

**Pension Fund Committee**  
Meeting to be held on 15 July 2011

Electoral Division affected: All
-------------------------------------

**Pension Fund External Audit Fees 2011/12**  
(Appendix 'A' refers)

Contact for further information:  
Clive Portman, 0844 798 7038, Audit Commission,  
[c-portman@audit-commission.gov.uk](mailto:c-portman@audit-commission.gov.uk)

**Executive Summary**

This report provides the proposed fees for the external audit of Lancashire Pension Fund for 2011/12.

**Recommendation**

The Committee is asked to note the Audit Commission's fee letter for the audit of the Pension Fund for the year ending 31 March 2012.

**Background and Advice**

Attached at Appendix 'A' is the fees letter covering the Audit Commission's planned audit work for 2011/12. The fee for 2011/12 represents a reduction against 2010/11 of £6,706 (10.8%).

The letter refers to the 'scale fee'. This is the fee determined by the Audit Commission nationally. In previous years the Audit Commission set a scale fee for each audit based on a formula linked to net assets in the case of the pension fund. Local auditors agreed a fee locally reflecting their local risk assessment of the work which would be needed but with an expectation that the locally agreed fee would fall within a pre-defined variation from the scale fee. The locally agreed fee for the pension fund has remained constant in recent years although the scale fee has not. This is because the net assets of the pension fund, and therefore the scale fee, have varied significantly whilst the auditor's assessment of the work needed has remained relatively constant.

For 2011/12, the Audit Commission has again set the scale fee for pension funds based on the net assets of the pension fund. No pre-determined variation from scale fee has been set by the Audit Commission for 2011/12 and the expectation is that locally agreed fees will be the same as scale fee unless there is a significant change in the auditor's risk assessment of the fund.

The way in which the pension fund is being managed is changing and the fee letter for the pension fund notes that the application of the new Treasury Management strategy and policy may result in the need for additional audit procedures. In particular, investments in new and more complex financial instruments could require additional audit work. The letter notes that this will be considered later in the year when more information is available and any impact on the fee will be reported to the audit committee and pension fund committee.

### **Consultations**

The fees have been agreed with the Treasurer to the Pension Fund. The fee letter was considered and noted by the Audit Committee at its meeting on 27 June 2011.

### **Implications:**

This item has the following implications, as indicated:

### **Risk management**

No significant risks have been identified.

### **Local Government (Access to Information) Act 1985 List of Background Papers**

Paper	Date	Contact/Directorate/Tel
Audit Commission's statement of responsibilities of auditors and of audited bodies		Fiona Blatcher Audit Commission 0844 798 7056
Audit Commission Act 1998		
Codes of Audit Practice		
Audit Commission Work programme and scale of fees 2010/11		
Reason for inclusion in Part II, if appropriate		
N/A		