



Inquiry Manager  
Audit Market Investigation  
Competition Commission  
Victoria House  
Southampton Row  
London  
WC1B 4AD

12 August 2013

Via email: [auditors@cc.gsi.gov.uk](mailto:auditors@cc.gsi.gov.uk)

Dear Sir / Madam

**Comments on the Statutory Audit Services Market Investigation:  
Provisional decision on remedies**

BT Group plc ("BT") is one of the world's leading communications service companies, serving the needs of customers in the UK and in more than 170 countries worldwide. The shares of BT are listed on the London and New York Stock Exchanges and BT is a FTSE 100 company.

We welcome the opportunity to comment on the Competition Commission ('the Commission') provisional decision on remedies, published on 24 July 2013, in relation to their investigation into the Statutory Audit Services Market.

We are pleased to see that the Commission has reviewed its position in respect of certain remedies previously proposed and we support the majority of the proposed remedies.

However, we note that the Commission has proposed that audit tendering should be a mandatory process every 5 years. We would like to reiterate (as set out in our previous response letter dated 21 March 2013) that we do not see a need for mandatory tendering within the UK to progress beyond the most recent change in the UK Corporate Governance Code, which now reflects a 10 year timeframe for mandatory tendering on a 'comply or explain' basis.

We see no particular value in determining a more frequent timetable. In our view there is a risk that tendering would become less thorough, less meaningful and may result in deterioration in audit quality standards if forced to be conducted too frequently. It is a major exercise to be undertaken by both companies and audit firms, and does cause disruption to the business which is highly likely to outweigh the perceived benefits if enforced on too regular a basis. We think that it would be beneficial to allow for experience from the recent change in the UK Corporate Governance Code to be reflected before making further changes in this area.

We trust these comments are helpful. If you have any questions or would like to discuss these comments, please do not hesitate to contact me.

Yours faithfully

  
**GLYN PARRY**  
Director, Group Financial Control  
BT Group PLC

