

Colin Day
Chief Financial Officer

11 December 2009

Hazel O'Sullivan
Project Director
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Dear Ms O'Sullivan

Consultation paper on audit firms providing non-audit services to listed companies that they audit

I am writing this letter in response to your consultation paper published on 6 October 2009, regarding the provision by auditors of non-audit services to listed companies that they audit. This consultation paper has particular relevance to me, as an investor and as a Director at Reckitt Benckiser Group plc (Group CFO and member of the Board); Cadbury plc (Non-Executive Director and Chairman of the Audit Committee); WPP plc (Non-Executive Director and member of the Audit Committee) as well as having served on previous Boards, Audit Committees and Remuneration Committees for Companies such as Imperial Tobacco plc, Easyjet plc, Bell Group plc and Vero Group plc.

All of the companies I work for use their auditors to provide non-audit services, when it is considered in the best interests of the company to do so. At each of these companies, there are robust governance policies and procedures in place to ensure that the right supplier is selected to undertake this work and in the case of the auditors, to ensure their independence is maintained, thereby preserving the integrity of the audit.

By virtue of their deep knowledge and understanding of the companies they audit along with the skills and resources they have available, the auditors are frequently the best qualified suppliers to carry out non-audit services. Prohibiting UK listed companies from using their auditors to provide non-audit services is, in my view, something that would actually be contrary to the best interests of investors. It would require companies to spend additional time and money in finding alternative service providers and, in certain circumstances, would result in a lower quality of service being received than that which could have been provided by the auditors given their detailed knowledge of their audit clients and the high level of experience and expertise they have in providing the services.

I do not agree with the Treasury Select Committee's view that investor confidence and trust in audit would be enhanced by a prohibition on audit firms conducting non-audit work for the same company, as I do not believe that current investors have significant concerns over the integrity of audits of UK listed companies in any case. The auditors of the companies I work for all have thorough internal quality control procedures in place to ensure that the quality of their audits is preserved, regardless of the level of non-audit services they may provide and in addition to this the governance procedures in place at each company, supported by Audit Committee review and approval, further serve to ensure that this is the case.

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I consider that any board, including the non-executive directors, should have the authority to select service providers based on their ability to provide the best quality service and value to the company, irrespective of whether a particular service provider also happens to be the auditor. The governance responsibilities of the Audit Committees at each of my companies are taken very seriously such that any non-audit services assignments awarded to the auditors are only provided by them where they are considered to be the best people to do the work and that the work is permitted by existing regulation. Restricting the ability for companies to engage their auditors for additional services is something to which I am completely opposed and in the present financial climate, when I am focussed on ensuring the companies I work with continue to be successful, the additional cost and reduced quality of service this would undoubtedly bring would be most unwelcome.

Having made my views clear on this matter, I do note that I am aware of the working group set up by the Institute of Chartered Accountants of Scotland to consider the level of disclosure of fees for non-audit services to be included in company annual reports along with Audit Committee procedures in this area. Whilst I consider current practice in these areas to be appropriate, I would support the adoption of any suitable recommendations arising from this by the companies I work for.

Yours sincerely

pp S. Dalton

Colin Day

CFO Reckitt Benckiser Group plc (and Board Director)
Non – Executive Director (and Audit Committee Chairman) of Cadbury plc
Non – Executive Director of WPP plc (and member of the Audit Committee)

