

## **Provisional Decision on Remedies submission**

Dear Mr Appleford,

I have followed the Competition Commission's inquiry into the statutory audit market with some interest both as a retired Big 4 accountant and now Chairman of the Audit Committees of two listed companies, one of which is a European retailer and the other is a tour operator with operations in over 80 countries. The latter is a very complex business.

In respect of the Commission's provisional findings, I disagree with the finding that audits should be tendered every 5 years for the following reasons;

1. In the case of a very complex business, the time and effort in changing auditors in major locations will be significant.
2. The appointment of a new audit firm will increase the risk of undetected error as it takes time for an audit firm to get to know and understand the business as well as the overall control environment.
3. The company, including the Audit Committee, and the auditors need to build a degree of trust and mutual respect - that takes time and once built helps facilitate an effective audit - five year rotation will make that difficult.
4. If an Audit Committee concluded that, having reviewed the effectiveness of the audit process, the auditors needed to be changed, then changed they would be - a mandatory tendering period does not effect that position.
5. If your finding stays at 5 years, then I will end up having two tenders every 5 years. That seems excessive and not the best use of time.

For the above reasons, I recommend that the mandatory tendering period be 10 years.

Yours Sincerely

TM Powell  
31 July 2013