<b>Interim</b>			
Interim report	Details and resolution of control and process issues. Identify improvements required prior to the issue of the draft financial statements and the year-end audit. Initial VFM assessment on the Authority's arrangements for securing value for money in the use of its resources.	March 2014	TBC
<b>Substantive procedures</b>			
Report to those charged with governance (ISA+260 report)	Details the resolution of key audit issues. Communication of adjusted and unadjusted audit differences. Performance improvement recommendations identified during our audit. Commentary on the Authority's value for money arrangements.	September 2014	TBC
<b>Completion</b>			
Auditor's report	Providing an opinion on your accounts (including the Annual Governance Statement). Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the VFM conclusion).	September 2014	TBC
WGA	Concluding on the Whole of Government Accounts consolidation pack in accordance with guidance issued by the National Audit Office.	September 2014	TBC
Annual audit letter	Summarise the outcomes and the key issues arising from our audit work for the year.	November 2014	TBC



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