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Reference

Date 29 January 2010

APB Consultation – Provision of non-audit services by auditors of Listed Companies

Dear Ms O'Sullivan:

I am writing in respect of the above consultation paper recently issued by the Auditing Practices Board in my capacity as the Chairman of the Audit and Risk Committee of Management Consulting Group PLC ("MCG"), a company listed on the London Stock Exchange.

In summary, I believe that the current requirements in respect of the provision of non-audit services are sufficient and effective and I would not propose any significant changes to the current regulations.

In my experience, the current requirements are well understood and managed appropriately by boards and audit committees of listed companies. For instance, here at MCG we have a policy detailing which non-audit services may be provided by its auditors. This was drawn up following the publication of the APB Ethical Standards.

This policy prohibits our auditors (currently Deloitte LLP ("Deloitte")) from providing certain non-audit services which could be perceived to impair their independence. Furthermore, in respect of allowable non-audit services, it establishes absolute thresholds for both individual projects and the aggregate of all projects undertaken by Deloitte in any financial year. If either of these limits are exceeded, the Audit and Risk Committee must pre-approve all relevant projects.

Group consultancies

Alexander Proudfoot | Ineum Consulting | Kurt Salmon Associates |

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The independence and objectivity of the external auditors and the assessment of the quality of the service provided by the auditors are standing items on the agenda of the MCG Audit and Risk Committee. Deloitte reports to the Committee at least annually on the value of all services provided to MCG and also documents any matters that could be perceived to put its objectivity and/or independence at risk, as well as, the safeguards and internal processes that it has put in place to ensure that any threats to its independence are effectively mitigated.

In my opinion, the current corporate governance framework is effective and allows companies with the necessary flexibility and choice. Company directors appreciate this flexibility as it permits the leveraging of the auditors' existing knowledge of the business when non-audit services are required. There are cases when this not only improves the efficiency of the project delivery but it also reduces the cost burden to the company, enhancing shareholder value.

In addition, I do not consider that allowing the provision of non-audit services from the auditor undermines competition and choice. In fact, I believe that the reverse is the case: a listed company has a greater choice of professional services providers where the relevant audit firm and other firms are each available to provide services.

Yours sincerely



Stephen A Ferris

Chairman, Audit & Risk Committee, Management Consulting Group PLC