

EY fined £2.2m over Stagecoach audit failings

Professional services firm EY has been fined £2.2m by the UK's accounting watchdog for failings in its audit of bus company Stagecoach.

EY was accused by the Financial Reporting Council (FRC) of failing to obtain adequate information from Stagecoach in order to sign off on its financial accounts for 2017.

The London-based company, which offers accounting, auditing, and consulting services to large businesses around the world, admitted that it had not included provisions for insurance claims relating to accidents in the audit, according to the FRC.

EY also failed to define pension scheme obligations and an onerous contract provision relating to the East Coast Mainline railway franchise, the regulator said.

"Whilst it is not alleged that the financial statements were in fact misstated, in several material instances, the respondents failed to obtain sufficient appropriate audit evidence," an FRC spokesperson said.

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The initial fine of £3.5m was discounted to £2.2m because of EY's co-operation to resolve the case.

Mark Harvey, the senior EY employee who worked on the stagecoach account and signed off on the audit, was fined £100,000 by the watchdog. He will pay £70,000 for admitting to the problems early.

Sky News has contacted EY for comment.