



Department for
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Dear Andrew

As we have discussed, I would welcome the CMA's consideration of the operation of audit market for UK companies. As you know, I have concerns about the operation of the market and the recent events around the collapse of Carillion and BHS have brought this into sharp focus. There is clearly merit in looking again at competition in the market following the remedies implemented by the competition authorities from 2014.

Separately, I have asked Sir John Kingman to look at the question of the way audits are currently procured alongside his review into the Financial Reporting Council. The CMA will want to liaise closely with Sir John on this work, to ensure it is taken into account by the CMA in any future study.

I have asked Sir John to report his findings to me by the end of the year. Given the importance of the issues, I would encourage the CMA to be ambitious in its thinking and move swiftly on this issue.

Yours sincerely
GC

THE RT HON GREG CLARK MP
Secretary of State for Business, Energy & Industrial Strategy