



Work and Pensions Committee

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From the Chairs

Margaret Cole
General Counsel
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1 Embankment Place
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19 June 2018

Dear Margaret,

PwC audit of BHS and Taveta Group

I am writing in my capacity as the former co-Chair of the joint select committee inquiry into BHS. The Financial Reporting Council announced on 12 June sanctions against PwC and audit partner Steve Denison in relation to the 2014 audits of BHS and the Taveta Group.¹ The FRC are clear that PwC and Steve Denison have accepted the finding of misconduct and the fines and non-financial sanctions announced.

I have already written to the FRC asking for additional information about these sanctions and what further action they might be taking.² I would be keen to know from PwC, however, some details about the audit work conducted. Could you provide responses to the following questions:

1. How many members of staff worked on the group audit and the BHS audit, broken down by grade?
2. How many hours each grade level performed on the group and the BHS audit?
3. What were the charge out rates for each grade level for the audits?
4. What non-audit services were individual members of the audit team providing to BHS and the Taveta Group? What safeguards were put in place to protect against any potential conflicts of interest that might have been apparent?

Might you also please share with us the planned audit timetable detailing key milestones and the actual dates at which those milestones were achieved?

Lastly, it has been reported that PwC indemnify all their partners against fines, and that as a result it will fall to PwC to pay Steve Denison's fine.³ Can you confirm that is accurate?

¹ FRC, [Sanctions against PwC and former audit partner in relation to BHS](#), 12 June 2018

² [Letter from the Chair to FRC](#), 13 June 2018

³ The Times, [Audit watchdog's fines don't take much of a bite out of beancounters](#) [accessed: 19 June 2018]

Best wishes and I look forward to hearing from you

A handwritten signature in black ink, appearing to read 'Frank Field', written in a cursive style.

Rt Hon Frank Field MP
Chair, Work and Pensions Committee