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11 May 2010

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Dear Kevan

Tower Hamlets Pension Fund Annual Audit fee 2010/11

I am writing to confirm the audit work that we propose to undertake for the 2010/11 financial year on the Tower Hamlets 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 Commission for 2010/11.

As I have not yet completed my audit for 2009/10, the audit planning process for 2010/11, 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 2010/11 is £35,000 (exclusive of VAT) which compares to the planned fee of £35,000 for 2009/10. The Audit Commission has recently set the fee scale for single employer funds for both these years at £35,000. This reflects the fact that there is not a single cost driver for a pension fund audit and that for the single employer funds the Commission was not able to identify a statistically valid fee formula.

In setting the fee, 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 in 2009/10. A separate opinion plan for the audit of the Pension Fund will be issued in December 2010. 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, I will first discuss this with the Director of Resources and then prepare a report outlining the reasons why the fee needs to change for discussion with the audit committee.

The above fee excludes work 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.

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The key members of the audit team for 2010/11 are:

Sally-Anne Eldridge, Senior Audit Manager (s-eldridge@audit-commission.gov.uk)
Shona Milton, Audit Manager (s-milton@audit-commission.gov.uk)

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 London Head of Operations, Les Kidner (l-kidner@audit-commission.gov.uk).

Yours sincerely

Jon Hayes
District Auditor

cc

Chris Naylor, Director of Resources

Sally-Anne Eldridge, Senior Audit Manager