

23 April 2013

Mr C Bilsland  
The Chamberlain  
City of London Corporation  
Guildhall  
PO Box 270  
London  
EC2P 2EJ

Dear Chris

**Annual audit fee for the year ending 31 March 2014 – the City Fund of the City of London Corporation and the City of London Corporation Pension Fund**

We are writing to confirm the audit work that we propose to undertake for the year ending 31 March 2014 in respect of:

- the City Fund of the City of London Corporation; and
- the Local Government Pension Scheme (the City of London Corporation Pension Fund).

The fees have been set by the Audit Commission to reflect the work programme auditors are required to deliver and our assessment of audit risk.

The indicative fee for the audit of the City Fund for 2013/14 is £103,920 (exclusive of VAT), which is unchanged from the audit fee of £103,920 for 2012/13. The indicative fee for the audit of the pension scheme annual report of the City of London Corporation Pension Fund is £21,000 (2012/13: £21,000). These are in agreement with the scale fees set by the Audit Commission.

From 2012/13, the Audit Commission has replaced the previous schedule of hourly rates for the certification of grant claims with a composite fee for certification work for each body. The composite indicative fee which the Audit Commission has set for 2012/13 is £21,700 (£23,900 in 2012/13). The indicative fees for 2013/14 for individual bodies are based on final 2011/12 certification fees. The 2013/14 indicative fees therefore reflect the latest complete information which the Audit Commission has on the amount of work required by the auditor to certify the claims and returns for each body. Fees for schemes no longer requiring certification have been removed.



It is possible that actual certification fees for 2013/14 may be higher or lower than the indicative fees listed below, because we find it is necessary to undertake more or less work than in 2011/12 on individual claims or returns. We are required to seek the agreement of the Commission to any proposed variations to indicative certification fees.

In summary, the planned fees for our work on the City Fund and pension scheme of the City of London Corporation are as follows:

<b>Audit area</b>	<b>Planned Fee 2013/14</b>	<b>Planned Fee 2012/13</b>
	<b>£</b>	<b>£</b>
Planned audit fee for the City Fund of the City of London Corporation	103,920	103,920
Certification of claims and returns	21,700	23,900
Audit of Local Government Pension Scheme	21,000	21,000

The fees exclude:

- any work in relation to providing any specific accounting or other views. Given the uncertainty of timing and input required, we will agree the scope of work and associated fee with you when you request the opinion;
- any additional work required to address questions and objections raised by local government electors which, due to uncertainty of timing and resource required, will be agreed separately.
- any work requested by you that we may agree to undertake. Each piece of work will be separately negotiated and a detailed project specification agreed with you; and
- value added tax which will be charged at the prevailing rate.

### **Work programme and risk assessment**

The programme is set out in the Commission's publication "Work Programme and Scale of Fees 2013/14: Local Government" issued March 2013. It includes:

- audit of the City Fund financial statements;
- work to support the value for money conclusion. This will continue to be based on two criteria, specified by the Audit Commission, assessing the arrangements applicable to the City Fund in relation to securing financial resilience and prioritising resources;
- procedures specified by the National Audit Office in relation to the City's Whole of Government Accounts Return; and
- Audit of the pension scheme annual report.



# Deloitte.

Our audit 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. The fee reflects our current assessment of audit risk but as we have not started our detailed audit planning process for 2013/14, this assessment could change. This process will continue as the year progresses and fees will be reviewed as necessary. Any significant variation in the assessment of risk may impact on the fee.

If we need to make any significant amendments to the audit fee during the course of the audit, we will first discuss this with you. We will prepare a report outlining the reasons why the fee needs to change for discussion with the Audit and Risk Management Committee. Any variation in fee would then need to be approved by the Audit Commission as they are responsible for setting audit fees.

We have also assumed that:

- Internal Audit undertakes appropriate work on all systems, and good quality working papers and records will be provided by the agreed start date for the interim audit visit;
- Good quality working papers and records will be provided to support the financial statements by the agreed start date for the final audit visit; and
- Good quality working papers will be available by the deadline for submission of the WGA return to auditors to support the WGA return.

A separate plan detailing our assessment of audit risk and proposed response to those risks will be issued for consideration at the December 2013 meeting of the Audit and Risk Management Committee. Within this, we will set out a timetable of deliverables required from you which will ensure a timely and efficient audit process, and therefore minimise the fees charged to you. As part of our detailed planning discussions we will seek to identify with you any further areas where efficiency can be achieved in the year end reporting and audit process.

We will issue a number of reports relating to our work over the course of the audit:

<b>Planned output</b>	<b>Indicative date</b>
Audit plan	December 2013
Annual Governance Reports on City Fund and Pension Scheme	July 2014
Auditor's report giving the opinion on the financial statements and value for money conclusion and auditors' report on the pension scheme financial statements	September 2014
Assurance report on the WGA return	September 2014
Annual audit letter	September 2014



## Audit Team

The key members of the audit team for the 2013/14 are:

Team member	Role
Heather Bygrave	Engagement partner
Angus Fish	Senior audit manager

We are 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 Heather Bygrave in the first instance.

Yours sincerely

Deloitte LLP

cc Caroline Al-Beyerty