



Business, Energy and Industrial Strategy Committee

House of Commons, London SW1A 0AA

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Stephen Haddrill
Chief Executive
Financial Reporting Council
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15 February 2019

Dear Stephen,

I am writing further to the evidence you gave to the BEIS Committee on the 5 February, during which I undertook to write with some further questions. Please could you provide the Committee with information in relation to the following:

- Copies of all correspondence you have had with the Government since you have been Chief Executive of the FRC in which you requested further powers for the organisation.
- A copy of the letter you sent to Sir John Kingman in which you outlined the new powers you were seeking.
- An anonymised list of the whistleblowing cases submitted to the FRC over the last 10 years, including information on how many have been investigated and the outcome in each such case.
- A list of cases from the last five years in which you have investigated evidence that audit files have been 'augmented', including:
 - details of whether it was self-reported by the audit firm or whether the FRC identified the issue
 - the outcome of these cases, including any actions taken against audit firms and individual audit staff.
- The number of AQRs that were referred to enforcement in each year of the last 5 years, including:
 - what the issues were
 - what action was taken against both the audit firm and individual audit staff
 - how long it took to assess each case before it went to enforcement
 - how long it took for each case, once it had gone to enforcement, to be concluded.

- Details of action from over the last 5 years where the FRC have taken against audit firms and audit staff in relation to audit failures over excessively optimistic accounting, and in particular:
 - Revenue recognition
 - Cashflow forecasts
 - the capital maintenance regime and distributions of dividends
 - the depreciation treatment of goodwill

I would be very grateful to have a response to these queries by 5 March 2019.

A handwritten signature in black ink that reads "Rachel Reeves". The signature is written in a cursive, flowing style.

Rachel Reeves MP
Chair of the Business, Energy and Industrial Strategy Committee