

Rt Hon Boris Johnson MP
Prime Minister
10 Downing Street
London
SW1A 2AA

15 January 2021

SENT BY EMAIL AND MAIL

Dear Prime Minister,

RE: Government prioritisation of audit sector reform in 2021

In the last two years, Periculum has exchanged various letters with your office regarding the critical importance of reforming the UK's audit sector. These reforms will address a myriad of problems leading to a recent pattern of serious and serial failings by the "Big Four" audit firms¹. Sanctions imposed on the Big Four audit firms to date have failed to address the inherent weaknesses and conflicts of interest in the structure and functioning of the audit sector, thus undermining the UK as a safe and trusted place to invest. The reputational damage to the UK is occurring at a time when your Government is encouraging new investors into the UK to fulfil its post-Brexit vision.

The Department of Business, Energy & Industrial Strategy ("BEIS") has repeatedly stated its intention to submit legislation to Parliament to act upon the recommendations submitted by three independent reviews into the audit sector. Your Government has accepted many of these recommendations; however, an inexplicable lack of transparency regarding the submission of draft legislation to Parliament is preventing critical change.

The "Big Four" have demonstrated on repeated occasions that without Government action, they will not act in an ethical way to uphold the integrity of the work they perform. The systematic and widespread impact to people and businesses alike, caused by the repetitive nature of failings by the "Big Four" audit firms, should require the BEIS to address audit sector reform as a **critical national interest**.

¹ Refer to our website for a library of all correspondence between the Government and Periculum regarding audit reform:
<https://www.periculum-associates.com/championing-uk-audit-reform/>

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Given the delays, I ask that you personally get involved to overcome any hurdles preventing the BEIS from acting in a timely manner to address this much needed reform.

In reply to this letter, please set out the Government's agenda for submitting audit reform proposals to Parliament.

Yours sincerely,

Christopher Thackray
Periculum Associates Limited

CC - Kwasi Kwarteng, Secretary of State at the Department of Business, Energy and Industrial Strategy