

Mr J Coughlan, CBE  
Chief Executive  
Hampshire County Council  
The Castle  
Winchester  
SO23 8UJ

21 April 2016

Ref: HPF/16-17/Fee Letter

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Dear Mr Coughlan

## Hampshire Pension Fund Annual Audit Fee 2016/17

Firstly, please let me introduce myself as the EY signatory for the Hampshire Pension Fund going forward. I trust that we can meet up and talk in due course but in the short term I am advised that these letters have to be issued immediately, so please excuse the fact that this is arriving without us having met but I do hope you may have heard my name.

I am writing to confirm the audit work that we currently propose to undertake for the 2016/17 financial year in relation to the Hampshire Pension Fund.

### Indicative audit fee

For the 2016/17 financial year Public Sector Audit Appointments Ltd (PSAA) has set the scale fee for each audited body, following consultation on its Work Programme and Scale of Fees.

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies.

The audit fee covers the:

- Audit of the financial statements, and
- Review of the consistency of the financial information within the Pension Fund Annual Report.

For Hampshire Pension Fund our indicative fee is set at the scale fee level. This indicative fee is based on certain assumptions, including:

- The overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior and current year
- Officers meeting the agreed timetable of deliverables
- The operating effectiveness of the internal controls for the key processes identified within our audit strategy

- We can rely on the work of internal audit as planned
- Our audit opinion being unqualified
- Appropriate quality of documentation is provided by the Pension Fund
- There is an effective control environment; and
- Prompt responses are provided to our audit enquiries and requests.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee which is set out in the table below.

As our audit for 2015/16 year is currently in progress, our audit planning process for 2016/17 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

### Summary of fees

	Indicative fee 2016/17 £	Planned fee 2015/16 £	Actual fee 2014/15 £
Total Code audit fee	31,743	31,743	31,743

Any additional work that we may agree to undertake (outside of the Code of Audit Practice) will be separately negotiated and agreed with you in advance.

### Billing

The indicative audit fee will be billed in four quarterly instalments of £7,868.25.

### Audit plan

Our plan is expected to be issued in early 2017. This will communicate any significant financial statement risks identified, planned audit procedures to respond to those risks and any changes in fee. It will also set out the significant risks identified in relation to the value for money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Director of Corporate Resources and yourself and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Audit Committee.

**Audit team**

The key members of the audit team identified for the 2016/17 financial year are:

Richard Page  
**Executive Director**

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**Executive**

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The current manager, Mark Justesen, is leaving EY in June 2016 and I will advise of his successor as soon as that individual is identified. We are committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, do please contact me. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours sincerely



Richard Page  
Executive Director  
For and on behalf of Ernst & Young LLP

cc.

Carolyn Williamson, Director of Corporate Resources  
Councillor Evans, Chair of the Audit Committee