

20 April 2011

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— Dear Mick

## **Annual Audit Fee 2011/12 – Nottinghamshire County Pension Fund**

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

### **Audit fee**

The Audit Commission has set a specific fee for each audited body for 2011/12. For pension funds the fee has been set using a fixed fee plus a variable element based on a percentage of the fund's audited 2009/10 net assets.

The fee for the Nottinghamshire Pension Fund has been set by the Audit Commission at £48,325. Increases 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.

| <b>Audit area</b> | <b>Scale fee<br/>2011/12</b> | <b>Planned fee<br/>2010/11</b> |
|-------------------|------------------------------|--------------------------------|
| <b>Audit fee</b>  | <b>£48,325</b>               | <b>£49,500</b>                 |

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. I will issue a separate audit plan in February 2012. This will detail the risks identified to the financial statements audit. It is clear that the changes to the Council's core financial systems planned during 2011/12 present a number of risks to the County Council and Pension Fund audits which are likely to require additional audit work. The audit plan will set out the audit procedures I plan to undertake but at this stage I expect to contain the additional audit work within the scale fee. If I need to make any significant amendments to the audit fee, I will first discuss this with the Service Director - Finance. I will then prepare a report outlining the reasons the fee needs to change for discussion with the Audit Committee and include the revised fee in my audit plan.

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   |
|-------------------------------------|---|--|
| Andrew Blackburn<br>Engagement Lead | <a href="mailto:a-blackburn@audit-commission.gov.uk">a-blackburn@audit-commission.gov.uk</a><br>0844 798 4361 | Responsible for the overall delivery of the audit including the quality of outputs and issuing the auditor's report.       |
| Mike Norman<br>Audit Manager        | <a href="mailto:ma-norman@audit-commission.gov.uk">ma-norman@audit-commission.gov.uk</a><br>0844 798 4403     | Manages and coordinates the different elements of the audit work. Key point of contact for the Service Director – 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 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

Andrew Blackburn  
*District Auditor*

cc Mr A Sumby, Service Director – Finance  
Councillor Sheila Place, Chair of the Audit Committee

## Appendix 1- Planned outputs

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

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**Table 1**

| <b>Planned output</b>   | <b>Indicative date</b> |
|---|------------------------|
| Audit plan  | February 2012          |
| Annual governance report  | September 2012         |
| Auditor's report giving the opinion on the financial statements           | September 2012         |
| Final accounts memorandum (to the Service Director - Finance if required) | October 2012           |