

## **ROYAL MAIL GROUP LIMITED**

### **Response to Ofcom's consultation**

#### **"Royal Mail's regulatory reporting audit for the year ending 31 March 2013"**

Royal Mail recognises that Ofcom has an obligation to consult upon the appointment of the auditors for Royal Mail's regulatory reporting audits and their terms of engagement. The USP Accounting Condition requires Ofcom's approval as regards these matters, and the Postal Services Act requires consultation where approval under a regulatory condition is to be given.

However whilst we appreciate this situation we do not believe that Ofcom should need to approve the auditors each and every year going forward, unless we wish to change them, or there is a significant change in the terms of their engagement.

Royal Mail has proposed Ernst & Young to be our auditors, and in doing so we have considered their ability to undertake the work concerned; they are a "Qualified Independent Auditor".

We believe that the audit engagement letter in Annex 6 will meet the requirements in paragraph 2.10 of the consultation document. The lines of communication between Ofcom and Ernst & Young and their responsibilities to each other have been clarified by means of the Regulator's Notice which is also set out in Annex 6.

#### **Conclusion**

Royal Mail agrees with Ofcom's proposal to approve Ernst & Young as auditors for the regulatory reporting audit for the year ending 31 March 2013 on the terms of engagement as set out in the draft audit engagement letter and draft Regulator's Notice.