



Rt Hon Frank Field MP  
Chair, Work and Pensions Committee  
Rachel Reeves MP  
Chair, Business, Energy and Industrial Strategy Committee  
House of Commons  
London  
SW1A 0AA

Stephen Haddrill  
Chief Executive Officer

16 October 2018

*Dear Frank,*

**PwC audits of BHS and Taveta**

Thank you for your letter of 12 September and for your recognition of the enforcement action taken by the FRC in this matter.

You raise an important policy question in relation to matters where misconduct by an audit firm in respect of serious failures has been established (by a tribunal or admitted by the firm) and sanctions have been imposed. This situation arises in a significant number of our investigations. In such circumstances, as a risk-based regulator with finite resources, we do not, as a matter of course, open new investigations into previous audit years where steps have already been taken to safeguard the public interest and sanctions have been imposed on those who fall within the scope of our regulatory remit.

As you are aware, as part of the sanctions imposed, in addition to the record fines, Mr Denison has been banned from auditing for 15 years, PwC has amended its policies and procedures in relation to audits of large private companies, and PwC's Leeds audit practice is being monitored for three years. These sanctions are designed to safeguard the public interest and to improve the quality of future PwC audits.

*Yours sincerely,*  
*Stephen Haddrill*

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