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By e-mail to: [planning@frc.org.uk](mailto:planning@frc.org.uk)

10 March 2010

Our ref : EP4.013/101/PW

Dear Sir

**PwC comments on the Financial Reporting Council's (FRC) Draft Plan and Levy Proposals for 2010/2011.**

We welcome the opportunity to comment on the FRC's 2010/2011 draft plan and levy proposals.

We congratulate the FRC for producing a clear and concise plan that focuses on the key issues for the FRC and stakeholders in the forthcoming year, and agree that the four priorities identified are the appropriate ones for the FRC to address in 2010/2011.

Our only specific comments on the draft plan relate to the proposals to enhance the effectiveness and efficiency of the FRC's operations. In this context, we consider that a review of the FRC's overall relationship with the accountancy and actuarial profession is well timed, and we would welcome an opportunity to contribute to this.

We support the key role the FRC and its operating bodies play in promoting confidence in corporate reporting and governance. In our view, the outcomes from the review process are likely to strengthen the relationship between the FRC and the professions for the benefit of investors and other stakeholders.

We support the external inspection of audit firms and the role of the Audit Inspection Unit as a means of providing confidence to investors and companies in the quality of audits.

Having been subject to annual external inspection by the AIU for the past five years, we recognise that part of the FRC's operational review should address the way the AIU inspects audit firms. This is consistent with the recently published Hampton Implementation Review Report which recognises (page 17) that 'the scale of the inspections of large audit firms has been questioned and the length of the reporting cycles generally seem to be very long'. We would welcome the opportunity of discussing this area with the FRC.

We have no comments on the proposed levy arrangements other than to signal our continuing disappointment at the Government's reduced funding of the FRC.

Please contact Pauline Wallace if you wish to discuss the contents of this letter.

Yours faithfully

A handwritten signature in cursive script that reads "PricewaterhouseCoopers" followed by the initials "LLP".

PricewaterhouseCoopers LLP