Sanctions against Deloitte and Helen George in relation to the audit of Serco Geografix Limited

04 July 2019

The Financial Reporting Council (“FRC”) has imposed sanctions against Deloitte LLP (“Deloitte”) in relation to the audit of the financial statements of Serco Geografix Limited for the years ended 31 December 2011 and 2012, and against its audit engagement partner, Helen George, in relation to the year ended 31 December 2011, following their admissions of Misconduct.

Deloitte has been fined £6,500,000 (discounted for settlement to £4,225,000) and been severely reprimanded. The firm will also pay £300,000 towards the costs of the investigation;

Ms George has been fined £150,000 (discounted for settlement to £97,500) and been severely reprimanded;

In addition, Deloitte has arranged for all its audit staff to undergo a training programme (designed to the satisfaction of the FRC) aimed at improving the behaviour that is the subject of the Misconduct.

Deloitte and Ms George failed to act in accordance with the Fundamental Principle of Professional Competence and Due Care.

The terms of settlement were agreed by the FRC’s Executive Counsel on 7 January 2019 and approved by a legal member of the independent Tribunal Panel.

The Settlement Agreement and the Particulars of Fact and Acts of Misconduct are not published at this time.

Notes to editors:

The FRC’s mission is to promote transparency and integrity in business. The FRC sets the UK Corporate
Governance and Stewardship Codes and UK standards for accounting and actuarial work; monitors and takes action to promote the quality of corporate reporting; and operates independent enforcement arrangements for accountants and actuaries. As the competent authority for audit in the UK the FRC sets auditing and ethical standards and monitors and enforces audit quality.

An updated list of enforcement cases and sanctions can be found here.

The FRC is the independent, investigative and disciplinary body for accountants and actuaries in the UK dealing with cases which raise important issues affecting the public interest. In brief, the stages of the disciplinary process under the Accountancy Scheme are:

- Decision to investigate
- Investigation
- Decision whether to bring enforcement proceedings against Member Firm or Member and, if so decided, referral to Disciplinary Tribunal
- Tribunal hearing
- Determination and imposition of sanction and/or costs orders

Under the Accountancy Scheme the FRC can start a disciplinary investigation in one of two ways: (i) the professional bodies can refer cases to the FRC; and (ii) the FRC may decide of its own accord to investigate a matter. The Conduct Committee will consider each case identified or referred to it and decide whether or not the criteria for an investigation are met.

The criteria are specified in paragraph 5(1) of the Accountancy Scheme. A Member or Member Firm shall be liable to investigation under this Scheme only where, in the opinion of the Conduct Committee the matter raises or appears to raise important issues affecting the public interest in the United Kingdom and there are reasonable grounds to suspect that there may have been Misconduct or it appears that the Member or Member Firm has failed to comply with any of his or its obligations under paragraphs 14(1) or 14(2) of the Scheme. Investigations are conducted by Executive Counsel and the Enforcement division.

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