



FRIENDS PROVIDENT

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Ms Christina Trickett
Professional Oversight Board of the FRC
5th Floor
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22 September 2006

Dear Ms Trickett

Professional Oversight Board of the FRC – Consolation Document “Reporting on Audit Quality Monitoring”

I am responding on behalf of Friends Provident Group plc to the above mentioned consultation paper published in June 2006.

The Audit Committee and Management at Friends Provident take the assessment of the quality of its external audit very seriously. Consequently, we support proposals that will improve our assessment of audit quality; including publication of the findings of the Audit Inspection Unit (AIU) on individual firms in certain circumstances.

Turning to the questions that you posed in your consultation document:

Question 1

We accept that the possibility of future external publication may make the finalisation of reports less timely. We would accept this as a reasonable price to pay for increased focus by firms on their quality control frameworks and on remediation of audit quality issues.

We would tend to agree that firms should be given the opportunity to correct weaknesses based on confidential reports, but with the possibility of external publication if the response is not adequate. This will also limit the amount of additional data that Audit Committees and Management will need to review and assess, as in practice we would not expect significant public disclosure.

If all reports were to be published in part, or in full, we would tend to agree that they will become more anodyne and more legalistic over time, and their usefulness will diminish. As a result, we do not support this approach to disclosure.

Question 2

We would favour Option D in your report – publication of the inspection report in full, where insufficient progress in addressing recommendations has been made. We favour this over the Oversight Board’s preliminary view (Option C) because the information revealed from the publication of the whole report is more likely to be useful to the Audit Committee and to Management in their assessment of the relevance of the issues raised to their own position.



Question 3

We suggest that information on individual firms and individual audits should only be made available if firms do not make sufficient progress on issues raised by the AUI. That information should be in the form of the full inspection report.

We welcome this opportunity to comment on the Oversight Board's discussion paper on this important subject and this response may be published on the FRC web-site.

If you have any questions on our response, please contact me at philip.moore@friendsprovident.co.uk.

Yours sincerely

A handwritten signature in black ink, appearing to read "Philip Moore", followed by a period.

Philip W Moore
Group Finance Director