

## VIA EMAIL

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**Response to "The suppliers of statutory audit services to large companies" working paper**

I write in response to the CC's working paper *The suppliers of statutory audit services to large companies* (the "Paper"), in relation to which Ernst & Young has the following observations:

1. We note that, of the nine audit firms described in the Paper, it appears that only two firms (Ernst & Young and Deloitte) provided the CC with information in relation to the costs of operating their global networks. We make two observations in this regard:
  - a. It is not clear how the CC intend to use this information in its analysis (if at all). However, the CC should not attempt to draw any general conclusions from information provided in relation to only two audit firms described in the Paper.
  - b. In any event, our understanding is that the global networks of each of the audit firms described in the Paper have very different structures and responsibilities, and therefore the costs of operating their global networks cannot be directly compared. For example, in Ernst & Young all IT costs are born centrally, whereas we understand that other firms deal with IT in a decentralised manner. As a result, it is unlikely that any meaningful conclusions can be drawn from a comparison of the levels of costs incurred by different audit firms in operating their global networks.
2. The Paper does not take in to account the corrections to Table 1 provided in our put-back of 9 May 2012, specifically:
  - a. The number of UK staff should be 10,800, not 9,500.
  - b. The number of countries in which the Ernst & Young network have a presence should be 146, not 145.

The CC is asked to ensure that these corrections are made in future publications.

Yours faithfully



Evelyn Ho  
EY Project Manager



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