

## **Provisional Decision on Remedies submission**

Having considered the Competition Commission's provisional decision in respect of mandatory tendering I believe I must submit the following comments.

I have never been an auditor but I have chaired three FTSE 100 Audit Committees and been the CFO of a FTSE 100 company for nearly 20 years. I have experienced many changes of auditor following acquisitions and received many tenders for non-audit work from the 'big four'. Drawing on this experience I trust it is not futile to comment on the provisional decision to introduce mandatory tendering every five years.

Partner rotation every five years has demonstrated how quickly five years pass where there are annual reporting cycles. I read in the FT that five years is the average term for a FTSE 100 CFO too.

Considering the potential rotation of auditors every five years, (tendering properly every five years implies being prepared to change with this regularity), will divert valuable resources to 'learning the job' that would otherwise have been directed at adding value to the enterprise. Successful enterprises employ highly competent and highly paid people who prioritise their time on the basis of what is best for the business, and surely rotating auditors is unlikely to be a high priority every five years – or every four years in practice as each rotation will take a year to accomplish. Ensuring equal opportunity for all bidders and properly assessing the international strength of shortlisted bidders demands substantial time be taken from running the enterprises well.

The FRC is highly respected and after thorough examination concluded ten year re-tendering is most appropriate.

Audit Committees are vigilant about audit effectiveness, especially after the financial crash, but would be wary about change for change's sake every five years and the misuse of valuable resources in the process.

In summary, I believe the FRC 'comply or explain' framework on a ten year cycle to be a more appropriate and effective governance regime and more likely to ensure high quality auditing and an effective competitive market.

Ken Hydon  
FCMA. FCCA. FCT.