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# Interim Audit Report 2013/14

Humberside Fire Authority

March 2014

Agenda Item No. 9.1

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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 who is the engagement lead to the Authority or Trevor Rees, on 0161 246 4000, or by email to [trevor.rees@kpmg.co.uk](mailto:trevor.rees@kpmg.co.uk), the national contact partner for all of KPMG's work with the Audit Commission. After this, if you still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. You can contact the Complaints Unit by phone (0303 444 8330), by email ([complaints@audit-commission.gsi.gov.uk](mailto:complaints@audit-commission.gsi.gov.uk)), through the Audit Commission website ([www.audit-commission.gsi.gov.uk/aboutus/contactus](http://www.audit-commission.gsi.gov.uk/aboutus/contactus)), or via post to Complaints Unit Manager, Audit Commission, 3rd Floor, Fry Building, 2 Marsham Street, London SW1P 4DF.

This document summarises the key findings arising from our work to date in relation to both the audit of the Authority's 2013/14 financial statements and our 2013/14 VFM conclusion.

<p>Organisational and IT control environment</p>	<p>We have updated the organisational control environment information, building on the initial assessment from the 2012/13 audit.</p> <p>We have reviewed and updated your IT control environment information.</p> <p>Based on the work carried out so far, we have found the Authority's control environment to be effective.</p>
<p>Results of our work over key financial systems</p>	<p>During our visit, we reviewed the following key financial systems and processes:</p> <ul style="list-style-type: none"> <li>■ Cash and Bank process - understanding the system and processes in place, and testing the key control is working effectively;</li> <li>■ Pensions - understanding the system and processes in place for both Fire-fighters and Support staff;</li> <li>■ Budgetary control - understanding the system and processes in place, and testing key controls are working effectively; and</li> <li>■ Journal Entry controls - understanding the system and processes in place. Testing will be undertaken later in the audit.</li> </ul> <p>The overall conclusion we have reached is that you have an effective control environment for a Fire Authority that would prevent, detect and correct material misstatements caused by either fraud or error.</p>
<p>Review of internal audit</p>	<p>We will work with your Internal Auditors to update our understanding of the Authority and to help identify any risks of material mis-statement in the Financial Systems.</p> <p>Internal Audit are currently carrying out their year end work and once complete we will update our risk assessment prior to our final accounts visit at the end of June.</p>
<p>Accounts production and closedown arrangements, annual governance statement, annual report and specific risk areas</p>	<p>We have not identified any issues during our interim audit to indicate that the Authority's overall process for the preparation of the financial statements is not adequate.</p> <p>We are always available to discuss any issues that may arise between now and the preparation of the Statements.</p> <p>We have supplied a schedule of expected working papers (Prepared by Clients schedule) to your Finance staff.</p> <p>We will supply a tailored version of the CIPFA disclosure checklist for Finance staff to complete as part of the accounts preparation process.</p>

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<p><b>Key audit risks</b></p>	<p>In our External Audit Plan 2013/14, presented to you in February 2014, we identified only one key risk to the Authority's 2013/14 financial statements.</p> <ul style="list-style-type: none"> <li>■ the impact of the Local Government Pension Scheme triennial review.</li> </ul> <p>We have been discussing this risk with the Director of Finance as part of our regular meetings, together with emerging issues. Initial attention has focused on the Authority's arrangements for working with the Actuary and East Riding of Yorkshire Pension scheme to ensure that the required data flows have taken place. No issues have been identified.</p>
<p><b>VFM risks</b></p>	<p>We are required to reach a conclusion on the robustness of your value for money arrangements. In our External Audit Plan 2013/14, presented to you in February 2014, we identified two risk areas to your value for money conclusion. The two risk areas are:</p> <ul style="list-style-type: none"> <li>■ Identification and achievement of savings plans; and</li> <li>■ Governance arrangements for the Community Interest Company (HFR Solutions).</li> </ul> <p>Our work in this area is still in progress and we do not have any issues to report at this stage.</p>



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