

APPENDIX A

18 April 2011

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Dear Kim

Shropshire Council Pension Fund annual audit fee 2011/12

I am writing to confirm the audit work that we propose to undertake on the Shropshire Council Pension Fund for the 2011/12 financial year. 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 2011/12.

Audit fee

The Audit Commission has set the scale fee for each audited body for 2011/12, which for pension funds is based upon a fixed and variable element. The scale fee reflects proposed decreases in the total audit fee, as there is no inflationary increase in 2011/12 for audit and inspection scales of fees.

The scale fee for Shropshire County Pension Fund is £38,529. The scale fee is based on the planned 2010/11 fee, adjusted for the proposals summarised above, shown in the table below. 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 fee.

Audit area	Scale fee 2011/12	Planned fee 2010/11
Audit fee	£38,529	£39,625

I will issue a separate audit strategy document in February 2012. This will detail the risks identified to the financial statements audit. The audit strategy 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 of 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
Grant Patterson District Auditor	g-patterson@audit-commission.gov.uk 0844 798 7816	Grant 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.
Erik Bagnall Audit Manager	e-bagnall@audit-commission.gov.uk 01743 252941	Erik manages and coordinates the different elements of the audit work. Key point of contact for the Director of Finance.
Jo Wong Team Leader	j-wong@audit-commission.gov.uk 01743 252941	Jo has experience of auditing the financial statements of large local authorities. She will lead the on-site team in delivering the 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) who will look into any complaint promptly and do what he can to resolve the position.

Yours sincerely

Grant Patterson
District Auditor

Appendix 1: Planned outputs

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

Table 1

Planned output	Indicative dates
Audit Strategy	February 2012
Annual Governance Report	September 2012
Auditor's report giving the opinion on the financial statements	September 2012