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12 March 2020

Mr T Crawley  
Chief Executive  
PSAA Ltd  
18 Smith Square  
London  
SW1P 3HZ

Our Ref: A&G/AP/sjq

Dear Mr Crawley,

### **Proposed increase in Audit Fees**

On 25<sup>th</sup> February our auditors (Ernst and Young) attended a meeting of our Audit and Governance Committee to present their Annual Audit Letter. An appendix to their report contained the proposed audit fees for the 2019/20 audit which was brought to the attention of members of the Committee. They were, understandably, shocked by the size of the proposed increase and what they found most concerning was the “scale fee rebasing” which amounts to an increase of over 57% over the original audit. Whilst it was recognised that the Redmond Review report had now been published, they felt that the external auditors had tendered for the audit contract through PSAA Ltd and that the scale fee had therefore been set as part of this process.

The Committee strongly felt that this increase was extremely excessive, particularly as the Council do not have a high-risk profile as we have not committed to any commercial property investments or joint ventures. We, therefore, strongly dispute this proposed increase and believe that the external auditor has no justification to propose an increase of this magnitude.

Please can you take these comments into account when you are considering the auditor’s fee proposals because, apart from the reasons outlined above, you will be aware that Councils are experiencing severe financial pressures and this will only exacerbate our extremely uncertain position.

Yours sincerely

Councillor Shirley Haywood  
Vice Chair Audit and Governance Committee  
**Arun District Council**