Treasury Committee

House of Commons, Committee Office, 14 Tothill Street, London SW1H 9NB
Tel 020 7219 5769 Fax 020 7219 2069 Email treascom@parliament.uk Website
www.parliament.uk/treascom

Mr Stephen Haddrill Esq.
CEO
Financial Reporting Council
8th Floor
125 London Wall
London EC2Y 5AS

3 February 2016

Dear Mr Haddrill,

Thank you for your letter of 21 January. This work is long overdue. Furthermore, the process by which the FRC has reached this decision, as well as the approach it plans for its preliminary enquiries, both raise a number of concerns. With this in mind I would be grateful if you could address the following questions:

1. Did the FRC reach this preliminary enquiry stage when it first looked at the HBOS case in 2013?

2. The FRC has chosen to focus on two particular elements of the auditing of HBOS rather than undertaking a broader review. How did the FRC decide on the particular terms of reference for its enquiries and will there be scope for these to be widened in future?

3. The quality of the FCA/PRA review into the failure of HBOS was underpinned by the use of independent oversight. What provision will be made for independent and external oversight of the FRC's enquiries into the auditing of HBOS?

4. What is the deadline for these enquiries to report?

5. In your letter to me of 21 January, you confirm that the FRC will publish the conclusions of its preliminary enquiries. Will the FRC also publish a full report into the auditing of HBOS?

The Treasury Committee will be keeping a close eye on the progress of these enquiries and the extent to which they are able to command public confidence. It is likely that the Committee will want to take evidence from the FRC. I look forward to your response. I will be placing this letter, and you letters of 15 December and 21 January, into the public domain.

Yours sincerely

James Rhys

RT HON ANDREW TYRIE MP
CHAIRMAN OF THE TREASURY COMMITTEE