



Jim Shannon
Constituency Advice Centre
34a Frances Street
NEWTOWNARDS
BT23 7DN
Tel: 02891 827990
Fax: 02891 827991
Email Jim.shannon1@btopenworld.com

Director of Auditing and Professional Oversight Board
Professional Oversight Board
Aldwych House
71-91 Aldwych
London
WC2B 4HN

19 July 2011

For the attention of Mr. Paul George

I acknowledge receipt of your letter dated 12 July 2011 in a prompt response to my letter dated 6 July 2011.

Point 1 Statistics on Complaints

Thank you for those inputs and confirmation that you will consider my suggestions with the six regulatory bodies in your reviews in the coming months. Can you please keep me advised on how this subject matter progresses.

As regards the ICAEW I see from your Business Secretary report (page 63) for year ending March 2010 that only two complaints were referred by the ICAEW to the AADB in the three year period from 2007 – 2009. From the AADB website I assume these were Worthington Nicholls and XL Leisure in 2008.

I note from your 12 July 2011 letter that you emphasise that the media is an important source of information and potential cases for the AADB. Can you or the FRC provide any evidence of the AADB launching, of its own volition, any investigations from media coverage. I was thinking, for example, of Mr Paul Moore's evidence on HBOS to the TSC in February 2009 regarding the KPMG "independent forensic report" in 2005. If I am mistaken on any of this then please do advise Mr Tyrie MP and myself accordingly.

I have also just read last weekend a Judicial Application (as available also to your FRC Chair Baroness Hogg) in regard to the ICAEW "handling" of an investigatory complaint against PwC on Northern Rock and Lloyds/HBOS. Within that documentation I read that the AADB were minded not to investigate in either case. Neither of these ICAEW referrals seem to be included in the statistics / two complaints from the ICAEW to the AADB , in your report at p.63 to the Business

Secretary, Dr Cable MP in July 2010. Could you please advise Sir Alan Beith MP and myself whether this is correct?

(2) Complaints procedures

Thank you also for those inputs. I will now await Mr Izza's response to my letter dated 23 June 2011 before proceeding any further. As I indicated before in my letter dated 6 July 2011 you will also not be surprised that I have very considerable concerns about the independence and objectivity of a trade body (the ICAEW) to properly investigate some individuals, after the FRC/AADB Chairman's guidance in his letter dated 15 November 2010 that my complaint should be addressed by Mr Powell, the Senior Partner of PwC UK, when he has failed to do so. As the "Number 1" accounting firm in the UK they are likely to be the employer with the highest ICAEW membership. Furthermore the ICAEW CEO's wife works for PwC. Whether an actual or perceived conflict of interest it would seem inappropriate that the ICAEW have the duty and responsibility to investigate PwC.

Perhaps to gain some more insight in to this, and earn confidence in the independence of any investigative process, you could advise me of the number of investigated complaints by the ICAEW made against PwC, and/or any of their individual members, in the three year period from 2007 –

2009. How many of these were upheld and what were the disciplinary sanctions from the ICAEW? My parliamentary aide was able to review those since August 2010 on the ICAEW website and there were no disciplinary investigations recorded for PwC or its employees. Is my information about the ICAEW correct?

Following your letter of 12 July 2011 I will also now ask for copies of CV's setting out all the prior experiences /competences for the people which the ICAEW/AADB plan to assign to investigate my constituents specific complaint. Will they be qualified forensic investigators? Legal experience? Do the ICAEW/AADB have unfettered access to PwC / E&Y documents, records and people as part of their investigation?

Furthermore, in light of all the unfolding News International "scandals/cover up" I consider I must seek assurances from Mr Izza (ICAEW) and Mr Walker (AADB) that there are no actual or perceived conflicts of interest which arise for any of these assigned investigators in relation to any of the specific ICAEW individual members or PwC or E&Y.

Based on your letter dated 1 July 2011 I must also record that my complaint has still not been documented properly by the ICAEW Professional Conduct Department. As you know this ought to be the first step in demonstrating some confidence in

the ICAEW understanding of the seriousness of that complaint, **the breaches in its Code of Ethics and damage to the public confidence in the accounting “profession” in the United Kingdom.** Of course there has also been the financial and continuing health consequences for my constituent, Mr Brian Little.

With the significant amount of information and documentation on www.fortfield.com and his two A340 reports it is both revealing and striking that the Senior Complaints assessor, Mr Weatherill and his colleagues at the ICAEW, currently cannot even document correctly the complaint (for example on A340). If you apparently don't understand the complaint then someone will hardly be able to investigate it properly.

As you may know your Mr Grant at the POB has read some of this material specifically relating to “Auditor scepticism” and of course Mr Walker at the AADB has had access since 9 October 2010 to a letter to PwC's Mr Powell and Mr Nally with paper copies of his two reports at Attachment 2 (first 6 pages) and 3 (first 5 pages) which, in my view, represents the appropriate starting place for such an understanding. As you may not have seen these Attachments before I will copy and enclose my 7 October 2010 letter/attachments to PwC with this letter.

Additionally, unlike the Companies Investigation Branch Director as of today, PwC (October 2010 and June 2011), the ICAEW (February 2011 and March 2011) and the AADB (April 2011) have all refused to meet and discuss any aspect of my specific complaint or strategic policy matters. I hasten to add that I do not expect the POB to investigate this complaint but actual cases should inform, and correctly do in my experience, inform policy, regulations, law and future practice. The current “News International” hacking / police and politics issues are “today’s” striking example in the media.

As I said above I have still not received a personal reply from the ICAEW CEO Mr Izza to my letters dated 31 May 2011 and 23 June 2011 and I have now asked my parliamentary aide to make direct contact with his office to establish when he anticipates responding to me on behalf of the ICAEW.

Thank you.

Yours faithfully,

A handwritten signature in black ink that reads "Jim Shannon". The signature is written in a cursive style and is positioned above a horizontal line.

Jim Shannon MP for Strangford

Copy Baroness Hogg – Chair of the FRC

Sir Alan Beith MP : Mr Senior Milne

Dr Vince Cable MP - Business Secretary

Mr Andrew Tyrie MP - Chairman of the TSC

Attachments - with copies of my letters dated 31 May, 23 June , 1 July 2011 and 19 July 2011 and your FRC/POB responses on 9 June, 23 June, 6 July and 12 July 2011.