



Work and Pensions Committee

Business, Energy and Industrial Strategy Committee

House of Commons, London, SW1A 0AA

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Rt Hon Andrew Tyrie
Chairman
Competition and Markets Authority
Victoria House
37 Southampton Row
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Dear Andrew

The Big Four

We hope you are enjoying your new job and peerage. You will be aware that our Committees' report on Carillion, published on 16 May, recommended that the CMA be asked to review the statutory audit market, including consideration of both breaking up the Big Four into more audit firms, and detaching audit arms from those providing other professional services.¹

Since our report was published, Bill Michael, Chairman KPMG UK, said his firm had been thinking about break-up scenarios "for some time" as the current business model of the Big Four is "unsustainable".² Mr Michael is quoted as saying:

The profession, like it or not, is an oligopoly. You can't be all things to all men and women forever. We have to reduce the level of conflicts and demonstrate why they are manageable and why the public and all stakeholders should trust us.³

Other Big four firms have reportedly begun making preparations for a break-up.

In your evidence to the BEIS Committee on 24 April, you said the audit oligopoly was "certainly something that needs to be looked at". It looks increasingly inevitable that the CMA will conduct a review. Might we please ask whether you will demonstrate what a new broom you are at the CMA, by asking your staff to initiate that review as soon as possible?

Best wishes and we look forward to hearing from you,

Rt Hon Frank Field MP

Rachel Reeves MP

¹ Second Joint report from the Business, Energy and Industrial Strategy and Work and Pensions Committees of Session 2017–19, para 213

² FT, Big Four accountancy firms plan for forced break-up, 16 May 2018

³ Economeia, KPMG chairman admits profession is "oligopoly", 17 May 2018

Chair, Work and Pensions Committee

Chair, Business, Energy and Industrial
Strategy Committee