

2 April 2009

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— Dear Joanna

Annual audit fee 2009/10

Further to our recent discussion and those with officers, I am writing to set out the audit work that we propose to undertake for the 2009/10 financial year at Essex Pension Fund. The fee:

- is based on the risk-based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission for 2009/10; and
- reflects only the audit element of our work, excluding any inspection and assessment fees. Ian Davidson, as Comprehensive Area Assessment Lead for Essex has written to you separately on inspection fees for Essex County Council as a whole.

As I have not yet completed my audit for 2008/09 the audit planning process for 2009/10, including the risk assessment will continue as the year progresses and fees will be reviewed and updated as necessary.

The total indicative fee for the audit for 2009/10 is for £70,650 (exclusive of VAT) which compares to the planned fee of £69,809 for 2008/09. A summary of this is shown in the table below.

Audit fee

Audit area	Planned fee 2009/10	Planned fee 2008/09
Financial statements	70,650	69,809
Total audit fee	70,650	69,809

The Audit Commission has published its work programme and scales of fees 2009/10. The scale fee for Essex Pension Fund is £73,027. The fee proposed for 2009/10 is 3 per cent below the scale fee.

In setting the fee at this level, I have assumed that the general level of risk in relation to the audit of the financial statements is not significantly different from that identified to 2008/09. A separate plan for the audit of the financial statements will be issued in December 2009. This will detail the risks identified, planned audit procedures and any changes in fee. If I need to make any significant amendments to the audit fee during the course of the audit, I will first discuss this with the Executive Director of Finance and the Chief Financial Officer then prepare a report outlining the reasons why the fee needs to change for discussion with the Audit Committee.

I will issue a number of reports relating to my work over the course of the audit. These are listed at Appendix 1.

The above fee excludes any work requested by you that the Commission may agree to undertake using its advice and assistance powers. Each piece of work will be separately negotiated and a detailed project specification agreed with you.

The key members of the audit team for the 2009/10 are:

Audit Manager – Natalie Huber 0844 798 2641 / 07765 221759

Team Leader – Francesca Palmer 07876 217697

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 in the first instance. Alternatively you may wish to contact the Central Region Head of Operations, Andy Perrin (a-perrin@audit-commission.gov.uk).

Yours sincerely



Paul King
District Auditor

cc Nick Bell, Executive Director of Finance
 Margaret Lee, Chief Financial Officer
 Councillor Paul Kirkman, Chair of the Audit Committee
 Ian Davidson, Comprehensive Area Assessment Lead, Essex

Appendix 1: Planned outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the Audit Committee.

Table 1

Planned output	Indicative date
Audit plan	December 2009
Annual governance report	September 2010
Auditor's report giving the opinion on the financial statements	September 2010
Final accounts memorandum (to Chief Financial Officer)	October 2010
Annual audit letter	November 2010