

15 June 2010

Ms A Hill  
Chief Executive  
Suffolk County Council  
Endeavour House  
8 Russell Road  
Ipswich  
IP1 2BX

**Direct line** 0844 798 3002

— Dear Andrea

### **Suffolk Pension Fund annual audit fee 2010/11**

I am writing to confirm the audit work I propose to undertake for the 2010/11 financial year at Suffolk Pension Fund. My fee reflects the risk-based approach to audit planning, as set out in the Code of Audit Practice, and work mandated by the Audit Commission for 2010/11.

As I have not yet completed my audit for 2009/10 the audit planning for 2010/11, including the risk assessment will continue as the year progresses. I will review and update my audit fees as necessary.

The indicative fee for the Pension Fund audit for 2010/11 is £39,000, which compares to the fee planned for the 2009/10 audit of £48,000, a decrease of 18.8%. The Audit Commission has published its work programme and scales of fees 2010/11. Your 2010/11 indicative fee is set at the scale fee level.

The decrease in your 2010/11 fee level assumes:

- the risks to our audit of the Fund's financial statements are not significantly different compared to 2009/10;
- you will inform us of significant developments which impact on the audit;
- Internal Audit meets the proper professional standards and undertakes suitable work on systems that provide material figures in the financial statements enough that we can place reliance for our audit;
- you provide good quality working papers and records to support the financial statements;
- you provide information in agreed timescales;
- you provide prompt responses to draft reports; and
- no extra work to address questions or objections raised by local government electors.

Where you do not meet these assumptions, I will need to undertake extra work which is likely to result in an increased audit fee. If I need to make any significant amendments to the audit fee during the audit, I will first discuss this with the Head of Strategic Finance before reporting to the Audit Committee.

In April 2011, I will issue a separate plan for the audit of the financial statements. This will detail the risks identified, planned audit procedures and any changes in fee. At this stage, I have identified one risk to my audit opinion. For this risk, I will consider the arrangements put in place by the Council to manage the risk before I plan my work. The table below details this risk and our response:

Risk	Response
The current economic climate may place pressure on the financial health and valuation methods used for the Pension Fund.	We will review the Pension Fund estimation and valuation methods. We will do this to find out the value of Fund's assets and liabilities.

I will issue several reports about my work over the course of the audit, shown at Appendix 1.

My fee excludes any work the Commission agrees with you it will undertake using its advice and assistance powers. If this is the case, I will agree a separate fee and detailed project specification with you before the work.

The key members of the audit team for the 2010/11 are:

Audit Manager	-	Philip King	0844 798 5556
Team Leader	-	Jill Durrant	0844 798 3022

I am committed to providing you with a high-quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me firstly. Alternatively you may wish to contact the Eastern Head of Operations, Andy Perrin ([a-perrin@audit-commission.gov.uk](mailto:a-perrin@audit-commission.gov.uk)).

Yours sincerely

**Neil A Harris**  
District Auditor

cc Geoff Dobson, Head of Strategic Finance – Suffolk County Council  
Philip King – Audit Manager

## Appendix 1: Planned outputs

We will discuss and agree reports with officers before issuing to the Audit Committee.

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**Table 1**

<b>Report</b>	<b>Indicative date</b>
Opinion Audit Plan	April 2011
Annual Governance Report	September 2011
Auditor's report giving the opinion on the financial statements	September 2011