

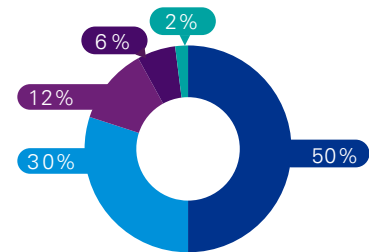


Regular audit tendering and rotation is now a reality and transitioning from one auditor to another is now commonplace. But does the incoming auditor deliver on the promises made during the tender process? Does the outgoing auditor continue to deliver the same service quality in their final year? And are companies well prepared for the transition? We surveyed 66 FTSE350 audit committee chairs who had changed auditors as a result of an audit tender. We asked questions about the transition process, the handover from one auditor to another, the impact on the business, and the degree to which tender ‘promises’ had been delivered.

## 1 The transition process

### Audit transition processes are perceived to be effective

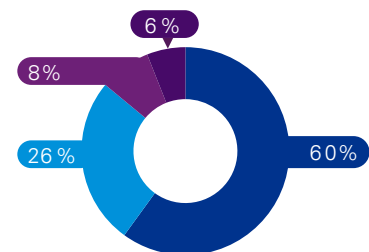
Eighty percent of respondents either strongly agreed or somewhat agreed that the audit transition process had been effective and efficient. There was some room for improvement as eight percent of those audit committee chairs surveyed either strongly disagreed or somewhat disagreed with this statement.



## 2 The handover from one audit firm to another

### Hand-over from one audit firm to another is perceived as well managed

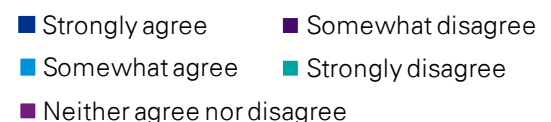
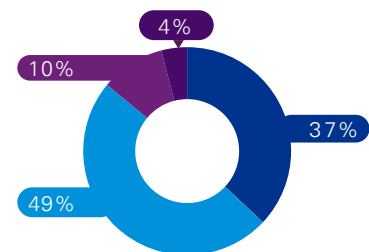
Eighty-six percent of those surveyed either strongly agreed or somewhat agreed that the handover from the outgoing auditor had been well managed. Whilst no respondents strongly disagreed with this statement, six percent somewhat disagreed that the handover from the outgoing auditor was well managed.



## 3 Delivering on ‘promises’

### Auditors are perceived to be delivering on the ‘promises’ made in their audit proposals

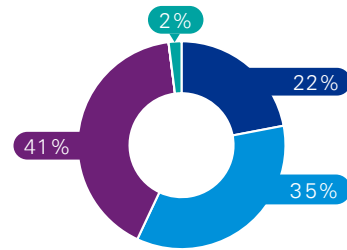
Eighty-six percent of those surveyed either strongly agreed or somewhat agreed that their ‘new’ auditor had delivered on the promises set out in the audit proposal. No respondents strongly disagreed with this statement and only a small minority – four percent - somewhat disagreed. The audit fee (ten percent) and the timeliness of delivery (nine percent) were cited as the two biggest shortfalls when delivering on promises across all respondents.



## 4 Impact on the robustness of the audit

### A 'new' firm is perceived to deliver a more robust audit

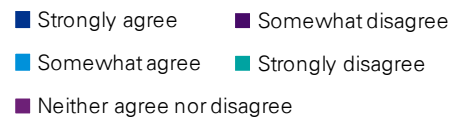
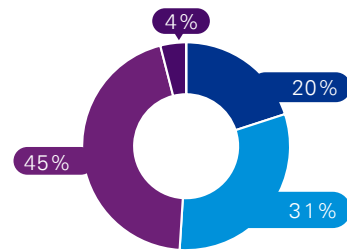
Twenty-two percent of those surveyed strongly agreed that their 'new' auditor had provided a more robust audit than the outgoing audit firm. Thirty-five percent somewhat agreed with this proposition. A significant minority – forty-one percent – didn't perceive a difference in the robustness of audit and only two percent of respondents strongly disagreed that their 'new' auditors had provided a more robust audit than the outgoing firm.



## 5 Impact on insight provided to the business

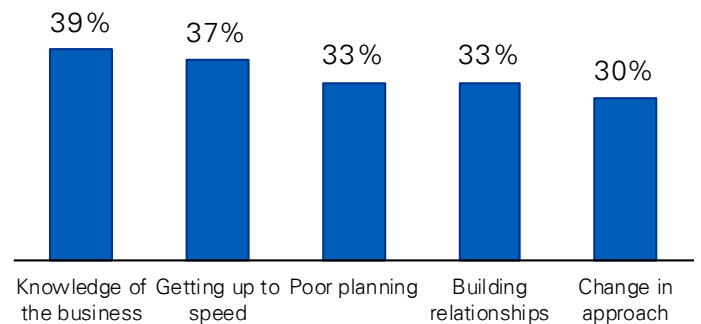
### A 'new' firm is perceived to deliver better insights into the business

Fifty-one percent of those surveyed either strongly agreed or somewhat agreed that greater insights into the business were provided by the 'new' auditor. Forty-five percent of respondents neither agreed nor disagreed, whilst four percent of those surveyed somewhat disagreed.



## 6 Barriers to successful transition

On being asked what the biggest barriers to a successful audit transition were, thirty-nine percent of those surveyed reported that 'knowledge of the business' was the biggest issue, closely followed by the incoming auditor needing to quickly get up to speed (thirty-seven percent). Thirty-three percent identified 'poor planning' and 'building relationships' as barriers to successful transition. Thirty percent found that adapting to a change in approach from the new auditor made things more difficult.



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