

**NEW FOREST NATIONAL PARK AUTHORITY
RESOURCES, AUDIT AND PERFORMANCE COMMITTEE – 1 FEBRUARY 2021**

ERNST & YOUNG LLP – ANNUAL AUDIT LETTER 2019/20

Report by: Nigel Stone, Head of Resources (CFO)

1 Summary

- 1.1 **Annex 1** contains the Annual Audit Letter for 2019/20 from our External Auditors Ernst & Young LLP.
- 1.2 The letter largely contains a summary of the information previously communicated to Members throughout the 2019/20 audit process. However there is one notable exception in Appendix A on pages 24 and 25 of the document - Ernst & Young (E&Y) have included a proposal to increase the base audit fee, for the work they have already carried out, from £10,228 to £37,646 – a rise of £27,418 or 268%.
- 1.3 This matter was briefly discussed with the Chief Finance Officer in May and, whilst there is an acknowledgement that some audit risks, rules or processes may have changed since the original fees were set, such a steep rise in the fee is clearly unjustified. It was proposed at the meeting that the Auditors should take any such claim to Public Sector Audit Appointments Ltd (PSAA) who oversee the appointment of our auditors, set the scale fees and arbitrate on any disputes. Nothing had been heard since May until this document which asserts that E&Y will indeed now take their request to PSAA.
- 1.4 Given the disagreement over the fee, I am recommending to Members that they accept the letter but that you make clear your rejection of any unilateral imposition of a fee increase by E&Y. This is instead a matter for PSAA at first instance – a process in which the Authority must be given an appropriate opportunity to be fully consulted.
- 1.5 We are aware that Ernst & Young are proposing similar fee increases for the other three English National Park Authorities which they also audit, but not so for all organisations for which they do so e.g. Councils. The vast majority, if not all, of the other audit firms, including those who audit the remaining NPA's, are not proposing such large increases in response to the exact same changes in circumstances.

2 Recommendation

It is recommended that the Committee accept the letter on behalf of the Authority, but that it does not accept the unilateral fee rebasing figures set out in Appendix A.

Papers:

RAPC 439/21 – E&Y Annual Audit Letter Covering Report

RAPC 439/21 – Annex 1 Annual Audit Letter 2019/20

Equality and Diversity Implications:

There are no specific equality or diversity implications arising out of this report

Contact:

Nigel Stone

Head of Resources (Chief Finance Officer)

Tel: 01590 646655

Email: nigel.stone@newforestnpa.gov.uk