

Audit tenders: the new normal

Four observations about the current audit tendering environment

Audit Committee Institute

While the EU Audit Reforms requiring regular audit tendering and rotation are effective for accounting periods beginning on or after 16 June 2016, the reality is that auditor appointment and tendering have, for some time now, been high on most audit committee agendas and, for the larger audit firms, is already 'business as usual'. Our publication [Audit Reform](#) sets out many of the considerations for audit committees seeking to comply with the new regulations – in particular, how audit committees might approach the new prescriptive requirements relating to the audit tender process itself.

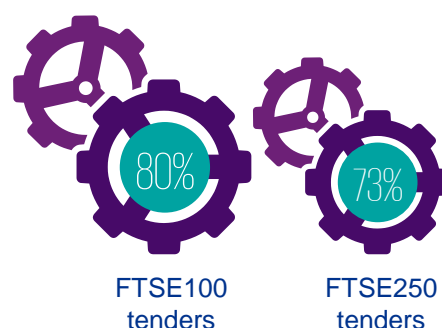
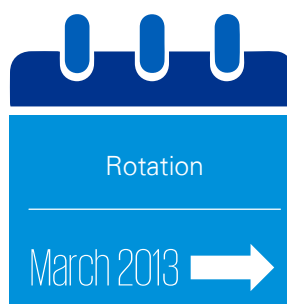
You might also be interested in the [Twenty Five Insights](#) on audit tendering and rotation arising from our recent ACI breakfast.

In this paper, however, we set out four statistics to illustrate the size of the challenge, the progress to date and the impact on audit market share within the FTSE350.

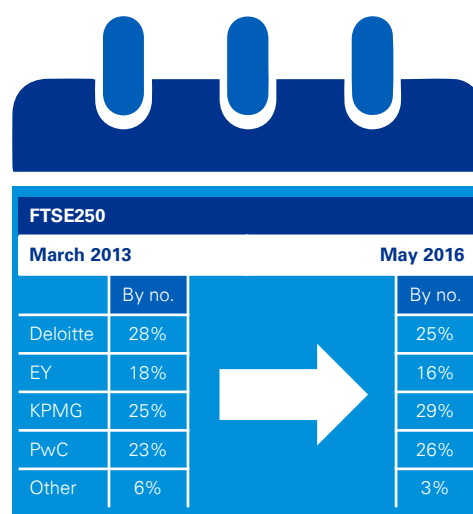
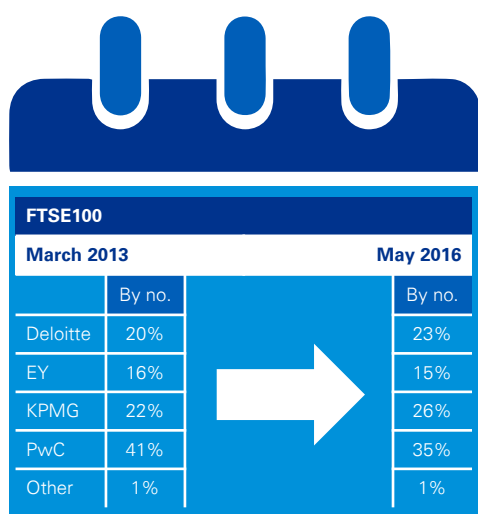
- 1 There have been **112** FTSE350 audit tenders since March 2013. That's one in three companies having tendered before the new regulations take effect!



- 2 Since March 2013, **80%** of the FTSE100 tenders have resulted in a change of auditor and **73%** of the FTSE250 tenders have resulted in a change of auditor. With one exception, every FTSE100 tender outside financial services has resulted in a change of auditor. Again, this is before the new regulations take effect and mandate regular auditor rotation



3 Perhaps contrary to the intentions of some regulators, non-Big 4 market share of FTSE350 audits has actually decreased over the period since March 2013.



4 Including 'live' tenders, we expect to see about **85** FTSE350 audit tenders by the end of 2017. That's **85** audit tenders in almost **85** weeks!



Source: Audit Sales – KPMG in the UK

Contact us

Timothy Copnell

Audit Committee Institute

T: +44 (0)20 7694 8082

E: tim.copnell@kpmg.co.uk

www.kpmg.co.uk/aci

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2016 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. CREATE. | CRT062570 | June 2016

The KPMG name and logo are registered trademarks or trademarks of KPMG International.