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## **Non-Audit Fees to Group's Auditors and Other Consultancy Fees Policy**



### **Document Review Cycle**

<b>REVIEW PERIOD</b>	<b>NEXT REVIEW</b>	<b>DOCUMENT OWNER</b>
2 years	March 2021	Group Head of Planning and Financial Control

## Non-Audit Fees to Group's Auditors and Other Consultancy Fees Policy

### Revision History

YYYY	MMM	DD	Issued By	Rev	Detail
2016	AUG	23		C1	Issued For Use
2018	JUN	01		C2	Biennial Review – no substantial changes. First Issue in BMS.
2019	Feb	09		C3	No substantial change – roles & responsibility update

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## 1.0 Approval of non-audit fees to the Group's External Auditors

This policy sets out the principles and processes for the approval of non-audit services provided by the Group's external auditors. The principal objective of the policy is to ensure that the provision of non-audit services does not impair the external auditor's independence or objectivity.

There are certain services that the external auditors are not allowed to undertake. These services include:

- Tax services (permitted in exceptional circumstances only);
- Internal audit services;
- Systems work or IT consultancy which involves the design, development or implementation of any systems used in accounting or the production of financial statements;
- Valuation services material to the financial statements of the Group;
- Consultancy advice on remuneration for directors and management;
- Recruitment services;
- Advocacy services;
- Advice where external auditors are making or could otherwise be deemed to be involved in making management decisions; and
- Designing and implementing internal control or risk management procedures.

The general principle is the Group should not engage its external auditors for non-audit work. However, the Group may do so depending on the circumstances and the type of services provided. Examples of situations where the Group may engage the external auditors are:

- Where the Group has conducted a beauty parade and the external auditors have a clear competitive advantage in that particular sphere;
- Where the Group's external auditors have proprietary intellectual property that cannot be accessed elsewhere;
- Where by the external auditor's role or knowledge it would be impractical either by time or confidentiality to engage another firm and the services to be delivered would not compromise the auditor's independence;
- Services required by regulation or statute (e.g. shareholder circulars required under the Listing Rules or the Takeover Code);
- Accounting advice, including technical accounting treatment arising on proposed transactions;
- Financial due diligence and related services in connection with proposed acquisitions or disposals (excluding any tax services);
- Services and reports in connection with corporate transactions where the ability to act quickly is essential;
- Corporate finance and similar activities where there is not a significant advocacy role but where advice is given; and
- Other minor projects (below £50,000 and subject to sign-off by the Group CFO) where management is satisfied the nature of the work will not compromise the auditors' independence and objectivity.

In these circumstances the external auditor may be used provided such work is not likely to impair the independence or objectivity of the auditors. All such proposed services will be considered on a case by case basis and must be approved in advance by the Group CFO and, if the potential fees are expected to be in excess of £50,000 and up to £100,000, by the Chairman of the Audit Committee. Any projects where fees are estimated to be in excess of

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£100,000 will require prior approval from the full Audit Committee. Additionally, fees for permissible non-audit services are to be capped at 70% of the average group audit fee for the preceding three year period.

### **2.0 Reporting**

A report of all audit and non-audit fees payable to the external auditors will be provided by the Head of Planning and Financial Control to the Audit Committee annually, including both actual fees for the year to date and a forecast for the full year, analysed by project and into the categories above as applicable. The report will also include all fees paid to other audit, advisory and assurance firms.