

26 April 2011

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Dear Joanna,

## Annual audit fee 2011/12

I am writing to confirm the audit work that we propose to undertake for the 2011/12 financial year at Essex County Council 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 Commission for 2011/12. The audit fee covers the:

- The audit of Pension Fund financial statements
- Review of the Pension Fund Annual Report

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

## Audit fee

For 2011/12, the Audit Commission proposes to levy an individual scale fee for each audited body. In previous years, the Commission has determined scales of audit fees with fixed and variable elements that reflect the type, size and location of audited bodies. The appointed auditor has then set the individual fees, based on the scale fee adjusted as necessary to reflect the level of local risk and the scale and complexity of the audit.

The Audit Commission has set the 2011/12 scale fee for Essex County Council Pension Fund at £50,267. Variations from the scale fee will only occur where my assessments of audit risk and complexity are significantly different from those identified and reflected in the 2010/11 scale fee. I have assessed the Pension Fund audit as being low risk and this is reflected in my planned fee which is 10.48% less than scale fee. The planned audit fee for 2011/12 is shown in the table below:

	2011/12	2010/11
<b>Planned audit fee</b>	<b>£45,000</b>	<b>£45,000</b>

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 Director for Finance. I will then prepare a report outlining the reasons the fee needs to change for discussion with 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. We will negotiate each piece of work separately and agree a detailed project specification.

## Audit team

Your audit team must meet high specifications and must:

- 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 local circumstances; 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
Gareth Davies District Auditor	<a href="mailto:g-davies@audit-commission.gov.uk">g-davies@audit-commission.gov.uk</a> 0844 798 2945 (PA)	Gareth is responsible for the overall delivery of the audit including the quality of outputs, liaison with the Chief Executive and Chair of Audit Committee and issuing the auditor's report.
Natalie Thoms Audit Manager	<a href="mailto:n-thoms@audit-commission.gov.uk">n-thoms@audit-commission.gov.uk</a> 07765 221759	Natalie manages and coordinates the different elements of the audit work. Key point of contact for the Director for Finance.
Helen Edwards Team Leader	<a href="mailto:h-edwards@audit-commission.gov.uk">h-edwards@audit-commission.gov.uk</a> 07813038567	Helen has experience of auditing the financial statements of Essex County Council. She will lead the on-site team in delivering the Pension Fund audit.

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. 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

A handwritten signature in black ink, appearing to read 'Gareth Davies', with a stylized flourish at the end.

**Gareth Davies**  
**MD Audit Practice**

**cc:** Margaret Lee, Director for Finance

**cc:** Cllr Michael Lager, Chair of the Audit Committee

## Appendix 1- Planned outputs

We will discuss and agree our reports with officers before issuing them to the audit committee.

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**Table 1**

<b>Planned output</b>	<b>Indicative date</b>
Audit plan	December 2011
Annual governance report	September 2012
Auditor's report giving the opinion on the financial statements	September 2012
Annual audit letter (included within Essex County Council's)	November 2012