



Work and Pensions Committee
Business, Energy and Industrial Strategy Committee

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From the Chairs

Sir John Kingman
Independent Review of the Financial Reporting Council
1 Victoria St
Westminster
London SW1H 0ET

6 November 2018

Dear Sir John,

Huge thanks for your letter of 19 September, in which you confirmed that the issues raised by the FRC's investigation of PwC's 2014 audit of Taveta and BHS would be actively considered as part of your review.

We would like to raise a further, related, issue with you.

PwC had a longstanding relationship with Taveta. Between 2004 and 2017, PwC was paid £16.1 million by the Group, including £4.5 million for statutory audit services and £11.5 million for non-audit services (including very substantial pensions advice).

It struck us as unlikely that the 2014 audit was an isolated case. Given the extent of the failures that the FRC uncovered, we wrote to Stephen Haddrill to ask whether the FRC would now investigate previous PwC audits of BHS and Taveta.

We enclose our letter, and his response. You will see that he explains that the FRC does not, "as a matter of course", open further investigations into previous audits where it has already acted to protect the public interest and levied sanctions.

We would be grateful if you could consider, if it is not already part of your review, whether this approach is the correct one. On the face of it, there would seem to be a risk of auditors escaping appropriate sanctions for serious misconduct lasting for years.

With best wishes,

Rt Hon Frank Field MP
Chair, Work and Pensions Committee

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