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Sent: 22 December 2009 17:26
To: Hazel O'Sullivan
Subject: FW: APB consultation on non-audit services

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Dear Ms O'Sullivan

I write as chairman of the audit committee of Fuller Smith and Turner plc to comment on the Auditing Practices Board (APB) consultation paper on the appropriateness of audit firms providing non audit services to listed audit clients.

1 It is a key role of the Audit Committee (using the guidance contained in the Combined Code and the FRC Guidance on Audit Committees) to consider and decide on the appropriateness of the appointment of the auditor to carry out non audit services. Any further restrictions on non-audit services will undermine the function of the Audit Committee in assessing what is, or is not, appropriate and in the best interest of shareholders.

2 Restrictions which move the UK out of line with international practice will increase the cost of doing business in the UK and may put UK companies at a competitive disadvantage. One of the recommendations of the G20 is adoption of global standards – a prescriptive approach to non-audit services would cause the UK to diverge from global ethical standards and may adversely affect the UK in the international market.

3 The APB paper acknowledges that there is no evidence that the provision of non-audit services adversely impacts audit quality. Most recently this was reconfirmed in the report on the demise of MG Rover. In fact, the ability to provide different services allows audit firms to develop a better knowledge of the business and to recruit and retain the best people by offering greater variety and developmental opportunities.

The key problem is one of perception. Rather than introducing further restrictions, I believe that there should be improved disclosure of the nature of non-audit services and the principles that Audit Committees apply in deciding whether the auditor should provide them.

Regards Nick MacAndrew

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