

20 April 2011

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

Direct line 0844 798 3002

— Dear Andrea

Annual audit fee 2011/12 – Suffolk Pension Fund

I am writing to confirm the audit work that I propose to undertake for the 2011/12 financial year at Suffolk Pension Fund. The fee reflects the risk-based approach to audit planning set out in the Code of Audit Practice and work mandated by the Audit Commission for 2011/12. The audit fee covers the audit of the financial statements; there is no Value for Money (VFM) conclusion requirement for the Pension Fund.

As I have not yet completed my audit for 2010/11, the audit planning process for 2011/12, including the risk assessment will continue as the year progresses.

Audit fee

The Audit Commission has set the fee calculation for multi-employer funds, such as Suffolk Pension Fund, based on a fixed and variable element, namely a:

- fixed element of £33,300; and
- variable element 0.00055 percent of the audited net assets amount at 31.3.2010.

The scale fee reflects no inflationary increase in 2011/12 for audit fees.

The fee for Suffolk Pension Fund is £39,000, which is unchanged from 2010/11. This fee is 5.26% below the Audit Commission scale fee of £41,165.

In its *Work programme and scales of fees 2011/12: Consultation response, Local Government, housing and community safety* published in February 2011 the Audit Commission stated that it will review and analyse the cost of completed 2010/11 audits to determine whether any subsequent change in the fee scales are necessary.

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At the same time it indicated that, subject to affordability, it would make additional general rebates of up to £7.2 million in total in 2011/12. The document also indicated that the Audit Commission will notify audited bodies of the latter amount due to them in the summer.

Audit area	Planned fee 2011/12	Planned fee 2010/11
Audit fee	£39,000	£39,000

I will issue a separate audit plan in December 2011. This will detail the risks identified to the financial statements audit. The audit plan will set out the audit procedures I plan to undertake and any changes in fee. If I need to make any significant amendments to the audit fee, I will first discuss this with the Head of Strategic Finance. I will then prepare a report outlining the reasons the fee needs to change for discussion with both the Pension Fund Committee and the Audit Committee.

I will issue several reports over the course of the audit. I have listed these at Appendix 1.

The fee excludes work the Commission may agree to undertake using its advice and assistance powers. I will negotiate any appropriate piece of work separately and agree a detailed project specification and fee.

Audit team

My audit team must meet high specifications and should:

- understand you, your priorities and provide you with fresh, innovative and useful support;
- be readily accessible and responsive to your needs, but independent and challenging to deliver a rigorous audit;
- understand national developments and have a good knowledge of the pension sector; and
- communicate relevant information to you in a prompt, clear and concise manner.

The key members of the audit team for 2011/12 are:

Name	Contact details	Responsibilities
Neil Harris Engagement Lead	neil-harris@audit-commission.gov.uk 0844 798 2414	Neil is responsible for the overall delivery of the audit including the quality of outputs, liaison with the Chief Executive, the Head of Strategic Finance and Chair of Audit Committee and

		issuing the auditor's report.
Philip King Engagement Manager	p-king@audit-commission.gov.uk 0844 798 5556	Philip manages and coordinates the different elements of the audit work. Key point of contact for the Head of Strategic Finance.

I am committed to providing you with a high-quality service. If you are in any way dissatisfied, or would like to discuss how I can improve my service, please contact me. Alternatively you may wish to contact Chris Westwood, Director of Professional Practice, Audit Practice, Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ (c-westwood@audit-commission.gov.uk).

Yours sincerely



Neil Harris
District Auditor

cc
Geoff Dobson – Head of Strategic Finance
Philip King – Audit Manager

Appendix 1- Planned outputs

I will discuss and agree my reports with officers before issuing them to the Audit Committee.

Table 1

Planned output	Indicative date
Audit plan	December 2011
Annual governance report	September 2012
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2012
Final accounts memorandum (to the Head of Strategic Finance)	October 2012
Annual audit letter	November 2012