

Ged Curran  
Chief Executive  
Merton Council  
Civic Centre  
London Road  
Morden  
SM4 5DX

25 April 2014

Ref: Merton Pension Fund 2014-15 fee  
ltr  
Your ref:

Direct line: 01582 643035

Email: BSingh@uk.ey.com

Dear Mr Curran

#### Annual Audit Fees 2014/15 – Merton Pension Fund

We are writing to confirm the audit work that we propose to undertake for the 2014/15 financial year at Merton Pension Fund. The fee reflects the risk-based approach to audit planning set out in the Code of Audit Practice and the work mandated by the Audit Commission for 2014/15.

#### Indicative Audit Fee

The audit fee covers the audit of the financial statements.

For the 2014/15 financial year the Audit Commission has set the scale fee for each audited body as part of the recent 5 year procurement exercise and consequently it is not liable to increase in that period without a change in scope.

The 2014/15 scale 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 year;
- ▶ We are able to place reliance on the work of internal audit to the maximum extent possible under auditing standards;
- ▶ The financial statements will be available to us in line with the agreed timetable;
- ▶ Working papers and records provided to us in support of the financial statements are of a good quality and are provided in line with our agreed timetable; and
- ▶ Prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee.

The indicative audit fee set out in the table below has initially been set at the scale fee level as the overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year.

As we have not yet completed our audit for 2012/13, our audit planning process for 2014/15 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract with the Audit Commission.]

#### Summary of Fees

	Indicative fee 2014/15 £	Planned fee 2013/14 £	Actual fee 2012/13 £
Total Code audit fee	21,000	21,000	21,000
Total	21,000	21,000	21,000

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

#### Billing

The indicative audit fee will be billed in 4 quarterly instalments of £5,250.

#### Audit Plan

Our plan for the audit of the financial statements is expected to be issued in March 2015. This will detail the significant financial statement risks identified, planned audit procedures to respond to those risks, and any changes in fee. It will also set out the 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 Services and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the General Purposes Committee.

#### Audit team

The key members of the audit team for the 2014/15 financial year are:

Baldeep Singh  
Audit Director

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Michael Yeats  
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Yours sincerely

Baldeep Singh  
Audit Director  
For and on behalf of Ernst & Young LLP  
United Kingdom

cc.      Caroline Holland                      Director of Corporate Services  
            Councillor Peter McCabe              Chair of the Audit Committee