



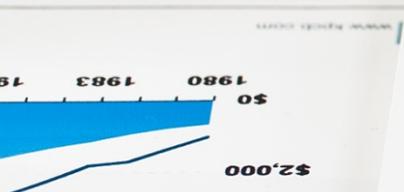
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Annual Audit Letter 2012/13

East Riding of Yorkshire Council and
East Riding Pension Fund

October 2013

Effective Interest Rate
Was Paid at 30-Year
Annual Interest Cost



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This report is addressed to the Council and has been prepared for the sole use of the Council. 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 Paul Lundy the appointed engagement lead to the Council, 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 2012/13 audit of East Riding of Yorkshire Council and East Riding Pension Fund (the Council).

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

Our audit covers the audit of the Council's 2012/13 financial statements and the 2012/13 VFM conclusion.

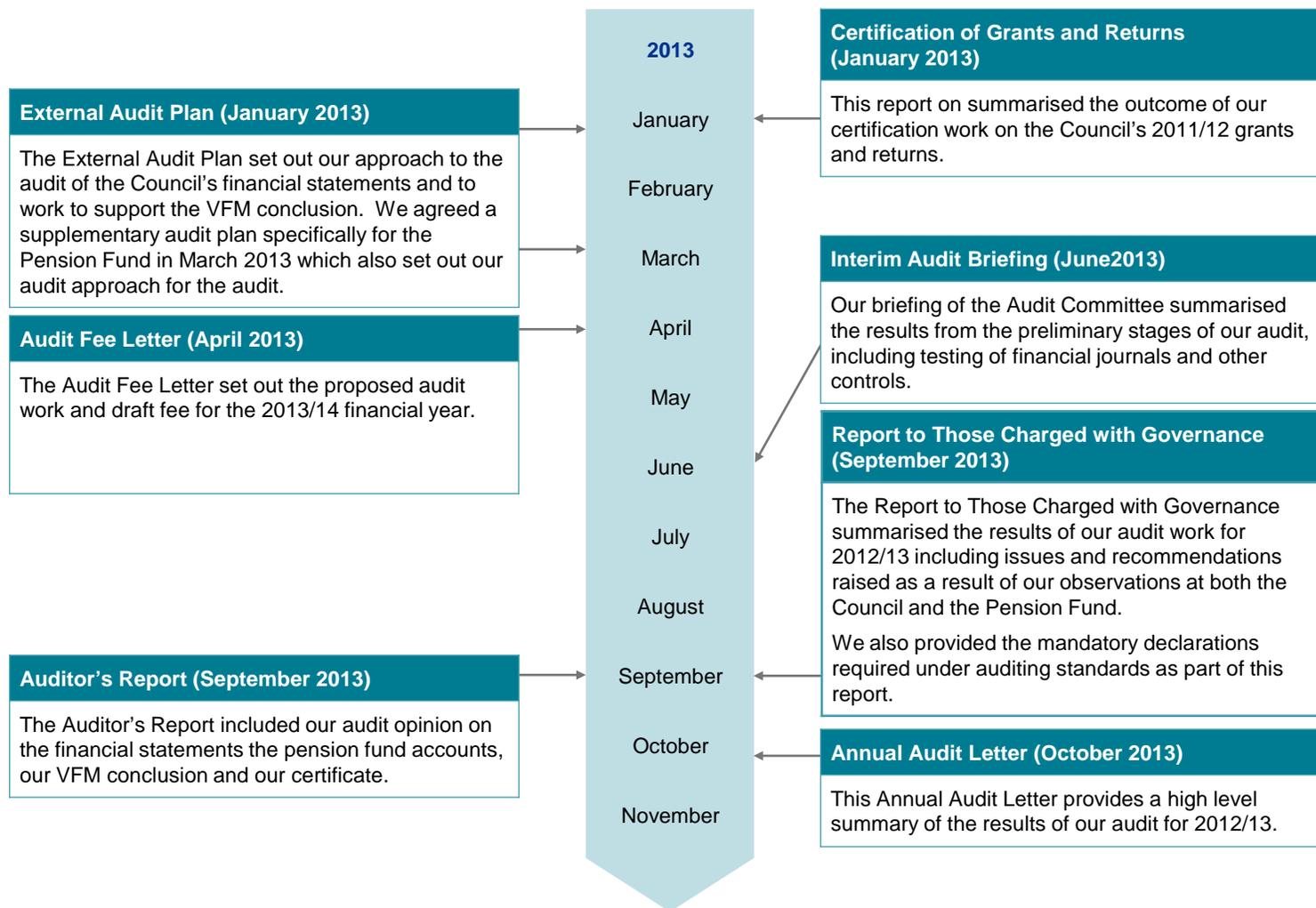
VFM conclusion	<p>We issued an unqualified value for money (VFM) conclusion for 2012/13 on 27th September 2013.</p> <p>This means we are satisfied that you have proper arrangements for securing financial resilience and challenging how you secure economy, efficiency and effectiveness.</p> <p>To arrive 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>
VFM risk areas	<p>We did not identify any specific risks in our Audit Plan, and no significant risks arose during the audit.</p>
Audit opinion	<p>We issued an unqualified opinion on your financial statements on 27 September 2013. This means that we believe the financial statements give a true and fair view of the financial position of the Council, which includes the Pension Fund, and of its expenditure and income for the year.</p>
Financial statements audit	<p>The Council has good processes in place for the production of the accounts, supported by good quality working papers. We did not identify any material adjustments. The Council and the Pension Fund made a small number of other adjustments, most of which were of a minor presentational nature.</p>
Annual Governance Statement	<p>We reviewed your Annual Governance Statement and concluded that it was consistent with our understanding.</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 pension fund.
Whole of Government Accounts	We reviewed the consolidation pack which the Council prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Council's pack was consistent with the audited financial statements.
Certificate	We issued our certificate on 27 September 2013. The certificate confirms that we have concluded the audit for 2012/13 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 2012/13 at the Council was £183,594, excluding VAT. This is an overall reduction of 40 percent on the comparative total fee for 2011/12 of £305,990. For the East Riding Pension Fund our 2012/13 audit fee was £28,491 (£45,956 in 2011/12) Both reflect the significant reductions made nationally by the Audit Commission to its scale fees.
Grant certification	Our grants work is still ongoing and the fee will be confirmed through our report on the Certification of Grants and Returns which we are due to issue in January 2014.
Other Services	Tax colleagues have also billed £34,793 in 12-13 to the Pension fund. This relates to the court cases in several European jurisdictions, in which the Pension Fund is involved alongside many other UK organisations, in recovering tax withheld on investment income. The Council also sought tax advice from our specialists relating to : <ul style="list-style-type: none"> ■ the tax status of School Improvement partners and Foster and Adoption members; ■ recovery of overpaid VAT on Leisure services. The tax team billed £6,000 for this work. The Council and the Pension Fund commissioned the above work before KPMG was appointed as your external auditors. This work was not related to our responsibilities under the Audit Commission's <i>Code of Audit Practice</i> .

Appendix 1: Summary of reports issued

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





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