

21 March 2013

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

Our Ref: SJG

Dear Sirs

### **Statutory Audit Services Market Investigation Summary of Provisional Findings**

We are pleased to provide our response to the summary of provisional findings, published on 22 February 2013. We have provided separately our responses to the 'Notice of possible remedies under Rule 11 of the Competition Commission Rules Procedure'.

The Competition Commission's summary findings provide evidence based conclusions which should be used to inform, influence and impact the proposals to the audit market being considered by the European Union.

We support broadly the proposed remedies including mandatory tendering and mandatory audit firm rotation but have some concern as to how this can be implemented in a manner which will address the barriers for entry of some of the non-Big 4 audit firms for selection in the FTSE350 market.

We note that the Competition Commission is not specifically minded to introduce remedies to further restrict the provision of non-audit services but we do believe that remedies should be sought to encourage the wider selection of firms by Audit Committees, Management and other Stakeholders in the provision of non-audit services. This could increase the exposure and experience companies have of firms outside the Big 4 which can over time lead to gaining greater confidence and assurance in their abilities.

We do not believe the summary of provisional findings explores sufficiently the limitation of choice created by the use of the Big 4 in the provision of audit and non-audit services to the FTSE350 companies. Where different Big 4 firms are appointed to provide audit and non-audit services, this can provide a limitation on the choice available to Audit Committees when seeking to change auditor due to issues of independence and conflict. We believe Audit Committees and Management should be given every encouragement to consider a wider range

of the firms they consider for the provision of both audit and non-audit services beyond the Big 4.

We trust our comments are helpful and constructive.

Yours faithfully



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